# Report of the Comptroller and Auditor General of India

## COMMERCIAL

### for the year ended 31 March 2011
### Report No. 4

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# Preface

Government commercial concerns, the accounts of which are subject to audit by the Comptroller and Auditor General of India, fall under the following categories:

(i) Government companies,
(ii) Statutory corporations, and
(iii) Departmentally managed commercial undertakings.

2. This Report deals with the results of audit of Government companies and Statutory corporations, including Bihar State Electricity Board and has been prepared for submission to the Government of Bihar under Section 19A of the Comptroller & Auditor General's (CAG) (Duties, Powers and Conditions of Service) Act, 1971, as amended from time to time. The results of audit relating to departmentally managed commercial undertakings are included in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2011 (Civil) - Government of Bihar.

3. Audit of accounts of Government companies is conducted by the CAG under the provisions of Section 619 of the Companies Act, 1956.

4. In respect of Bihar State Road Transport Corporation and Bihar State Electricity Board which are Statutory corporations, the Comptroller and Auditor General of India is the sole auditor. As per the State Financial Corporations (Amendment) Act 2000, 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 out of the panel of auditors approved by the Reserve Bank of India. In respect of Bihar State Warehousing Corporation, the CAG has the right to conduct the audit of their accounts in addition to the audit conducted by the Chartered Accountants appointed by the State Government in consultation with the CAG. In respect of Bihar Electricity Regulatory Commission, the CAG is the sole auditor. The Audit Reports on annual accounts of all these corporations are forwarded separately to the State Government.

5. The cases mentioned in this Report are those which came to notice in the course of audit during the year 2010-11 as well as those which came to notice in earlier years but were not dealt with in the previous Reports. Matters relating to the period subsequent to 2010-11 have also been included, wherever necessary.

6. Audit in relation to the materials included in this Report has been conducted in conformity with the Auditing Standards issued by the CAG.

# OVERVIEW


Ashoka Stambh (Vaishali)

# Overview

## 1. Overview of Government companies and Statutory corporations

*Audit of Government companies is governed by Section 619 of the Companies Act, 1956. The Accounts of Government companies are audited by Statutory Auditors appointed by CAG of India. These Accounts are also subject to supplementary audit conducted by CAG of India. Audit of Statutory corporations is governed by their respective legislations. As on 31 March 2011, the State of Bihar had 25 working PSUs( 21 Companies and four Statutory corporations) and 40 non-working PSUs (all companies), which employed 0.19 lakh employees. The State working PSUs had registered a Turnover of ₹ 4031.46 crore for 2010-11 as per their latest finalised Accounts. This Turnover was equal to 1.89 per cent of State GDP. The PSUs had Accumulated Losses of ₹ 7212.86 crore as per their latest finalised Accounts as of 30 September 2011.*

### Investments in PSUs

*As on 31 March 2011, the investment (Capital and long term loans) in 65 PSUs was ₹ 10865.23 crore. Power Sector had accounted for 82.73 per cent of total investment in 2010-11. The Government contributed ₹ 2024.48 crore towards Equity, Loans and Grants / Subsidies during 2010-11.*

### Performance of PSUs

*As per the latest finalised Accounts, out of 25 working PSUs, 10 PSUs had earned Profit of ₹ 89.80 crore and 11 PSUs had incurred Loss of ₹ 1383.23 crore. The major contributors to Profit were Bihar Rajya Pul Nirman Nigam Limited (₹ 45.08 crore) and Bihar State Road Development Corporation Limited (₹ 23.99 crore). Heavy Losses were incurred by Bihar State Electricity Board (₹ 1294.98 crore) and Bihar State Road Transport Corporation (₹ 55.74 crore).*

*Audit noticed various deficiencies in the functioning of PSUs. A review of latest Audit Reports of CAG shows that the State working PSUs incurred losses to the tune of ₹1539.24 crore and infructuous investments of ₹28.94 crore were attributable to deficiencies in financial management, planning and implementation of their activities.*

### Quality of Accounts

*The quality of Accounts of PSUs needs improvement. During the year 2010-11, all 30 Accounts of the companies received were given qualified certificates. The compliance of companies with the Accounting Standards was poor as there were 26 instances of non-compliance in 16 accounts during the year.*

### Arrears in Accounts and winding up

*25 Working PSUs had arrears of 186 accounts as of 30 September 2011. The extent of arrears was one to 21 years. There were 40 non-working PSUs including seven under liquidation.*

**(*Chapter I*)**

## 2. Performance Audit relating to Government Company

A Performance Audit of **'Bihar State Food and Civil Supplies Corporation Limited'** was conducted. Executive summary of the audit findings is given below:

### *Introduction*

***Bihar State Food & Civil Supplies Corporation Limited (Company) was incorporated in April 1973. The activities of the Company extend to lifting of food-grains for Government schemes and distribution thereof, procurement of grains under the Minimum Support Price (MSP) Scheme, operation of Liquefied Petroleum Gas centres, distribution of levy sugar and supply of food items to jails. The present performance audit for the period 2006-11 was conducted with a view to assessing the effectiveness and the efficiency with which their activities were carried out and whether they were in conformity with the prescribed procedure.***

***As a nodal State agency, its share in total procurement in the State ranged between 14.29 per cent and 14.71 per cent in respect of wheat and 7.84 per cent and 10.71 per cent in respect of paddy during the period 2007-11. The distribution of foodgrains during the period 2006-11 under different schemes was 99.94 per cent of wheat and rice procurement.***

### *Procurement*

***The Company procured paddy ranging between 11.25 per cent and 87.20 per cent of the target during 2006-11. In respect of wheat, the procurement was between 15.30 per cent and 68.56 per cent of the target during 2006-11. However, the procurement in respect of paddy and wheat was less than 20 per cent of the target during 2010-11. There was no planning for identification of the procurement centres and farmers prior to commencement of procurement seasons. There was no monitoring by the Company of the procurement activities pursued by different DLOs.***

***In DLO Gaya, a sum of ₹ 81.27 lakh remained blocked due to non-lifting of grains under SGRY.***

### *Storage Management*

***The Company had 387 godowns with a total storage capacity of 1.35 lakh MT. The Company created additional capacity by constructing only one small godown at Jamui (1000 MT capacity) during 2006-11.***

***Following the Government decision (September 2008) to create 47000 MT capacity, the Company submitted an estimate of ₹ 33.48 crore. Neither there was any follow-up action by the Company nor did the Government take any action to augment the storage capacity till now (November 2011).***

***The Government decision (July 2008) to utilise the identified 44 damaged godowns of 45,250 MT capacity at the estimated repairing cost of ₹ 4.32 crore did not materialise as the repair was not complete, even though the Company released ₹ 7.86 lakh for repairing of five godowns with the capacity of 4,400 MT. The repairing of remaining 39 godowns had not been taken so far (November 2011) and the Company could not create storage capacity of 45,250 MT.***

***Repairing of 38 own damaged/ incomplete godowns to create an additional 3,800 MT capacity was pending since March 2009.***

***Out of 21,243 quintals of paddy procured during 2008-10 in two DLOs Bhojpur and Nalanda, 16,169.06 quintals of paddy valuing ₹ 1.47 crore was lying unmilled for nearly 30 months resulting in blocking of fund and deterioration in its quality could not be ruled out.***

### *Transportation and handling*

***Absence of effective pursuance with District Administration resulted in blockage of ₹ 20.08 crore in respect of nine DLOs till May2011 on account of handling and transportation charges and consequent interest loss.***

*The Transporting Agents in Madhubani and Araria did not provide the required number of trucks on time which resulted in lapse of 7.76 lakh quintals of foodgrains during 2006-08 resulting in loss of contribution margin of ₹ 2.38 crore to the Company besides non-supply of foodgrains to the targeted beneficiaries.*

### *Distribution*

*Due to short lifting of 68.72 lakh MT of foodgrains under various schemes during 2006-11, the Company was deprived of margin money of ₹ 203.45 crore.*

*The Company diverted foodgrains from one scheme to another without return of the same quantities to the original scheme to ensure that the targeted beneficiaries were not deprived of the intended benefit of the scheme. As a result of the diversions, the Company earned profits of ₹ 25.74 crore and also incurred loss of ₹ 25.53 crore.*

*The Company also suffered loss of ₹ 52.11 lakh due to non- disposal of 3,346 quintals of levy sugar in time.*

*In Gaya District, intended benefit did not reach 85.06 per cent and 37.07 per cent of beneficiaries for 2007-08 and 2008-09 respectively under Nutrition Programme for Adolescent Girls (NPAG) Scheme.*

*In DLO Nalanda, the Company could not issue 104 quintals of wheat in the absence of any action plan for the implementation of Government scheme for disbursement of grains for protection from starvation at the rate of one quintal per Panchayat.*

*In DLO Nawadah, there was non-issuance of 599.60 quintals of rice under MDM Scheme during the period April 2010 to May 2010 which adversely affected the scheme implementation.*

*The Company extended its activities in distribution of Liquefied Petroleum Gas (LPG) for which it was receiving ₹ 22.17 per cylinder from IOCL (June 2011) towards its margin. The average yearly refill sold to consumers registered with the Company during 2006-11 was below one and there was deterioration in the overall performance of the Company and resultant loss of contribution margin.*

### *Financial Management*

*The contribution margin to meet their cost of operation approved in 2002 has not been revised for the last nine years (till July 2011) despite huge increase in the transportation and handling cost in 2010-11 as compared to the cost prevailed in 2002. Proposed increase (November 2009) in existing margin ranging between ₹ 21 to ₹ 35 per quintal to ₹ 45 per quintal has not been approved so far and as a result the Company could not recover ₹ 84.02 crore during 2009-11. The Company further submitted (February/March 2011) proposals to increase the margin money for all the Schemes which were pending for decision by the Government (November 2011).*

*The difference between the procurement price of sugar and sale price to FPS dealers was reimbursed by the Government at the approved rate of margin. The Ministry of Consumer Affairs and Public Distributions had prescribed norm of yearly revision of margin on receipt of requisite proposal. The admissible margin remained unchanged since October 2005. The Company though submitted a proposal (December 2006) for upward revision of margin to meet the price equalization, it was pending at the level of State Government (November 2011).*

*The differential margin of sugar claims of ₹ 3.43 crore for the period September 2006 to March 2007 submitted to FCI had not been entertained due to non-submission of valid certificates. In addition, the Company was yet to submit (November 2011) its claim for ₹ 68.24 crore for the period from August 2009 to November 2010 due to non-receipt of utilisation certificates from their DLOs.*

### *Human Resource Management and Internal Control*

*Total number of working employees as on 31.01.2011 was 1040.*

*During 2006-11, there had been shortage of accounts personnel and AGMs which resulted in the accounts of the Company being in arrears since 1990-91.*

*The Company had not prepared Accounts and Internal Audit Manuals.*

*Internal Audit Reports prepared for the period upto 2009-10 were not placed before the BoD so as to resolve* *shortcomings in the areas of interest for the Company.*

*As on 31 March 2011, number of employees held responsible for shortages of foodgrains stood at 257. Out of a total claim of ₹ 29.94 crore including interest receivable on account of shortages of foodgrains, a sum of ₹ 5.73 crore had been recovered from them and ₹ 24.21 crore was yet to be recovered.*

### Computerisation of business activities.

*The Company decided (March 2007) to computerise their business activities.*

*Due to poor planning, the computerisation activities of the Company were incomplete even after a lapse of nearly 49 months depriving the Company of the opportunity to save a sum of ₹ 4.72 crore, as envisaged.*

### Miscellaneous

*Claims against FCI for the short supply of 431 bales of jute bags valuing ₹ 65.55 lakh were pending settlement since July 2009 due to non-fixation of final rates by FCI.*

*During 2006-11, at four DLOs against the procurement of 4,58,156 Jute bags, only 1,72,526 (37.66 per cent) bags were utilised indicating that the bags were purchased without proper assessment of their requirement resulting in blocking of funds of ₹ 87.40 lakh.*

### Conclusion and Recommendations

*Company's procurement of paddy and wheat touched the level of less than 20 per cent of target in 2010-11 and as a result started losing contributory margins. It may consider improving the level of procurement by identifying procurement centres and farmers well before the start of procurement season.*

*Company's storage management needs improvement as its initiation for creation of additional storage capacity by construction of additional godowns, repairs and usage of their own damaged godowns, hiring the godowns of co-operative societies did not materialize during the review period. The Company may step up its activities for acquisition of additional storage capacity.*

*As transport agents did not place their trucks in time, the Company lost an opportunity to lift the allocated foodgrains and therefore the management of transport agents requires to exercise strict control over them.*

*Instances of diversion of foodgrains were noticed from one scheme to another whereby its intended beneficiaries were deprived of the benefits of the scheme. The Company may institute adequate control mechanism where such diversions are avoided and in the case of unavoidable diversions, the mechanism may ensure replenishment of the diverted quantity so that the benefit reached the targeted beneficiaries.*

*The continuous non-revision of contributory margin and non-submission of claims for reimbursement in time has deprived the Company of its dues. The Company may persuade the State Government to revise its margin adequately to cover its cost of operations and ensure submission of its claims in time with valid certificates.*

*The non-preparation of accounts since 1990-91 results in erosion of its public accountability and may lead to occurrence of fraud. The Company may ensure preparation of its accounts up to date.*

*(Chapter II)*

## 3. Performance Audit relating to Statutory Corporation

A Performance Audit relating to **'Power distribution utilities in Bihar'** was conducted. Executive summary of the audit findings is given below*:*

*Introduction*

***The distribution system of the power sector constitutes the final link between the generation and the consumer. As on 31 March 2011, the Board had distribution network of 1.42 lakh CKMs of lines, 473 Sub-stations and 43491 Distribution transformers of various capacities. The Turnover of the Bihar State Electricity Board (Board) was ₹ 2409.69 crore in 2010-2011, which was equal to 47.14 per cent of State PSUs Turnover and 1.13 per cent of the State GDP. It employed 11651 employees as on 31 March 2011.***

*Distribution network planning*

***As against the planned addition of 291 Sub-stations and 3062.7 MVA capacity during the review period, only 111 sub-stations and 1912.70 MVA was added to the distribution system. Ineffective circle-wise planning resulted in wider mismatch between the planned transformation capacity and the projected connected load as on 2010-11.***

*Ineffective planning*

***While planning the construction of 40 PSSs, the planning for construction of its connecting lines was not done simultaneously. As a result, 12 out of 40 PSSs constructed with an expenditure of ₹ 11.53 crore could not be charged and were lying idle for eight months. Further, ineffective planning, had increased the cost of construction of connecting lines by ₹ 4.80 crore from the estimated cost.***

*Implementation of Centrally Sponsored Schemes*

*Rural Electrification*

***The target of cent per cent village electrification could not be achieved. Out of 28140 targeted villages, infrastructure work of electrification was completed in only 20573 villages upto March 2011. In eight districts of Bihar where the Board was the executing agency, out of 4714 villages to be electrified, only 1920 villages could be electrified up to October 2011. Against the target of providing access to electricity to 27.62 lakh BPL rural house holds (RHHs), only 18.18 lakh (65.83 per cent) were electrified (September 2011).***

***Due to inordinate delay in award of contract the project cost had increased by ₹ 103.69 crore and the objectives of RGGVY could not be achieved.***

***An amount of ₹ 24.18 crore incurred on installation of 3038 DTRs had proved to be infructuous, as the DTRs failed in guarantee period due to slackness of the Board to stop the unauthorized connections.***

*APDRP*

***The Board nominated the PGCIL (consultant) to execute the APDRP Scheme without following the process of award for execution of work of underground cabling. Had the Board executed the scheme itself, Board could have saved ₹ 6.24 crore towards supervision charges. Again, the Board lost an opportunity to avail grant of ₹ 2.95 crore due to under-estimation of the project cost. Besides, due to inefficient monitoring and poor co-ordination by the Board, the project suffered cost overrun of ₹ 65.69 crore.***

***The Board incurred an expenditure of ₹ 69.21 crore on system metering for data analysis in four circles with a view to reduce T&D losses by energy accounting. However, in the absence of follow-up action on analysis of data collected, the Board could not derive the envisaged benefit of the project.***

*Restructured Accelerated Power Development Reforms Programme (R-APDRP)*

***Out of total fund of ₹ 68.37 crore received during 2009-11, the Board could utilise ₹ 12.31 crore till March 2011 due***

*to non-synchronisation of the activities of the scheme.*

*Due to failure of Board to appoint IT implementing agency within stipulated time, the IT enabled system was delayed by nine months. Further, in SCADA/DMS project, the IT consultant was selected after a delay of seven months. The consultant submitted the DPR in April 2011, after a delay of 15 months which was approved by PFC in November 2011. Since there was initial delay in selection and approval of DPR, the possibility of completing the project within stipulated period and conversion of loan into grant is, therefore, remote.*

*Target for installation of consumer metering had not been achieved in any of the years by the Board. The percentage of meter installed against target ranged from 26.59 per cent to 36.6 per cent only during performance audit period.*

*Operational efficiency*

*Due to drawal of power under Unscheduled Interchange, the Board incurred an extra expenditure of ₹ 254.26 crore on 1211.51 MUs as compared to long term power purchase cost during 2006-11. In addition, the Board could not make payment of UI charges in time which resulted in payment of penal interest of ₹ 20.95 crore on delayed payment during 2008-09 to 2010-11.*

*Except during 2008-09, the Board could not bring down the T&D losses within the limit prescribed by BERC. The energy lost during the period 2006-11 was 1768.66 MUs. The loss of revenue suffered by Board on this count was ₹ 638.55 crore.*

*The percentage of failure of DTRs had increased and ranged between 10.40 and 17.46 per cent of the total installed DTRs during the performance audit period. 120 DTRs failed in the guarantee period. Out of these, 112 DTRs were replaced/ repaired after a delay of two days to 237 days. Besides, eight DTRs were still not repaired/ replaced (December 2011) even after a delay of five months to three years.*

*Due to non-installation of capacitor banks in distribution system, the Board had lost envisaged energy savings of 20.01 MUs valued at ₹ 6.09 crore.*

*The percentage of checking of number of consumers by raid team was minor and ranged between 0.08 per cent and 0.24 per cent.*

*Billing Efficiency*

*Energy billed during the performance audit period ranged between 56.36 and 61.95 per cent of the total energy available for sale. Further, the assessed sales constituted 31.11 per cent to 42.04 per cent of the metered sales.*

*Due to incorrect application of tariff provisions with respect to transformer capacity, the Board suffered a loss of revenue of ₹ 4.84 crore. The Board also suffered a revenue loss of ₹ 2.45 crore due to short assessments and short billing of contract demand with respect to a HTSS consumer.*

*Revenue collection efficiency*

*The dues outstanding at the end of the year ranged between ₹ 5749.43 crore in 2006-07 and ₹ 5700.20 crore in 2010-11. Non-disconnection of supply of defaulting consumers resulted in accumulation of arrears to ₹ 245.98 crore (March 2011).*

*Financial Position and Working Results*

*The Accumulated Losses of the Board had increased by 281.77 per cent from ₹ 1524.71 crore in 2006-07 to ₹ 5820.86 crore in 2010-11. The Board was incurring losses mainly due to the high cost of power purchase, interest and finance charges.*

*The borrowings of the Board had also increased by 52.29 per cent from ₹ 5577.62 crore in 2006-07 to ₹ 8493.88 crore in 2010-11. Loss per unit had also increased from ₹ 1.12 per unit in 2006-07 to ₹ 1.65 per unit during 2010-2011.*

*Financial Management*

*Filing of Aggregate Revenue Requirement*

*Due to delay in the filing of ARR (80 days to 399 days), the Board suffered revenue loss of ₹ 963.85 crore during the period 2006-07 to 2010-11.*

***Subsidy Support***

***The subsidy support from the State Government ranged between 42.97 per cent and 56.43 per cent. This was a matter of concern as the subsidy might be withdrawn over a period of time in a phased manner so that tariff would cover the average cost of supply to consumers.***

***Consumer Satisfaction***

***Redressal of consumer grievances***

***The pending complaints were ranging between 33000 and 52000 during the period 2008-11. The percentage of complaints redressed beyond time to total complaints ranged between 15.74 per cent and 27.46 per cent during this period.***

***Energy conservation & energy audit***

***The Board did not formulate any energy conservation policy during 2006-11. Further, energy audit could not be conducted as cent per cent system metering was not done.***

***Conclusion***

***The Board was incurring losses mainly due to the high cost of power purchase, interest and finance charges. The Board did not make correct assessment of power purchase, as a result, the Board incurred extra expenditure on drawal of power through UI. The Board was also dependent on borrowings for implementation of various schemes and other activities. This can be minimized by reducing T&D losses and improving its operational, billing and collection efficiency. The Centrally sponsored scheme and State specific scheme launched for strengthening and upgrading the distribution system should be closely monitored to ensure economy, efficiency and effectiveness. The Board also did not submit ARR in time and cross- subsidization was also beyond the norms.***

***Recommendations***

***Planning for creation of additional infrastructure should be done on the basis of the past load growth trends, current load and projected load growth in future to make the system equally efficient and to reduce the gap between transformation capacity and connected load in all circles.***

***Effective contract management and regular monitoring of execution of projects and schemes should be done to avoid delay and cost overrun.***

***The Board should implement effective measures to reduce the T&D losses in phased manner.***

***Correct application of the Tariff Orders should be ensured in the billing system and the Board should be prompt in realisation and collection of outstanding dues.***

***The Board should ensure the filing of ARR in time so as to reduce the losses due to delayed implementation of revised tariff.***

***The Board should ensure the installation of system meters in all the Supply Circles so that the Energy Audit could be started and at the same time the Board should initiate awareness campaign regarding Energy Conservation.***

***(Chapter III)***

## 4. Transaction audit observations

Transaction audit observations included in the Report highlight deficiencies in the management of Public Sector Undertakings involving serious financial implications. The irregularities pointed out are broadly of the following nature:

*Loss/non-recovery of ₹ 28.42 crore in four cases due to non-compliance with rules, directives, procedures, terms and conditions of contracts.*

**(*Paragraphs 4.2, 4.4, 4.5 and 4.7*)**

*Inadequate safety arrangement resulted in encroachment of assets worth ₹ 21.32 crore.*

***(Paragraph 4.6)***

*Loss/infructuous expenditure of ₹ 8.98 crore in four cases due to non safeguarding of the financial interests of the organisation.*

***(Paragraphs 4.1, 4.3, 4.8 and 4.9)***

**Gist of some of the important audit observations are given below:**

Failure to timely get the purchase of land registered in their name resulted in a loss of ₹ 2.91 crore to the **Bihar State Food & Civil Supplies Corporation Limited.**

***(Paragraph 4.1)***

Failure on the part of the **Bihar State Text Book Publishing Corporation Limited** to supply the textbooks in time before the academic year and revision of syllabus rendered the expenditure of ₹ 4.76 crore infructuous.

***(Paragraph 4.3)***

Failure on the part of the **Bihar State Credit & Investment Corporation Limited** to comply with the terms and conditions of the loan agreement resulted in a loss of ₹ 15.08 crore to the Company.

***(Paragraph 4.4)***

Non-enforcement of labour cess led to creation of undue liability amounting to ₹ 8.19 crore in respect of **Bihar Rajya Pul Nirman Nigam Limited and Bihar Police Building Construction Corporation Limited.**

***(Paragraph 4.5)***

**Nine Government companies** deposited the employers' contribution to provident fund in excess by ₹ 4.15 crore in contravention to the Employees' Provident Fund and Miscellaneous Provisions Act, 1952.

***(Paragraph 4.7)***

# CHAPTER I

# OVERVIEW OF STATE PUBLIC SECTOR UNDERTAKINGS

**Shahid Smarak (Patna)**

# Chapter I

# 1. Overview of State Public Sector Undertakings

## Introduction

**1.1** The State Public Sector Undertakings (PSUs) consist of State Government companies and Statutory corporations. The State PSUs are established to carry out activities of a commercial nature while keeping in view the welfare of the people. In Bihar, the State working PSUs registered a Turnover of ₹ 4031.46 crore for 2010-11 as per their latest finalised accounts as of September 2011. This Turnover was equal to 1.89 *per cent* of the State Gross Domestic Product (GDP) for 2010-11. The major activities of State PSUs are concentrated in Power, Finance and Other Sectors. The State PSUs incurred a Loss of ₹ 1317.93 crore in the aggregate for 2010-11 as per their latest finalised accounts. They had 0.19 lakh[1] employees as of 31 March 2011. The State PSUs do not include seven Departmental Undertakings (DUs), which carry out commercial operations but were a part of the Government departments. Audit findings of these DUs are incorporated in the Audit Report (Civil) for the State.

**1.2** As on 31 March 2011, there were 65 PSUs as *per* the details given below and none of them was listed on the stock exchange(s).

| Type of PSUs | Working PSUs | Non-working PSUs[2] | Total |
|---|---|---|---|
| Government companies[3] | 21 | 40 | 61 |
| Statutory corporations | 4 | - | 4 |
| **Total** | 25 | 40 | 65 |

**1.3** During the year 2010-11, one PSU viz. Bihar State Educational Infrastructure Development Corporation Limited was established and one PSU viz. Bihar Air Products Limited (619-B Company) had changed its status as non-Government Company.

## Audit Mandate

**1.4** Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617 of the Act, a Government company is one in which not less than 51 *per cent* of the paid up capital is held by Government(s). A Government company includes a subsidiary of a Government company. Further, a company in which not less than 51 *per cent* of the paid up capital is held in any combination by Government(s), Government companies and corporations controlled by Government(s) is treated as if it were a Government company (deemed Government company) as per Section 619-B of the Companies Act, 1956.

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1 As per the details provided by 22 PSUs.
2 Non-working PSUs are those which have ceased to carry on their operations.
3 Includes 619-B Companies.

**1.5** The accounts of the State Government Companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors, who are appointed by Comptroller & Auditor General of India (CAG) as per the provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by CAG as per the provisions of Section 619 of the Companies Act, 1956.

**1.6** Audit of Statutory Corporations is governed by their respective legislations. Out of four Statutory Corporations, CAG is the sole auditor for the Bihar State Electricity Board (BSEB) and Bihar State Road Transport Corporation (BSRTC). In respect of Bihar State Warehousing Corporation (BSWC) and Bihar State Financial Corporation (BSFC), the audit is conducted by Chartered Accountants and by CAG.

## Investment in State PSUs

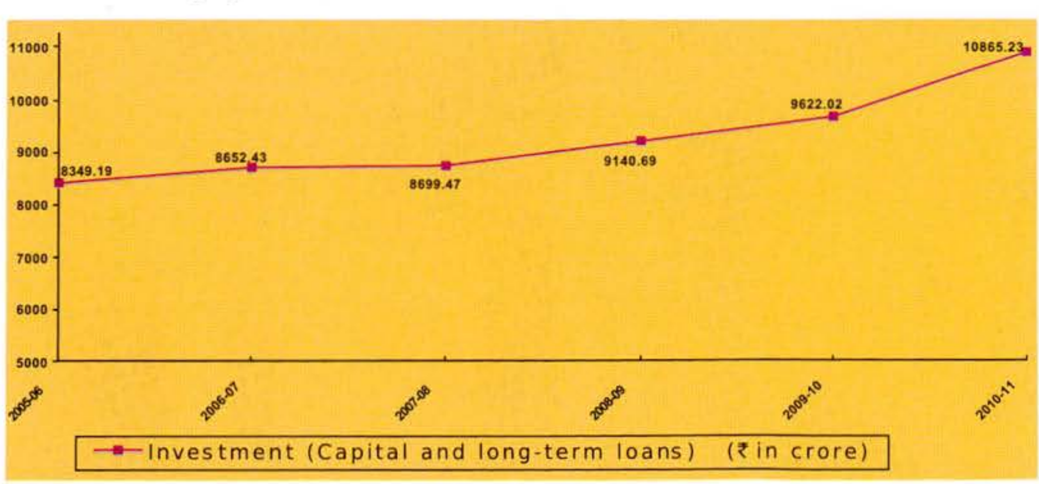
**1.7** As on 31 March 2011, the investment (capital and long-term loans) in State PSUs (including deemed Government companies) was ₹ 10865.23 crore as per details given below:

**(₹ in crore)**

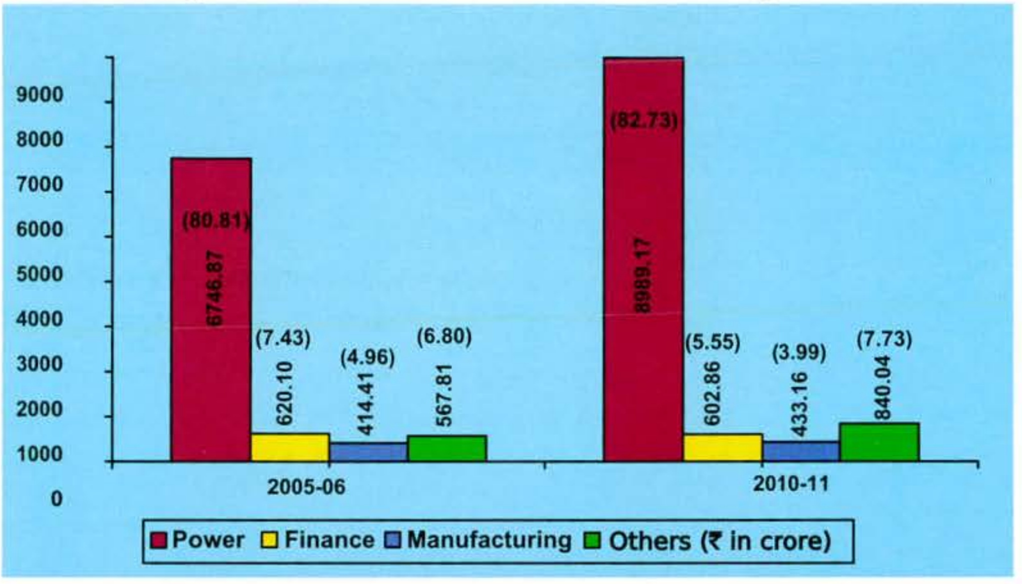
| Type of PSUs | Government Companies | | | Statutory Corporations | | | Grand Total |
|---|---|---|---|---|---|---|---|
| | Capital | Long Term Loans | Total | Capital | Long Term Loans | Total | |
| Working PSUs | 255.40 | 551.42 | 806.82 | 185.53 | 9140.93 | 9326.46 | **10133.28** |
| Non-working PSUs | 183.97 | 547.98 | 731.95 | - | - | - | **731.95** |
| **Total** | **439.37** | **1099.40** | **1538.77** | **185.53** | **9140.93** | **9326.46** | **10865.23** |

A summarised position of Government investment in State PSUs is detailed in ***Annexure- 1.***

**1.8** As on 31 March 2011, of the total investment in State PSUs, 93.26 *per cent* was in working PSUs and the remaining 6.74 *per cent* in non-working PSUs. This total investment consisted of 5.75 *per cent* towards capital and 94.25 *per cent* in long-term loans. This investment has grown by 30.14 *per cent* from ₹ 8349.19 crore in 2005-06 to ₹ 10865.23 crore in 2010-11 as shown in the graph below:



**1.9** The investment in various important sectors and percentage thereof at the end of 31 March 2006 and 31 March 2011 are indicated below in the bar chart. The thrust of PSU investment was mainly on the Power sector during the past six years which increased by 33.23 *per cent* from ₹ 6746.87 crore in 2005-06 to ₹ 8989.17 crore in 2010-11 due to loan extended to BSEB by State Government/Central Government/Others. However, the investment in other sectors had increased by 47.94 *per cent* in 2010-11 as compared to 2005-06. There was marginal increase in investment in manufacturing sector also.




**(Figures in brackets show the percentage of total investment)**

## Budgetary outgo, grants/subsidies, guarantees and loans

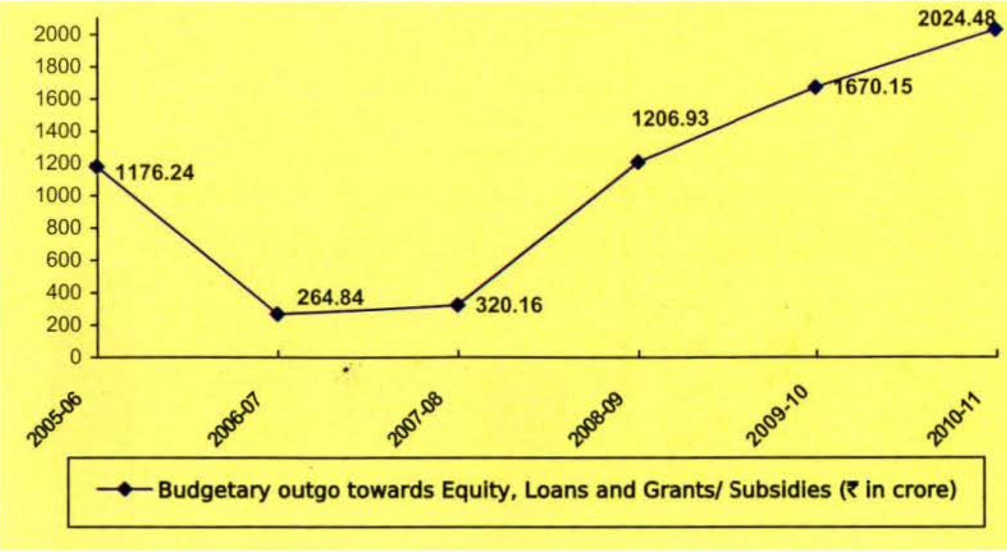
**1.10** The details regarding budgetary outgo towards equity, loans, grants/ subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of State PSUs are given in ***Annexure- 3***. The summarised details are given below for three years ended 2010-11.

**(₹ in crore)**

| Sl. No. | Particulars | 2008-09 | | 2009-10 | | 2010-11 | |
|---|---|---|---|---|---|---|---|
| | | No. of PSUs | Amount | No. of PSUs | Amount | No. of PSUs | Amount |
| 1. | Equity Capital outgo from budget | 3 | 1.56 | 3 | 26.00 | 3 | 41.29 |
| 2. | Loans outgo from budget | 4 | 469.63 | 3 | 770.36 | 3 | 879.69 |
| 3. | Grants/Subsidy outgo | 3 | 735.74 | 3 | 873.79 | 3 | 1103.50 |
| 4. | Total outgo[4] | 9 | 1206.93 | 8 | 1670.15 | 7 | 2024.48 |
| 5. | Interest/Penal interest written off | 1 | 11.56 | 1 | 0.12 | - | - |
| 6. | Guarantees issued | 2 | 104.47 | - | - | 1 | 194.58 |
| 7. | Guarantee Commitment | 1 | 157.51 | 1 | 44.15 | 1 | 31.85 |

[4] Total outgo represents the total budgetary support to actual number of companies in form of equity, loans & grant/subsidy during the year.

**1.11** The details regarding budgetary outgo towards Equity, Loans and Grants/ Subsidies for past six years are given in a graph below.




The budgetary support in the form of Equity, Loans and Grants/ Subsidies by the State Government during the years 2005-06 to 2010-11 had been showing a varying trend. The budgetary support increased from ₹ 1206.93 crore in 2008-09 to ₹ 2024.48 crore in 2010-11. During the year 2010-11, three[5] working PSUs, received a total Subsidy of ₹ 1103.50 crore (54.51 *per cent* of the total budgetary support), out of which BSEB received a Subsidy of ₹ 1080.00 crore from the State Government. At the end of the year, Guarantees on Loans aggregating ₹ 253.05 crore were outstanding against four[6] PSUs. Guarantee commission of ₹ 37.58 lakh was payable by two[7] working PSUs since 1982-83.

## Reconciliation with Finance Accounts

**1.12** 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 differences. The position in this regard as on 31 March 2011 is stated below.

**(₹ in crore)**

| Outstanding in respect of | Amount as per Finance Accounts[8] | Amount as per records of PSUs | Difference |
|---|---|---|---|
| Equity | 465.41 | 518.53 | 53.12 |
| Loans | 14015.46 | 9406.93 | 4608.53 |
| Guarantees | 754.92 | 253.05 | 501.87 |

5 Bihar Rajya Beej Nigam Limited, Bihar State Electricity Board and Bihar State Hydro Electric Power Corporation Ltd.

6 Bihar State Backward Classes Finance & Development Corporation, Bihar State Minorities Finance Corporation Ltd., Bihar State Electricity Board and Bihar State Financial Corporation.

7 Bihar State Road Transport Corporation and Bihar State Financial Corporation.

8 The information is in respect of 39 PSUs as appearing in Finance Accounts.

**1.13** We observed that differences occurred in respect of 45 PSUs except in Bihar State Road Development Corporation Limited and Bihar State Educational Infrastructure Development Corporation Limited. The Principal Accountant General had taken up (October 2011) the issue with the Chief Secretary and the Finance Secretary of the Government to reconcile the differences after examination. This was not done. The Government and the PSUs should take concrete steps to reconcile the differences in a time bound manner.

## Performance of PSUs

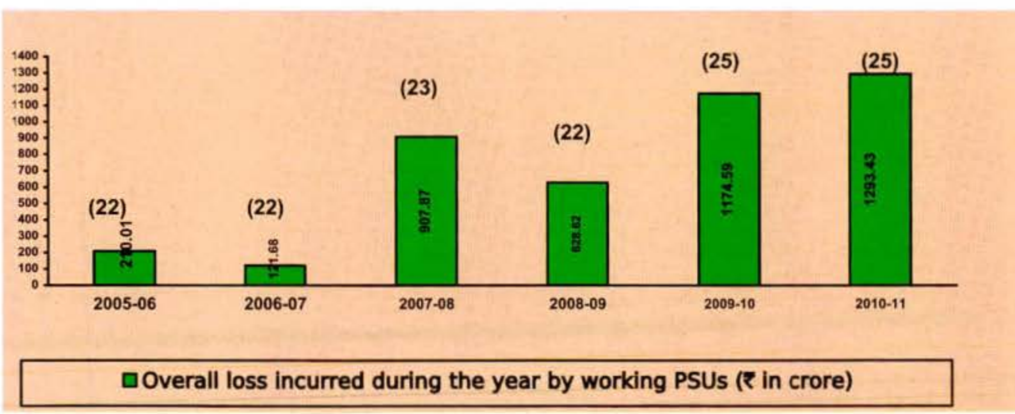
**1.14** The financial results of all PSUs, financial position and working results of working Statutory Corporations are detailed in ***Annexure- 2, 5 and 6*** respectively. A ratio of PSUs turnover to State GDP shows the minor role of PSUs contribution in the State Economy. Table below provides the details of working PSUs' Turnover and State GDP for the period 2005-06 to 2010-11.

**(₹ in crore)**

| Particulars | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|---|---|---|---|---|---|---|
| Turnover[9] | 1202.49 | 1337.29 | 1587.96 | 1996.59 | 2508.83 | 4031.46 |
| State GDP[10] | 83549 | 103317 | 118687 | 150709 | 175245 | 213073 |
| Percentage of Turnover to State GDP | 1.44 | 1.29 | 1.34 | 1.32 | 1.43 | 1.89 |

The percentage of Turnover of PSUs to the State GDP remained stagnant between 1.29 *per cent* and 1.43 *per cent* during 2006-07 to 2009-10 which had increased to 1.89 *per cent* in 2010-11. This was mainly due to increase in Turnover of seven[11] PSUs during 2010-11.

**1.15** Losses incurred by working PSUs during 2005-06 to 2010-11 are given below in a bar chart.




**(Figures in brackets show the number of working PSUs in respective years)**

As per latest finalised accounts, out of 25 working PSUs, 10 PSUs earned Profit of ₹ 89.80 crore and 11 PSUs incurred Loss of ₹ 1383.23 crore. Two

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

10 Figures of State GDP at current price, 2009-10 (provisional), 2010-11(quick estimates).

11 Seven companies viz. Bihar Rajya Pul Nirman Nigam Ltd., Bihar State Road Development Corporation Ltd., Bihar State Electronics Development Corporation Ltd., Bihar State Beverages Corporation Ltd., Bihar State Hydro Electric Corporation Ltd., B.S.E.B. & Bihar State Warehousing Corporation as per latest finalised accounts.

companies had very meager Profit/Loss less than ₹ one lakh which have not been considered. The major contributors to Profit were Bihar Rajya Pul Nirman Nigam Limited( ₹ 45.08 crore) and Bihar State Road Development Corporation Limited (₹ 23.99 crore). The above included heavy Losses incurred by BSEB (₹ 1294.98 crore) and BSRTC (₹ 55.74 crore) as per their latest finalised accounts for the years 2010 -11 and 2002-03 respectively. Two[12] companies did not finalise their first accounts so far.

**1.16** The Losses of PSUs were mainly attributable to deficiencies in financial management, planning, implementation of their activities, their operations and monitoring. A review of latest Audit Reports of CAG shows that the State working PSUs incurred losses to the tune of ₹ 1539.24 crore and infructuous investment of ₹ 28.94 crore. Year-wise details from Audit Reports are stated below:

**(₹ in crore)**

| Particulars | 2008-09 | 2009-10 | 2010-11 | Total |
|---|---|---|---|---|
| Net Loss | 628.62 | 1174.59 | 1293.43 | 3096.64 |
| Controllable losses as per CAG's Audit Report | 104.60 | 33.21 | 1539.24 | 1677.05 |
| Infructuous Investment | 0.35 | 3.45 | 28.94 | 32.74 |

**1.17** The above Losses pointed out by Audit Reports of CAG are based on test check of records of PSUs. The actual controllable Losses could be much more. The above table indicates the need for effective management and control and ensuring accountability in the functioning of PSUs.

**1.18** Some other key parameters pertaining to State PSUs are given below:

**(₹ in crore)**

| Particulars | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|---|---|---|---|---|---|---|
| Return on Capital Employed (*Per cent*) | 16.94 | 17.68 | Nil | 7.44 | Nil[13] | Nil |
| Debt | 7724.63 | 8012.25 | 8152.92 | 8614.53 | 9037.60 | 10240.33 |
| Turnover[14] | 1202.49 | 1337.29 | 1587.96 | 1996.59 | 2508.83 | 4031.46 |
| Debt/ Turnover Ratio[15] | 6.42:1 | 5.99:1 | 5.13:1 | 4.33:1 | 3.60:1 | 2.54:1 |
| Interest Payments | 301.93 | 613.25 | 924.16 | 918.70 | 991.72 | 1243.70 |
| Accumulated Losses | 1584.62 | 1686.94 | 2956.74 | 3593.15 | 4617.88 | 7212.86 |

*(Above figures pertain to all PSUs except Turnover which is for working PSUs).*

**1.19** As per the latest finalised accounts as of 30 September 2011, the Return on Capital Employed of all PSUs decreased from 17.68 *per cent* in 2006-07 to negative return of 1.32 *per cent* in 2010-11. However, there was improvement in Debt/Turnover Ratio from 5.99:1 in 2006-07 to 2.54:1 in

12 Bihar State Building Construction Corporation Ltd. & Bihar State Educational Infrastructure Development Corporation Ltd.

13 Nil indicates the negative return on Capital Employed.

14 Turnover of working PSUs as per the latest finalised accounts as of 30 September 2011.

15 Debt / Turnover Ratio represents Debt divided by Turnover.

2010-11 due to increase in Turnover.

**1.20** The State Government had not formulated any Dividend Policy under which all PSUs are required to pay a minimum Dividend. As per their latest finalised accounts, eleven PSUs earned an aggregate Profit of ₹ 89.80 crore but did not declare any Dividend so far.

## Arrears in finalisation of accounts

**1.21** The Accounts of the Companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. Similarly, in case of Statutory Corporations, their Accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts. The table below provides the details of progress made by working PSUs in finalisation of accounts by September 2011:

| Sl. No. | Particulars | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|---|---|---|---|---|---|---|
| 1. | Number of Working PSUs | 23 | 22 | 23 | 25 | 25 |
| 2. | Number of accounts finalised during the year | 20 | 13 | 15 | 17 | 34 |
| 3. | Number of accounts in arrears | 201 | 197 | 205 | 213 | 186[16] |
| 4. | Average arrears per PSU (3/1) | 8.74 | 8.95 | 8.91 | 8.52 | 7.44 |
| 5. | Number of Working PSUs with arrears in accounts | 23 | 22 | 23 | 25 | 23 |
| 6. | Extent of arrears (years) | 1 to 19 | 1 to 19 | 1 to 20 | 1 to 21 | 1 to 21 |

**1.22** Out of 25 working PSUs including four Statutory corporations, except BSEB, no PSU had finalised/submitted its accounts for the year 2010-11 as of 30 September 2011. The audit of Accounts of BSEB for the year 2010-11 was in progress. The Accounts of 23 PSUs were in arrears for periods ranging from one to 21 years. The Average of arrears per PSU had shown marginal decrease from 8.74 per PSU in 2006-07 to 7.44 per PSU in 2010-11. The reasons for arrears in Accounts were delays in preparation/certification of Accounts, delays in holding of Annual General Meeting and shortage of manpower.

**1.23** In addition to above, there were also arrears in finalisation of Accounts by non-working PSUs. Out of 40 non-working PSUs, seven were in the process of liquidation as of 31 March 2011. Of the remaining 33 non - working PSUs, the extent of arrears of accounts was from 16 to 34 years.

**1.24** The State Government had invested ₹ 3856.58 crore (Equity: ₹ 119.89 crore, Loans: ₹ 2296.48 crore, Grants: ₹ 1171.76 crore and others:

16 Arrear of accounts in respect of Bihar State Educational Infrastructure Development Corporation Ltd. has not been considered. Further the arrears in respect of Bihar Air Products Limited has been excluded due to change in the status of the Company as non-Government Company.

₹ 268.45 crore) in 29 PSUs during the years for which Accounts had not been finalised as detailed in ***Annexure- 4***. In the absence of finalised 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 had been achieved. Thus, Government's Investment in such PSUs remained outside the scrutiny of the State Legislature. Further, 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 Companies Act, 1956.

**1.25** 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 prescribed period. The Principal Accountant General brought the position of arrears of Accounts to the notice of the concerned administrative departments and officials of the Government. No significant remedial measures were taken. As a result of this, the net worth of these PSUs could not be assessed in audit.

**1.26** In view of above state of arrears, it is recommended that the Government should expedite the clearance of arrears in finalisation of Accounts and monitor the timely finalisation of Accounts in conformity with the provisions of the Companies Act, 1956.

## Winding up of non-working PSUs

**1.27** There were 40 non-working PSUs (all companies) as on 31 March 2011. Of these, seven PSUs were under liquidation process as on 31 March 2011.

The non-working PSUs are required to be closed down as their continuance is not going to serve any purpose. During 2010-11, one[17] non -working PSU incurred an expenditure of ₹ 0.14 crore towards salary, wages, establishment expenditure, etc.

**1.28** The stages of closure in respect of non-working PSUs as on 31 March 2011 are given below:

| Sl. No. | Particulars | Companies | Statutory Corporations | Total |
|---|---|---|---|---|
| 1. | Total No. of non-working PSUs | 40 | - | 40 |
| 2. | Of (1) above, the No. under | | | |
| (a) | liquidation by Court (liquidator appointed) | 3[18] | - | 3 |
| (b) | Closure, i.e. closing orders/ instructions issued but liquidation process not yet started. | 4[19] | - | 4 |

[17] Bihar State Fruits &Vegetables Development Corporation Limited

[18] Kumardhubi Metal Casting & Engineering Ltd., Bihar State Leather Industries Development Corporation Ltd. and Bihar State Finished Leathers Corporation Ltd.

[19] Bihar State Handloom & Handicrafts Corporation Ltd., Bihar State Small Industries Corporation Ltd., Bihar State Pharmaceuticals & Chemicals Development Corporation Ltd. & Bihar State Textiles Corporation Ltd.

**1.29** During the year 2010-11, no PSUs were finally wound up. The companies which have taken the route of winding up by Court order are under liquidation for a period of more than 11 years. The process of voluntary winding up under the Companies Act is much faster and needs to be adopted/ pursued vigorously. In view of the above, it is recommended that the Government should take a decision regarding winding up of remaining 33 non-working PSUs where no decision about their continuation or otherwise has been taken after they became non-working.

## Accounts Comments and Internal Audit

**1.30** 11 working companies forwarded their 30 audited accounts to the Principal Accountant General during the year 2010-11. Of these, 12 accounts of seven companies were selected for supplementary audit. The audit reports of Statutory Auditors appointed by CAG and the supplementary audit of CAG indicated that the quality of maintenance of accounts needs to be improved substantially. The details of Aggregate Monetary implications of comments of statutory auditors and CAG are given below.

**(₹ in crore)**

| Sl. No. | Particulars | 2008-09 | | 2009-10 | | 2010-11 | |
|---|---|---|---|---|---|---|---|
| | | No. of accounts | Amount | No. of accounts | Amount | No. of accounts | Amount |
| 1. | Decrease in Profit | - | - | 2 | 1.71 | 4 | 5.59 |
| 2. | Increase in Loss | 2 | 4.31 | 10 | 16.63 | 9 | 17.17 |
| 3. | Non-disclosure of material facts | 1 | 10.02 | 1 | 0.15 | Nil | Nil |
| 4. | Errors of classification | 2 | 7.87 | Nil | Nil | Nil | Nil |

**1.31** During the year 2010-11, all 30 accounts received had been given qualified certificates. The compliances by companies with the Accounting Standards remained poor as there were 26 instances of non-compliance in 16 accounts[20] during the year.

**1.32** Some of the important comments in respect of accounts of companies are stated below:

### Bihar State Credit & Investment Corporation Limited (2003-04)

- Non-provision for diminution in the value of investment resulted in overstatement of investment and understatement of loss by ₹ 1.13 crore.

### Bihar Rajya Pul Nirman Nigam Limited (2006-07)

- Non-charging/undercharging of depreciation on staging & shuttering resulted in understatement of depreciation and overstatement of profit by ₹ one crore.

[20] Bihar State Road Development Corporation Ltd. (2009-10), Bihar Rajya Pul Nirman Nigam Ltd.(2004-05),(2006-07) and (2007-08), Bihar State Electronics Development Corporation Ltd.((2003-04 to 2009 -10), Bihar State Tourism Development Corpn. Ltd. (1998-99), Bihar State Industrial Credit & Investment Corporation Ltd. (2003-04), Bihar State Food & Civil Supplies Corporation Ltd. (1989-90), Bihar State Hydro Electric Power Corporation Ltd. (1996-97) and Bihar State Financial Corporation (2009-10).

### Bihar State Electronics Development Corporation Limited (2009-10)

- Non-provision of debts outstanding since long and doubtful of recovery resulted in overstatement of sundry debtors and profit by ₹ 1.08 crore

**1.33** Similarly, three working Statutory corporations forwarded four accounts to PAG during the year 2010-11. The accounts of Bihar State Financial Corporation, Bihar State Warehousing Corporation and Bihar State Electricity Board were selected for audit. Out of these the Accounts of BSEB for the year 2010-11 was in the process of audit as on 30 September 2011. The audit reports of Statutory Auditors and the audit of CAG indicate that the quality of maintenance of Accounts needs to be improved substantially. The details of Aggregate Monetary implications of comments of statutory auditors and CAG are given below.

**(₹ in crore)**

| Sl. No. | Particulars | 2008-09 | | 2009-10 | | 2010-11 | |
|---|---|---|---|---|---|---|---|
| | | No. of accounts | Amount | No. of accounts | Amount | No. of accounts | Amount |
| 1. | Decrease in profit | 2 | 14.61 | 1 | 1.74 | 2 | 17.34 |
| 2. | Increase in loss | 3 | 562.74 | 2 | 3475.34 | 2 | 9267.22 |
| 3. | Non-disclosure of material facts | 2 | 12.08 | 1 | 7.08 | Nil | Nil |
| 4. | Errors of classification | 3 | 67.67 | 1 | 2.47 | 1 | 7.85 |

**1.34** Some of the important comments in respect of accounts of statutory corporations finalized during the year 2010-11 are stated below.

### Bihar State Electricity Board (2009-10)

- Non provision for the assets lost in theft, being carried forward in the Accounts since long period which resulted in understatement of Loss by ₹ 3.25 crore.
- Receivables against supply of power included a sum of ₹ 7.17 crore receivable from the consumers without issuing proper bill resulted in overstatement of Current Assets and understatement of Loss by ₹ 7.17 crore
- Non-provision for inter unit transactions, being carried forward in the accounts since long period resulted in understatement of loss by ₹ 239.26 crore.
- Non-writing off the railway credit suspense account, being carried forward in the accounts of Barauni Thermal Power Station since long period resulted in understatement of Loss by ₹ 3.67 crore.
- Subsidy receivable from Government includes a sum of ₹ 4315.65 crore being the amount of annual subsidy for the period 2001-2006, neither claimed by the Board nor agreed to by the State Government resulted in overstatement of Subsidy receivable from Government and understatement of Loss by ₹ 4315.65 crore.

- Non-provision for amount of Interest payable as Un-scheduled Interchange charges for purchase of power resulted in understatement of Current Liabilities and Loss by ₹ 10.67 crore.

**Bihar State Warehousing Corporation (2008-09)**

- Short provision for Doubtful Debts resulted in overstatement of Sundry Debtors and Profit to the extent of ₹ 2.14 crore.

**Bihar State Financial Corporation (2009-10)**

- Non-provision of Liability for interest on Government funds and showing them as Contingent Liability resulted in understatement of Interest cost and overstatement of Profit by ₹ 14.65 crore.

**1.35** The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report on various aspects including internal controls/ internal audit systems in the companies that are audited by them in accordance with the directions issued by the CAG under Section 619(3) (a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of important comments made by the Statutory Auditors on possible improvement in the internal audit/ internal control systems in respect of nine companies[21] for the year 2009-10 and 10 companies[22] for the year 2010-11 are given below:

| Sl. No. | Nature of comments made by Statutory Auditors | Number of companies where recommendations were made | Reference to serial number of the companies as *per Annexure-2* |
|---|---|---|---|
| 1. | Non-fixation of minimum/ maximum limits of store and spares | 04 | A-3, A-9, A-11, A-13 |
| 2. | Absence of internal audit system commensurate with the nature and size of business of the company | 09 | A-3, A-8, A-9, A-11, A-12, A-13, A-15, A-18, A-19 |
| 3. | Non maintenance of proper records showing full particulars including quantitative details, situations, identity number, date of acquisitions, depreciated value of fixed assets and their locations | 05 | A-4, A-8, A-11, A-13, A-19 |

21 Bihar State Credit & Investment Corporation Ltd., Bihar State Minorities Finance Corporation Ltd., Bihar Police Building Construction Corporation Ltd., Bihar State Road Development Corporation Ltd., Bihar State Electronics Development Corporation Ltd., Bihar State Food & Civil Supplies Corporation Ltd., Bihar State Agro Industries Development Corporation Ltd., Bihar State Fruit & Vegetables Development Corporation Ltd. & Bihar State Industrial Development Corporation Ltd.

22 SCADA Agro Business Co. Ltd., Bihar State Credit & Investment Corporation Ltd., Bihar Police Building Construction Corporation Ltd., Bihar Rajya Pul Nirman Nigam Ltd., Bihar State Road Development Corporation Ltd., Bihar Urban Infrastructure Development Corporation Ltd., Bihar State Educational Infrastructure Development Corporation Ltd., Bihar State Electronics Development Corporation Ltd., Bihar State Hydro Electric Corporation Ltd. & Bihar State Tourism Development Corporation Ltd.

## Recoveries at the instance of audit

**1.36** During the course of propriety audit in 2010-11, recoveries to be made amounting to ₹ 4.22 crore were pointed out to the BSEB, of which, an amount of ₹ 1.41 crore were admitted by the BSEB. An amount of ₹ 52.53 crore pertaining to the period prior to 2010-11 was recovered during the year 2010-11.

## Status of placement of Separate Audit Reports

**1.37** The following table shows the status of placement of various Separate Audit Reports (SARs) issued by the CAG on the accounts of Statutory corporations in the Legislature by the Government.

| Sl. No. | Name of Statutory corporation | Year up to which SARs placed in Legislature | Year for which SARs not placed in Legislature | | |
|---|---|---|---|---|---|
| | | | Year of SAR | Date of issue to the Government | Reasons for delay in placement in Legislature |
| 1. | Bihar State Electricity Board | 2005-06 | 2006-07<br>2007-08<br>2008-09<br>2009-10 | 26.05.2009<br>15.04.2010<br>29.04.2011<br>26.09.2011 | No reasons for non-placement of SARs made available by the Government. |
| 2. | Bihar State Warehousing Corporation | 2007-08 | 2008-09 | 28.02.2011 | |
| 3. | Bihar State Financial Corporation | 2008-09 | 2009-10 | 08.07.2011 | |
| 4. | Bihar State Road Transport Corporation | 1973-74 | 1974-75 to 2002-03 (29)<br>Details<br>1991-92<br>1992-93<br>1993-94<br>1994-95<br>1995-96<br>1996-97<br>1997-98<br>1998-99<br>1999-00<br>2000-01<br>2001-02<br>2002-03 | 9.6.1997<br>2.9.1998<br>2.9.1998<br>4.12.1998<br>18.4.2000<br>19.3.2004<br>19.10.2004<br>12.04.2005<br>07.10.2005<br>24.09.2007<br>26.10.2007<br>25.01.2010 | |

Delay in placement of SARs weakens the legislative control over Statutory corporations and dilutes the latter's financial Accountability. The Government should ensure prompt placement of SARs in the legislature(s). The issue of delay in placement of SARs before the State Legislature was also brought to the notice of Hon'ble Chief Minister, Bihar by the CAG in December 2010. There was no improvement in respect of placement of SARs of BSRTC. The Pr. Accountant General brought the issue to the attention of the Principal Secretary, Finance Department, Government of Bihar (May 2011).

## Disinvestment, Privatisation and Restructuring of PSUs

**1.38** The State Government did not undertake the exercise of disinvestment and restructuring of any of its PSUs during 2010-11. However, a PSU ( 619-B Company) had become a non-Government company due to change in its shareholding pattern. Further, subsequent to the formation of Jharkhand State, restructuring of all the PSUs was to be taken up. The decision on the division of assets and liabilities as well as of the management of 12 PSUs was taken in September 2005. The implementation, however, has been done only in the case of five PSUs[23] (September 2011).

## Reforms in Power Sector

**1.39** The State has Bihar Electricity Regulatory Commission (BERC) formed in April 2002 under Section 17(1) of Electricity Regulatory Commission Act, 1998 with the objective of rationalization of electricity tariff, advising in matters relating to electricity generation, transmission and distribution in the State and issue of licenses. During 2010-11, BERC issued orders directing BSEB to recover Fuel and Power Purchase Cost Adjustment (FPPCA) charges for the period from April to September 2009. It also reviewed the tariff rates for Bagasse based cogeneration plants & Biomass based power projects as determined by it in *suo-motu* proceeding. The orders have also been issued in *suo-motu* proceeding regarding determination of Generic Levelised Generation Tariff under the BERC (Terms & Conditions for Tariff Determination from Solar Energy Sources) Regulations, 2010.

**1.40** A Memorandum of Understanding (MOU) was signed ( September 2001) between the Union Ministry of Power and the State Government as a joint commitment for implementation of reforms programme in power sector with identified milestones. The progress achieved so far in respect of important milestones is stated below.

| Sl. No. | Milestone | Targeted Completion Schedule | Achievement as at March 2011 |
|---|---|---|---|
| 1. | State Electricity Regulatory Commission | December 2001 | BERC has been constituted vide Government of Bihar notification No. 1284 dated 15 April, 2002. The Commission has notified last tariff order for the year 2011-12 on 01.06.2011. |
| 2. | Rural Electrification Programme | By 2006 | The village electrification work was being executed by Central Agencies as well as BSEB and a sum of ₹ 3566.98 crore has been paid in advance for this purpose. Out of 39,015 numbers of villages, 27,954 (71.65*per cent*) villages have been electrified *(March 2011).* |
| 3. | Reorganization of the Board | December 2001 | Government of Bihar has issued notification for reorganization of the Board in five companies. |
| 4. | Securitization of outstanding dues of Central Power Sector Undertakings | NA | Securitization of outstanding dues of Central Power Sector undertakings to the tune of ₹ 2075.61 crore has been made by the Government of Bihar. |
| 5. | 100 *per cent* metering of all 11 KV distribution feeders and 100 *per cent* metering of all consumers | December 2001 for distribution feeder meters and December 2002 for consumer meters. | The installation of meters in 11 KV distribution feeders (70.20 *per cent*) and *cent per cent* metering of consumers (59.10 *per cent*) in all the 16 circles has been made. *(September 2011)* |

[23] Bihar Rajya Beej Nigam Ltd., Bihar State Hydro electric Power Corporation Ltd., Bihar State Text Book Publishing Corporation Ltd., Bihar State Warehousing Corporation and Bihar State Mineral Development Corporation Ltd.

| Sl. No. | Milestone | Targeted Completion Schedule | Achievement as at March 2011 |
|---|---|---|---|
| 6. | Energy audit | June 2002 | M/s. Power Finance Corporation, a central PSU has appointed M/S Pranat Engineering Limited under Restructured Accelerated Power Development Reform Programme (RAPDRP) scheme to conduct third party energy audit. Experience gathered from it would be applied for non-APDRP area. BSEB was installing ring fencing meters, system meters and consumer meters in all 64 towns covered under RAPDRP and 7 towns covered under ADB plan. *(September 2011)* |
| 7. | Reduction in transmission and distribution (T&D) losses up to 15.5 *per cent* | Not given | T&D losses of the Board for the year 2009-10 were 38.32 *per cent* which had increased to 43.59 *per cent* during the year 2010-11. |
| 8. | Three *per cent* return on fixed assets | March 2004 | The Board did not achieve three *per cent* return on fixed assets upto the year 2010-11. |
| 9. | Distribution Information Management System | Not given | Distribution and information management system has been operational through Supervisory Control and Accelerated Data Acquisition (SCADA) System in Patna. Whereas in rest of Bihar it would be operational through RAPDRP which was in progress. *(September 2011)* |
| 10. | Minimum agriculture tariff of 50 paise per unit | Not given | The BERC has approved ₹ 130.00 paise/unit for Irrigation and Agricultural services (IAS-I) category and ₹ 205.00 paise/unit for Irrigation and Agricultural Services (IAS-II) category for the year 2010-11. |

# CHAPTER II

## 2. PERFORMANCE AUDIT RELATING TO GOVERNMENT COMPANY

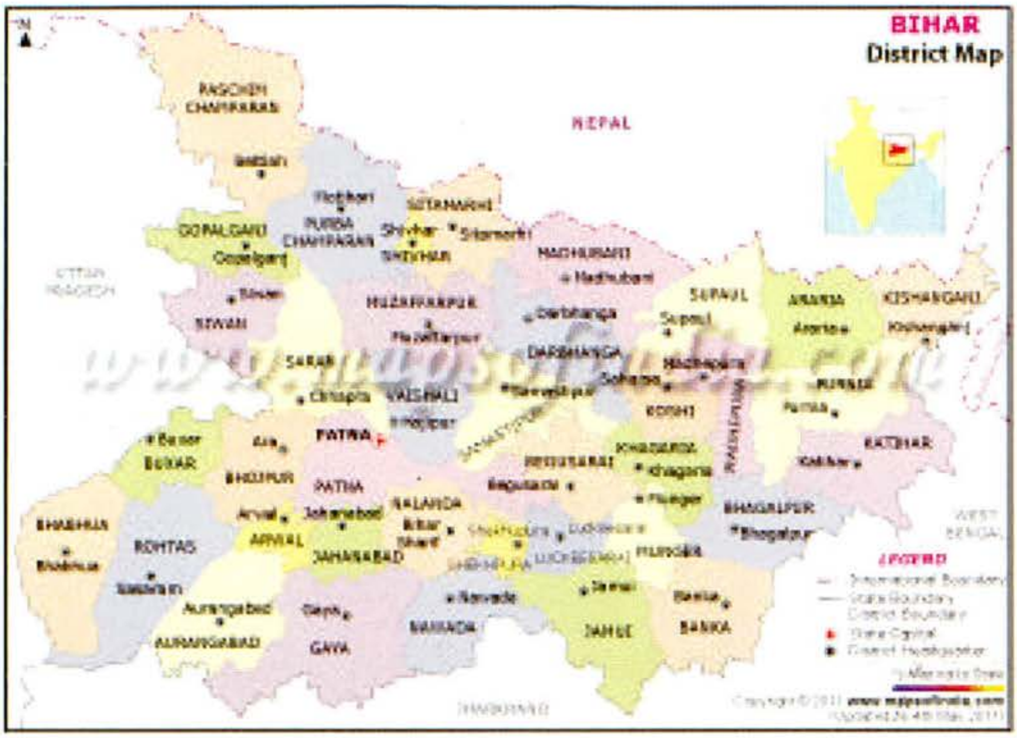
### 2.1 PERFORMANCE AUDIT OF BIHAR STATE FOOD & CIVIL SUPPLIES CORPORATION LIMITED

Mahabodhi Temple (Bodhgaya)

Chapter II

# 2. Performance Audit relating to Government Company

## 2.1 Performance Audit of Bihar State Food & Civil Supplies Corporation Limited




**Public Distribution System in Bihar**

## Executive summary

***Introduction***

*Bihar State Food & Civil Supplies Corporation Limited (Company) was incorporated in April 1973. The activities of the Company extend to lifting of food-grains for Government schemes and distribution thereof, procurement of grains under the Minimum Support Price (MSP) Scheme, operation of Liquefied Petroleum Gas centres, distribution of levy sugar and supply of food items to jails. The present performance audit for the period 2006-11 was conducted with a view to assessing the effectiveness and the efficiency with which their activities were carried out and whether they were in conformity with the prescribed procedure.*

*As a State nodal agency, its share in total procurement in the State ranged between 14.29 per cent and 14.71 per cent in respect of wheat and 7.84 per cent and 10.71 per cent in respect of paddy during the period 2007-11. The distribution of foodgrains during the period 2006-11 under different schemes was 99.94 per cent of wheat and rice procurement.*

***Procurement***

*The Company procured paddy ranging between 11.25 per cent and 87.20 per cent of the target during 2006-11. In respect of wheat, the procurement was between 15.30 per cent and 68.56 per cent of the target during 2006-11. However, the procurement in respect of paddy and wheat was less than 20 per cent of the target during 2010-11. There was no planning for identification of the procurement centres and farmers prior to commencement of procurement seasons. There was no monitoring by the*

*Company of the procurement activities pursued by different DLOs.*

*In DLO Gaya, a sum of ₹ 81.27 lakh remained blocked due to non-lifting of grains under SGRY.*

### *Storage Management*

*The Company had 387 godowns with a total storage capacity of 1.35 lakh MT. The Company created additional capacity by constructing only one small godown at Jamui (1000 MT capacity) during 2006-11.*

*Following the Government decision (September 2008) to create 47000 MT capacity, the Company submitted an estimate of ₹ 33.48 crore. Neither there was any follow-up action by the Company nor did the Government take any action to augment the storage capacity till now (November 2011).*

*The Government decision (July 2008) to utilise the identified 44 damaged godowns of 45,250 MT capacity at the estimated repairing cost of ₹ 4.32 crore did not materialise as the repair was not complete, even though the Company released ₹ 7.86 lakh for repairing of five godowns with the capacity of 4,400 MT. The repairing of remaining 39 godowns had not been taken so far (November 2011) and the Company could not create storage capacity of 45,250 MT.*

*Repairing of 38 own damaged/incomplete godowns to create an additional 3,800 MT capacity was pending since March 2009.*

*Out of 21,243 quintals of paddy procured during 2008-10 in two DLOs Bhojpur and Nalanda, 16,169.06 quintals of paddy valuing ₹ 1.47 crore was lying unmilled for nearly 30 months resulting in blocking of fund and deterioration in its quality could not be ruled out.*

### *Transportation and handling*

*Absence of effective pursuance with District Administration resulted in blockage of ₹ 20.08 crore in respect of nine DLOs till May 2011 on account of handling and transportation charges and consequent interest loss.*

*The Transporting Agents in Madhubani and Araria did not provide the required number of trucks on time which resulted in lapse of allotment of 7.76 lakh quintals of foodgrains during 2006-08 resulting in loss of contribution margin of ₹ 2.38 crore to the Company besides non-supply of foodgrains to the targeted beneficiaries.*

### *Distribution*

*Due to short lifting of 68.72 lakh MT of foodgrains under various schemes during 2006-11, the Company was deprived of margin money of ₹ 203.45 crore.*

*The Company diverted foodgrains from one scheme to another without return of the same quantities to the original scheme to ensure that the targeted beneficiaries were not deprived of the intended benefit of the scheme. As a result of the diversions, the Company earned profits of ₹ 25.74 crore and also incurred loss of ₹ 25.53 crore.*

*The Company also suffered loss of ₹ 52.11 lakh due to non- disposal of 3,346 quintals of levy sugar in time.*

*In Gaya District, intended benefit did not reach 85.06 per cent and 37.07 per cent of beneficiaries for 2007-08 and 2008-09 respectively under Nutrition Programme for Adolescent Girls (NPAG) Scheme.*

*In DLO Nalanda, the Company could not issue 104 quintals of wheat in the absence of any action plan for the implementation of Government scheme for disbursement of grain for protection from starvation at the rate of one quintal per Panchayat.*

*In DLO Nawadah, there was non-issuance of 599.60 quintals of rice under MDM Scheme during the period April 2010 to May 2010 which adversely affected the scheme implementation.*

*The Company extended its activities in distribution of Liquefied Petroleum Gas (LPG) for which it was receiving ₹ 22.17 per cylinder from IOCL (June 2011) towards its margin. The average yearly refill sold to consumers registered with the Company during 2006-11 was below one and there was deterioration in the overall performance of the Company and resultant loss of contribution margin.*

### *Financial Management*

*The contribution margin to meet their cost of operation approved in 2002 had not been revised for the last nine years (till July 2011) despite huge increase in* *the transportation and handling cost in 2010-11 as compared to the cost prevailed in 2002. Proposed increase (November 2009) in existing margin ranging between ₹ 21 to ₹ 35 per quintal to ₹ 45 per quintal had not been approved so far and as a result the Company could not recover ₹ 84.02 crore during 2009-11. The Company further submitted (February/March 2011) proposals to increase the margin money for all the Schemes which was pending decision by the Government (November 2011).*

*The difference between the procurement price of sugar and sale price to FPS dealers was reimbursed by the Government at the approved rate of margin. The Ministry of Consumer Affairs and Public Distributions had prescribed norm of yearly revision of margin on receipt of requisite proposal. The admissible margin remained unchanged since October 2005. The Company though submitted a proposal (December 2006) for upward revision of margin to meet the price equalization, it was pending at the level of State Government (November 2011).*

*The differential margin of sugar claims of ₹ 3.43 crore for the period September 2006 to March 2007 submitted to FCI had not been entertained due to non-submission of valid certificates. In addition, the Company was yet to submit (November 2011) its claim for ₹ 68.24 crore for the period from August 2009 to November 2010 due to non-receipt of utilisation certificates from their DLOs.*

***Human Resource Management and Internal Control***

*Total number of working employees as on 31.01.2011 was 1040.*

*During 2006-11, there had been shortage of accounts personnel and AGMs which resulted in the accounts of the Company being in arrears since 1990-91.*

*The Company had not prepared Accounts and Internal Audit Manuals.*

*Internal Audit Reports prepared for the period upto 2009-10 were not placed before the BoD so as to resolve shortcomings in the areas of interest for the Company.*

*As on 31 March 2011, number of employees held responsible for shortages of foodgrains stood at 257. Out of a total claim of ₹ 29.94 crore including interest receivable on account of shortages of foodgrains, a sum of ₹ 5.73 crore had been recovered from them and ₹ 24.21 crore was yet to be recovered.*

***Computerisation of business activities.***

*The Company decided (March 2007) to computerise their business activities.*

*Due to poor planning, the computerisation activities of the Company were incomplete even after a lapse of nearly 49 months depriving the Company of the opportunity to save a sum of ₹ 4.72 crore, as envisaged.*

***Miscellaneous***

*Claims against FCI for the short supply of 431 bales of jute bags valuing ₹ 65.55 lakh were pending settlement since July 2009 due to non-fixation of final rates by FCI.*

*During 2006-11, at four DLOs against the procurement of 4,58,156 Jute bags, only 1,72,526 (37.66 per cent) bags were utilised indicating that the bags were purchased without proper assessment of their requirement resulting in blocking of funds of ₹87.40 lakh.*

***Conclusion and Recommendations***

*Company's procurement of paddy and wheat touched the level of less than 20 per cent of target in 2010-11 and as a result started losing contributory margins. It may consider improving the level of procurement by identifying procurement centres and farmers well before the start of procurement season.*

*Company's storage management needs improvement as its initiation for creation of additional storage capacity by construction of additional godowns, repair and usage of their own damaged godowns, hiring the godowns of co-operative societies did not materialize during the review period. The Company may step up its activities for acquisition of additional storage capacity.*

*As transport agents did not place their trucks in time, the Company lost an opportunity to lift the allocated foodgrains and therefore the*

***management of transport agents requires to excercise strict control over them.***

***Instances of diversion of foodgrains from one scheme to another were noticed whereby its intended beneficiaries were deprived of the benefits of the scheme. The Company may institute adequate control mechanism where such diversions are avoided and in the case of unavoidable diversions, the mechanism may ensure replenishment of the diverted quantity so that the benefit reached the targeted beneficiaries.***

***The continuous non-revision of contributory margin and non-submission of claims for reimbursement in time had deprived the Company of its dues. The Company may persuade the State Government to revise its margin adequately to cover its cost of operations and ensure submission of its claims in time with valid certificates.***

***The non-preparation of accounts since 1990-91 results in erosion of its public accountability and may lead to occurrence of fraud. The Company may ensure preparations of its accounts up to date.***

## 2.1 Introduction

**2.1.1** Bihar State Food & Civil Supplies Corporation Limited (Company) was incorporated in April 1973, as a wholly owned Government Company under the Companies Act, 1956. The Company was established for undertaking the business of purchasing, transporting, storing, and distributing foodgrains and also to act as an agent of the Government in procurement and distribution of food grains; to plan, formulate and set up mills, or assist in setting up of rice and flour mills. The activities of the Company extends to:

- Procurement of grains on Minimum Support Price fixed by the Government of India under the Minimum Support Price Scheme on behalf of Food Corporation of India (FCI).
- Lifting of foodgrains for Government Schemes from FCI and distribution thereof through Fair Price Shop (FPS) dealers and other agencies, as authorised by the District Administration.
- Operation of departmental stores, Liquefied Petroleum Gas (LPG) centres, distribution of levy sugar and supply of food items to jails.

According to Bihar Reorganisation Act, 2000, the apportionment of assets and liabilities of the Company was to be done between Bihar and Jharkhand, but it was yet to be completed (November 2011). However, the administrative control of 187 godowns located within the territory of the Jharkhand State and services of 352 employees of the Company had been transferred (January 2011) to the Government of Jharkhand.

The Company as a State nodal agency is entrusted with procurement and distribution of foodgrains in the State, its share in total procurement ranged between 14.29 and 14.71 *per cent* in respect of wheat and 7.84 and 10.71 *per cent* in respect of paddy procured in the State during the period 2007-08 to 2010-11. The distribution of foodgrains during the year 2006-11 under different schemes was 99.94 *per cent* of wheat and rice procurement.

The review on procurement featured in the Report of the Comptroller and Auditor General of India (Commercial) for the year 2005-06, Government of Bihar was yet to be discussed in the Committee on Public Undertakings (November 2011).

### Organisational set up

The Management of the Company was vested in a Board of five Directors appointed/nominated by the State Government. Managing Director, the Chief Executive of the Company, was assisted by three Chief Managers, one Company Secretary at the Head Office (HO), and 35 District Managers (DMs) in the field. The DMs were assisted by the Assistant Godown Managers (AGMs). The average tenure of the MD during 2006-11 was around one year.

## 2.2 Scope of Audit

The present performance audit conducted between April and July 2011 covered the activities of the Company with regard to procurement and lifting of foodgrains for various Government Schemes and their distribution during 2006-11 within the State of Bihar. For this purpose a test check of records of the Head Office of the Company and nine[1] out of 35 District Level Offices (DLOs) (more than 25 *per cent* of the total DLOs) was carried out. The selection of DLOs was based on their geographical location and the volume of work which was about 29 *per cent* of total lifting valuing ₹ 4848.09 crore made by the Company in the past three years upto 2010-11.

## 2.3 Audit Objectives

The objectives of the performance audit were to assess whether:

- the activities relating to procurement, storage, transport and distribution of foodgrains to FPS dealers and other agencies were managed in an efficient, effective and economical manner and in conformity with the prescribed procedures;
- the allotment of foodgrains under various schemes were promptly lifted so as to prevent lapse of allotted quantity and loss of contribution margin;
- the margins/commissions fixed by the Government were adequate to meet the administrative expenditure of the Company;
- the foodgrains lifted against one scheme were utilized for the same scheme;
- the Company raised the bills for reimbursement of the amount within the stipulated period and in accordance with the rates fixed by Government of India (GoI);

[1] Begusarai, Bhojpur, Darbhanga, Gaya, Muzaffarpur, Nalanda, Nawadah, Patna and Samastipur.

- the reimbursement of all the elements of cost by the State Government had been received by the Company from FCI; and
- the internal control mechanism and internal audit system in the Company were adequate and effective.

## 2.4 Audit Criteria

The audit criteria adopted for assessing the achievement of the audit objectives were:

- Guidelines/instructions of the State and Central Governments with regard to procurement and distribution of foodgrains under various schemes;
- Targets fixed for procurement, distribution of foodgrains and milling of paddy;
- Incidental charges for procurement and distribution of foodgrains set by the GoI;
- Decisions of BoD, circulars, etc;
- Terms and conditions of handling and transport contracts; and
- The provisions contained in the Public Distribution System (Control) Order, 2001.

## 2.5 Audit Methodology

A mix of the following methodologies was used:

- Scrutiny of records of the Company, collection of data from records of the Company, financial statements, release order (RO) registers, monthly returns, etc;
- Assessment of sufficiency of incidental charges fixed by the GoI for procurement and distribution of foodgrains;
- Scrutiny of records relating to allotment under various schemes, lifting of foodgrains and distribution thereof;
- Examination of agenda papers and minutes of meetings of the BoDs;
- Scrutiny of stock accounts, purchase registers, monthly returns, etc. and examination of records relating to appointment of Transport Agents (TAs);
- Examination of the internal control procedures prescribed by the Company; and
- Interaction with the Management.

## 2.6 Stages of Performance Audit

We explained the audit objectives to the Company during an 'Entry Conference' held in May 2011.

- Subsequently, audit findings were reported to the Company and the Government (October 2011).
- An 'Exit conference' with the Management was held in December 2011.
- The replies of the Management/Government were not received.
- The views expressed by the Management on preliminary observations had been considered and suitably incorporated wherever necessary while finalising the Report.

## 2.7 Audit Findings

The audit findings have been grouped under the following themes;

a. Procurement
b Storage Management
c. Transportation and handling
d. Distribution
e. Financial Management
f. Human Resource Management and Internal Control
g. Computerisation of business activities
h. Miscellaneous

## 2.8 Procurement

### 2.8.1 Shortfall in procurement of grains against target

**The Company could not achieve the yearly targets of procurement of paddy and wheat**

The target of procurement of grains for the Company under Minimum Support Price (MSP) Scheme is fixed by the State Government. Under the Scheme, procurement of wheat and paddy is made at MSP from the farmers and subsequently wheat and rice (after milling of paddy) are delivered to FCI which in turn reimburses the incidental charges to the Company incurred on its procurement. Purchase centres are established by the concerned DLO which ensures achievement of target of procurement by advertising for procurement from farmers, maintenance and operation of purchase centres and joint verification with FCI authority for quality assurance of foodgrains, etc. We observed that the Company could achieve the procurement of paddy ranging between 11.25 *per cent* and 87.20 *per cent* of the target. In respect of wheat, the achievement was between 15.30 *per cent* and 68.56 *per cent* of the target during 2006-11. However, the achievement in respect of paddy and wheat was less than 20 *per cent* of the target during 2010-11 ***(Annexure-7).***

We observed in nine[2] DLOs that there was no planning for identification of the procurement centres and farmers prior to commencement of the procurement seasons. There was no updation of necessary details regarding the availability of the quality grains and availability of crop yields, etc. Further, there was no effective monitoring by the Company of the

[2] Begusarai, Bhojpur, Darbhanga, Gaya, Muzaffarpur, Nalanda, Nawadah, Patna and Samastipur.

procurement activities pursued by different DLOs. Thus, due to lack of planning and monitoring, the Company could not adhere to the procurement target.

The Management stated (September 2011) that the procurement was less than target due to various reasons viz. non fixation of incidental charges by the GoI, limited storage capacity, delay in acceptance of procured grains by FCI and insufficiency of the admissible rent for storage by the Government .

The reasons attributed for less procurement does not fall outside the command of the Company and would have been addressed through better planning and coordination with District Administration/State Government. Moreover, GoI had fixed the incidental charges within the currency of the respective procurement season.

### 2.8.2 Blocking of funds of ₹ 81.27 lakh on account of unlifted grains under Sampoorna Gramin Rojgar Yojana (SGRY)

**A sum of ₹ 81.27 lakh remained blocked due to non-lifting of grains under SGRY**

The FCI had issued (May 2006) release orders for 1,26,200 quintals of rice under SGRY and accordingly the DLO Gaya had deposited an amount of ₹ 86.45 lakh. The DLO Gaya lifted only 7,559.92 quintals of rice, leaving 1,18,640.08 quintals valuing ₹ 81.27 lakh unlifted. Due to non-lifting of the said grains, the objective of the Scheme was defeated and an amount of ₹ 81.27 lakh was pending recovery since past six years having consequential loss of interest. Moreover, the Scheme had been dispensed with (31 March 2007).

The Management stated (November 2011) that the huge quantity was to be lifted from FCI godown at Gaya besides the regular allotment with scheduled period. Due to non-availability of sufficient stock at Gaya, only 7559.92 quintals of rice was lifted. The matter was also reported to concerned authorities to take necessary steps to revalidate the release orders but no revalidation orders were received.

The reply of the Management was not acceptable as in case of non-availability of grains, the Company should have obtained the refund of excess amount deposited with FCI.

## 2.9 Storage Management

**2.9.1** The foodgrains after lifting from the FCI godowns are stored in the Company godowns. For storage of foodgrains, sugar and other articles, the Company had 387 godowns (owned-151, hired-236) with a total storage capacity of 1.35 lakh MT spread over in 38 districts of Bihar (July 2011). The Company created additional capacity during 2006-11 by constructing only one small godown at Jamui (1000 MT capacity).

Following observations reveal the status of action taken by the Company towards creation of additional storage space.

**2.9.2** The Government decided (September 2008) to create 47000 MT godown capacity[3] in 80 blocks of eight flood affected districts[4]. The cost of construction of the godowns was to be met by the Government. Accordingly, the Company was directed to submit an action plan for the construction of godowns to the Government by September 2008. The Company complied with the directions and submitted an estimate of ₹ 33.48 crore (excluding cost of land) for the purpose. There was neither any follow-up action by the Company nor the Government took any action to augment the storage capacity till now (November 2011).

The Management stated (November 2011) that the matter was pending at Government level.

**2.9.3** The Government decided (July 2008) that the Company would utilize damaged godowns of Bihar State Cooperative Marketing Union (Biscomaun) after getting them repaired on their own expenditure. The expenditure on repairing would be adjusted against the rent payable to Biscomaun. The Company identified 44 damaged godowns of 45,250 MT capacity in 20 districts, the repairing cost of which was estimated at ₹4.32 crore. We observed that against a demand of ₹ 34.07 lakh for 10 godowns, the Company released (November 2010) a sum of ₹ 7.86 lakh only for repairing of five godowns of 4,400 MT capacity. However, the Company was not able to utilise these godowns as the repairing work was incomplete (November 2011). The repairing work in 39 godowns had not been taken so far (November 2011). Thus, even after a lapse of nearly three years, the Company could not create storage capacity of 45,250 MT.

**2.9.4** Repairing of 38 damaged/incomplete godowns owned by the Company, at the rate of ₹ four lakh per godown (totaling to ₹ 1.52 crore) to create an additional 3,800 MT storage capacity was pending since March 2009.

**2.9.5** The Government had consented (January 2011) to construct 423 godowns of 2.84 lakh MT capacity in 38 districts for the Company by March 2013. The budgetary assistance for creation of storage capacity was ₹ 20.78 crore from Government and ₹186.78 crore from loan from Rural Infrastructural Development Fund (RIDF) by the Food & Consumer Protection Department. The Company had submitted (January 2011) estimates for the construction of godown on the basis of model estimates provided by the PWD, Government of Bihar. The Company stated (November 2011) that sanction of the loan of ₹ 157.64 crore from RIDF had been obtained and Government had consented for ₹ 49.92 crore as grant. The work for construction would be started from January 2012.

In addition to above, we further observed the following in the management of godowns:-

- In all selected districts, the physical verification of stock was not done since April 2006.

[3] Seven godowns of 1000 MT capacity and 80 godowns of 500 MT capacity.

[4] Saharsa, Madhepura, Supaul, Purnea, Araria, Kisanganj, Katihar and Khagaria.

- There was no adherence to the FIFO system in issuing the foodgrains.
- There was no electrical installation in the godowns of selected districts.
- The provision of alleyways (3 feet) and gangways (5 feet) for proper operation of stored goods were not adhered to in DLO Begusarai and Muzaffarpur.
- The 100 *per cent* weighment was not done while receiving the food-grains from FCI in the absence of electronic weighment system in any of the godowns. The Company had, however, placed orders for 307 platform scales, and 10 scales had been installed so far (November 2011)
- The records relating to inspection of godowns were not found.
- During 2006-2011, none of the nine DLOs test checked, procured the chemicals viz Aluminium phosphate tablets, Zinc phosphate, Malathion, Detamethrim and Aluminium Phosphide which was essential for prophylactic and curative control.
- Test check of records pertaining to four DLOs[5] revealed that the 1943 quintals of rice, 1035 quintals of wheat and 56 quintals of sugar valuing ₹ 24.45 lakh were damaged during 2006-2011 due to improper packaging, lack of proper action against flood, damage by rodents, storage in damaged godowns, etc.

### 2.9.6 Blocking of fund of ₹ 1.47 crore due to non-milling of paddy

The paddy procured under MSP Scheme was required to be milled within the stipulated period to prevent deterioration in the quality of paddy. As per milling contract, the Miller was required to deliver Custom Milled Rice (CMR) equivalent to 67 *per cent* of out turn ratio of the paddy to the Company.

We observed in two DLOs Bhojpur and Nalanda test checked, that out of 21,243.65 quintals of paddy procured during 2008-10, only 5,074.59[6] quintals were sent for milling and balance 16,169.06 quintals of paddy valuing ₹ 1.47 crore was lying unmilled which resulted in blocking of fund to that extent. Further, the paddy had remained unmilled (November 2011) for nearly 30 months and deterioration in its quality could not be ruled out.

## 2.10 Transportation and handling

### 2.10.1 Non-recovery of transportation & handling charges of ₹ 20.08 crore

**A sum of ₹ 20.08 crore was receivable from Government**

As per practice in vogue, the Company was incurring expenditure on transportation of grains from FCI godowns to their own godowns, which was reimbursed by District Administration. It was noticed that an amount of ₹ 20.08 crore was receivable from Government till May 2011. We, in test

[5] Dharbhanga, Begusarai, Muzaffarpur and Nawada.
[6] Bhojpur-895.52 quintals, Nalanda-4179.07 quintals.

check observed, that in nine DLOs, the matter for recovery of handling and transportation charges was not pursued effectively with the District Administration. This resulted in blocking of funds amounting to ₹ 20.08 crore of the Company with consequent interest loss as the Company was paying interest on overdraft. (November 2011).

**2.10.2** The transportation and handling of foodgrains from FCI godowns to the Company godowns was done by Transporting Agents (TAs) appointed by the Company on annual rate contract basis. TAs were appointed through open tenders with a provision to extend the contract for next two years without calling for fresh tenders. In the absence of a rate contract, the transportation was being done by Depot Managers by hiring trucks from the open market, classifying it as "Departmental Transporting". The irregularities in transporting & handling of foodgrains were as under:

### 2.10.3 Loss of ₹ 2.38 crore due to non availability of sufficient number of trucks for lifting

**The Company sustained loss of margin of ₹ 2.38 crore due to non-lifting of 7.76 lakh quintals of foodgrains as trucks were not made available for transportation**

The foodgrains allotted against various schemes were required to be lifted by the Company within a prescribed time period. As per agreement, the TAs were required to provide sufficient number of trucks to lift the foodgrains for which FCI issued ROs. In test check, we noticed that TAs appointed at DLOs (Madhubani and Araria) did not provide the required number of trucks on time and as a result allotment of 7.76 lakh quintals[7] of foodgrains lapsed during 2006-08. This resulted in loss of contribution margin of ₹ 2.38 crore to the Company besides non supply of foodgrains to the targeted beneficiaries.

The Management stated (November 2011) that security deposit and bank guarantee of the TAs were forfeited and they were disqualified for further transactions. One TA had also been black-listed.

### 2.10.4 Irregular payment for transportation

In case of DLO, Patna we observed that against an advance for transportation and handling charges of ₹ 1.64 crore made to one AGM during the period from January 2008 to September 2009, adjustment bills of ₹ 1.53 crore were submitted by the concerned AGM upto March 2010. Against the submission of bills, ₹ 1.15 crore had been adjusted as per its admissibility. The bills for the remaining amount of ₹ 11.08 lakh had not been submitted. Thus the total balance amount of ₹ 49 lakh was pending submission/adjustment (November 2011).

## 2.11 Distribution

**2.11.1** The Company, being a nodal agency, lifts foodgrains from FCI against the allotments made by the Central/State Government under various Schemes. The Company through their 35 DLOs deposits the cost of foodgrains , except for free supply foodgrains to FCI and obtains Release Orders (ROs) from FCI

[7] Araria-3.75 lakh quintals & Madhubani-4.01 lakh quintals.

for lifting and distribution to FPS dealers and other designated agencies of the District Administration. During the period 2006-11, we observed that:

- the lifting of foodgrains under free issue and highly subsidised schemes ranged between 75.40 and 91.32 *per cent* (Annapurna), 52.23 and 98.93 *per cent* (AAY), and 60.07 and 83.29 *per cent* (MDM), whereas lifting of priced foodgrains ranged between 17.34 and 101.45 *per cent* (BPL) and 1.73 and 100 *per cent* (APL) ***(Annexure-8),***

**Lifting of foodgrains against allotment under all the Schemes remained unstable**

- the lifting of foodgrains against allotment in all the Schemes was unbalanced during the period 2006-07 to 2010-11. The unlifted quantity of foodgrains had varied between 22.40 lakh MT in 2006-07 and 5.73 lakh MT in 2010-11 ***(Annexure-9),***

**Due to short lifting of grains, the Company was deprived of ₹ 203.45 crore as margin money**

- due to short lifting of 68.72 lakh MT of foodgrains during 2006-11, the Company was deprived of margin money of ₹ 203.45 crore ***(Annexure-9).***

The Management cited (September 2011) non-availability of grains at FCI depots, limited storage capacity and non-availability of weigh-bridges at FCI depots etc. as the reasons of short lifting.

The reasons cited by the Management regarding non-availability of grains and weigh-bridges at FCI depots are not tenable due to the fact that the problems of storage could be managed by hiring godowns as had been done during 2009-10, and the FCI had always enough stock of foodgrains as indicated by the allotment order of the Government.

### 2.11.2 Diversion of foodgrains from one Scheme to another

During 2006-11, the Company operated five major Government Schemes under which the Government provided the foodgrains at the rates fixed to the beneficiaries targeted under each of the schemes. Under the schemes like Annapurna, Mid-Day-Meal (MDM) and SGRY (since dispensed with) the foodgrains are provided free of cost by FCI to the Company for distribution to the targeted beneficiaries. For other schemes such as BPL, APL and AAY, rates of purchase from FCI, rates of sale to FPS dealers and the amount of margin claimable from Government vary vastly . There is no system to prevent diversion of foodgrains drawn under one scheme to other schemes.

**The Company diverted foodgrains from one Scheme to other**

A test check of six DLOs in respect of 2006-07 to 2010-11 regarding the annual receipt and issue of foodgrains under various schemes revealed that there was large scale diversion of foodgrains from one scheme to another. ***Annexure-10*** contains the details of such diversion of foodgrains from one scheme to another. While the Company earned profit of ₹ 25.74 crore from such diversion, they also incurred loss of ₹ 25.53 crore from the same diversion during the period 2006-11. There was nothing on record to show that such diversions had been compensated by return of same quantities of food-grains to the original scheme to ensure that the targeted beneficiaries were not deprived of the intended benefit of the scheme as a result of above diversion.

### 2.11.3 Loss of ₹ 52.11 lakh due to non-disposal of levy sugar

The Company lifted 1,74,014 quintals of sugar from notified sugar mills during the period September 2006 to February 2007, out of which 1,24,773 quintals of sugar had been issued to the FPS dealers. The balance 49,241 quintals of sugar were undelivered for more than two years and the FPS dealers were reluctant to lift sugar due to its poor quality.

The Company did not seek permission of the Government for sale of the sugar in the open market, its quality had deteriorated due to rainy season and its prolonged storage. Out of the 49241 quintals of sugar, the Company could sell only 45,895 quintals in more than three years during March 2007 to May 2010. The Company, however, could not dispose of 3,346 quintals of sugar valuing ₹ 52.11 lakh which was lying in the various godowns of four DLOs and had been declared unfit for human consumption.

**The Company sustained loss of ₹ 52.11 lakh due to poor quality of sugar**

Thus, due to failure of the Company to dispose of the sugar in time, the Company sustained a loss of ₹ 52.11 lakh[8].

The Management reiterated (November 2011) that the disposal of sugar was slow as it was meant for BPL consumers who were financially weak to purchase on time. As far as the disposal of 3346 quintals of sugar declared unfit for human consumption, instructions in this regard from the Government were awaited.

The reply of the Management was not acceptable as the Company failed to disburse the levy sugar within stipulated period which resulted in deterioration in quality of sugar in its prolonged storage and consequently 3346 quintals of sugar became unfit for human consumption.

### 2.11.4 Non-achievement of objective under Nutrition Programme for Adolescent Girls (NPAG) Scheme

Under the scheme of NPAG, free foodgrains at the rate of 6 kg. per beneficiary/per month are to be provided to identified under-nourished adolescent girls (age group 11-19 years). For this purpose, foodgrains at the BPL rates would be provided to the States for the Scheme. The Company was provided margin money at the rate of ₹ 37 per quintal of grain.

**The Company could not achieve 85.06 *per cent* and 37.07 *per cent* of target for 2007-08 and 2008-09 under NPAG Scheme**

In Gaya district, we observed that during 2007-10, only 13,491.51 quintals of foodgrains were lifted against targeted allotment of 36,945.60 quintals and the percentage of lifting against allotment ranged between 14.94 *per cent* and 63.93 *per cent.* Further, out of the foodgrains lifted, 11,798.46 quintals remained un-issued. Thus, under the Scheme, the foodgrains could not reach 85.06 *per cent* and 37.07 *per cent* of the beneficiaries during 2007-08 and 2008-09 respectively. The Company was also deprived of margin money of ₹ 8.68 lakh. It was further observed that the Company had not devised any efficient system of desired feedback from the State Government authority (CDPO) to assess the lifting and issuance of foodgrains under the Scheme.

8 3346 quintals* ₹ 1557.35 per quintals.

There was lack of initiative on the part of Company, due to which 11798.46 quintals of foodgrains remained un-issued as Stock Issue Orders (SIOs) could not be generated.

The Management accepted (November 2011) the audit observation and stated that due to shortage of time the entire quantity of grains could not be lifted on time and the FCI authority also did not revalidate the lapsed ROs. They had also requested the concerned programme officer to issue sub allotment for distribution.

### 2.11.5 Non-disbursement of grains procured for protection of starved people

**The Company could not issue 104 quintals of wheat for protection from starvation under OMSS**

The Company received (January 2010) one time allotment of 8,463 quintals of wheat in respect of 38 districts of Bihar under Open Market Sales Scheme (OMSS) from the State Government for protection from starvation at the rate of one quintal per panchayat.

We observed that at DLO Nalanda, although entire allotted 249 quintals of wheat had been lifted, only 145 quintals of wheat were issued leaving 104 quintals of wheat remaining un-issued (November 2011) in the absence of any action plan for the implementation of the Scheme.

The DLO concerned stated (November 2011) that instruction of the Government for disposal of 104 quintals of wheat was awaited.

### 2.11.6 Short Supply of grain under MDM Scheme

Under MDM Scheme, the Company obtained district wise allotment of rice from FCI for free distribution to various schools through approved agencies. At DLO, Nawadah, out of 8529.98 quintals of rice lifted from FCI for the months of April 2010 and May 2010, only 7930.32 quintals of rice had been supplied by the DLO for distribution to schools. The balance quantity of 599.66 quintals of rice had not been supplied due to reasons that the schools did not accept supply of fraction quantity. However, the Management did not produce any documentary evidence of denial of acceptance of fraction quantity of foodgrains by the school authorities. This resulted in non-issuance of 599.60 quintals of rice, which adversely affected the Scheme implementation.

### 2.11.7 Distribution of Liquefied Petroleum Gas (LPG)

The Company in addition to the procurement and distribution of foodgrains extended their activities in distribution of Liquefied Petroleum Gas (LPG). The DLO, Muzaffarpur was working as sole Distributor of Indian Oil Corporation Limited (IOCL) for the sale of LPG since November 1992. The Company had been receiving ₹ 22.17 per cylinder (June 2011) from IOCL towards their margin. As per agreement with the IOCL, the Company was required to effect minimum sales of LPG in accordance with the policy that would be formulated from time to time. Further, the Company was also required to lift in each month the minimum number of LPG filled cylinders and to maintain the minimum stock, so that the requirement of customers was met uninterruptedly. The Company, however, did not provide information regarding minimum number of filled LPG cylinders to be lifted per month and the minimum stock to be maintained.

**Average yearly refill sold to consumers during 2006-11 remained below one**

The total number of consumers registered with the Company was ranging between 2.08 lakh and 2.49 lakh and number of refills sold ranging between 1.43 lakh and 1.54 lakh during 2006-07 to 2010-11. Thus, the average yearly refill sold to consumers during this period was below one. Further, as compared to 2006-07 though the percentage of consumers increased by 19.39 *per cent* in 2010-11, there was only 6.52 *per cent* increase in the number of refills sold in the corresponding period. This showed deterioration in the performance of the Company and resultant loss of contribution margin.

As per agreement, the Company was required to exercise due and proper care for the protection of the refills and other equipments of IOCL and maintain proper cylinder storage facility. We observed that the Company failed to address the problem of the safety of equipments as is evident from the fact that events of theft in the godowns, where LPG refills were stored, were very frequent and unchecked and 289 LPG cylinders were reported stolen during the period December 2006 to June 2010. The Company had to indemnify IOCL by making payment of ₹ 5.60 lakh against loss due to theft which included theft of a total of 110 cylinders on three occasions in just three months between September and November 2006.

The Company also did not secure claims from the insurance company for all the losses due to theft of cylinders as stated above for want of sufficient documents and evidences.

The Management stated (November 2011) that the action had been taken against the defaulting officials and the necessary action was being taken to recover the claim from the insurance company (November 2011).

## 2.12 Financial Management

### 2.12.1 Loss of ₹ 84.02 crore due to non-revision of margin rate

**The Company could not recover operational cost of ₹ 84.02 crore due to non-revision of margin rate**

The Company was provided with contribution margin to meet their transportation and handling cost, godown rent, establishment cost and other expenses as per the rates approved in 2002 by the State Government for implementation of the various Schemes. Since then during the last nine years (till July 2011), the State Government did not make any revision in these rates despite huge increase in the transportation and handling cost (about 40 *per cent*) and establishment cost (30 *per cent*) in 2010-11 as compared to the cost prevailed in 2002. The Company proposed an increase (November 2009) in the margin rate from the existing rates ranging between ₹ 21 to ₹ 35 per quintal[9] to ₹ 45 per quintal so as to meet their operational cost. In the absence

9 BPL (Wheat & Rice), Annapurna (Wheat & Rice) and MDM (Rice)- ₹ 35 per quintal, APL (Wheat)- ₹ 21 per quintal, APL (Rice)- ₹ 22.60 per quintal, AAY (Wheat)- ₹ 29 per quintal and AAY (Rice)- ₹ 25 per quintal.

of revision, the Company could not recover their operational cost amounting to ₹ 84.02 crore ***(Annexure-11)*** during 2009-11. It was also observed that the rates of margin money were 79 *per cent* and 57 *per cent* higher in Madhya Pradesh and Uttar Pradesh respectively as compared to Bihar. The Company had further submitted (February/March 2011) proposals to increase the margin rates between ₹ 52.39 and ₹ 55.00 per quintal for all the Schemes. However, no decision had been taken by the Government (November 2011).

### 2.12.2 Non-recovery of ₹ 71.67crore due to non-submission of proper claims

The difference between the price at which sugar was purchased by the Company from notified sugar mills and the price at which they were sold to FPS dealers was reimbursed by the Government at the approved rate of wholesalers margin (October 2005) of ₹ 134.43 per quintal. We observed that despite continuously increasing gaps during the period from 2006-07 to 2010-11 between the purchase and sale price of the sugar dealt in by the Company, no revision of the approved rate of margin admissible to the Company could be affected. We further observed that Ministry of Consumer Affairs and Public Distributions had prescribed norm of yearly revision of margin on receipt of requisite proposal, but the admissible margin to the Company remained unchanged since October 2005. The Company though submitted a proposal (December 2006) for upward revision of margin to meet the price equalisation between procurement and sale, it was pending at the level of State Government (November 2011).

**₹ 71.67 crore remained unrecovered due to non-submission of proper claims**

The Management intimated (November 2011) that the differential margin claims of ₹ 3.43 crore for the period September 2006 to March 2007 submitted to FCI through Government had not been entertained due to reasons such as non-submission of distance certificate from Road Construction Department, Utilisation Certificate from concerned District Magistrate, etc. In addition, the Company was yet to submit (November 2011) its claim for ₹ 68.24 crore for the period from August 2009 to November 2010 due to non-receipt of utilisation certificates from their DLOs. The differential margin claim was to be raised on monthly basis with all required documents and certification for immediate settlement.

Thus, in absence of preferring claims timely with required documents in prescribed form resulted in claims of ₹ 3.43 crore pending since long. This had also resulted in consequential interest loss since the Company had been meeting their working capital through bank overdraft.

### 2.12.3 Non-recovery of ₹ 89.07 lakh from FCI against delivery of procured grains

**A sum of ₹ 89.07 lakh was pending for recovery from FCI on account of wheat and CMR**

The wheat procured and CMR after milling of paddy were required to be delivered to FCI. During test check, we observed that a sum of ₹ 89.07 lakh (Patna-₹ 33.51 lakh, and Gaya-₹ 55.56 lakh) was pending for recovery from FCI on account of wheat and rice delivered during the period 2008-10. The claims were unsettled due to lack of persuasion to realise the same.

The Management confirmed (November 2011) the audit observation and intimated that action had been taken to recover the rest amount.

### 2.12.4 Non-recovery of advance of ₹ 59.88 lakh from FCI due to lack of pursuance

**A sum of ₹ 59.88 lakh on account of unlifted grains remained unadjusted**

The Company made advance payments to FCI towards the cost of foodgrains under various Schemes for releasing ROs. In case of non-lifting/non-supply of full quantity of stock indicated in the ROs, FCI either refunded the excess amount or adjusted the advance in succeeding month. In two DLOs, (Nalanda and Patna) test checked, we noticed that an amount of ₹ 59.88 lakh[10] against advances for un-lifted grains were pending for adjustment for more than 15 months for want of effective pursuance (July 2011).

The Management stated (November 2011) that necessary action to get the amount refunded from FCI had been taken.

### 2.12.5 Non-recovery of dues of ₹ 44.92 lakh on account of grains provided under flood relief

**The claims of ₹44.92 lakh against grains provided under flood relief remained pending for reimbursement**

During 2008-09, in anticipation of the order of Government, DM, Bhojpur passed an order to issue (September 2008) 5,250 quintals of wheat to the flood affected areas of Badhar block. Subsequently, Government allotted (September 2008) 2625 quintals of wheat and 2625 quintals of rice only. Against the actual supply of 5250 quintals of wheat, the Disaster Management Department, Patna, as per Government allotment, accepted the claim for supply of 2625 quintals of wheat only. However, as per Government decision (August 2008) the Company was to be reimbursed for the excess allotment of 2625 quintals of wheat at the economic rate. The Company submitted (January 2009) the claim of ₹ 44.92 lakh including transportation and handling charges to the Government which was pending for reimbursement for more than two years (November 2011).

## 2.13 Human Resource Management and Internal Control

**2.13.1** Internal Control is a Management tool used for providing reasonable assurance that the objectives are being achieved in an economical, efficient and orderly manner. In this context, the Human Resource Planning which is concerned with the flow of people into, through and out of the organisation and involves synchronisation of the need and the supply of labour and their planning to ensure that the organisation will have the right mix of employees and skills when and where they are needed is relevant. It was observed that Internal Control system of the Company was deficient as detailed below:

- The sanctioned strength of manpower of the Company was reduced (January 2002) from 3602 to 948 by the then Managing Director without approval of the BoD of the Company.

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10 Nalanda- 52.16 lakh, Patna- 7.72 lakh.

**Internal control system of the Company was deficient**

- As against the sanctioned strength, total number of working employees as on 31.01.2011 was 1040 (including 352 employees whose services were transferred to the Government of Jharkhand).
- During 2006-11, there had been shortage of accounts personnel and AGMs in the Company which adversely affected the maintenance of accounts and functioning of the Company. This also resulted in the accounts of the Company being in arrears since 1990-91.
- The accounts of remittances of the DLOs were not reconciled with those of the Head office.
- The Company had not prepared any Accounts Manual. Physical verification and surprise inspection of stock at different godowns of the DLOs was not being carried out.
- Internal audit, an appraisal activity, is service to the entity. Its functions, inter alia, include examination, evaluation and monitoring the adequacy and effectiveness of the accounting and internal control system. We observed that Internal Audit Wing of the Company had shortage of manpower against the sanctioned strength. The Chartered Accountants (CAs) had been engaged to cope up with the work and to do the internal audit works.
- The Company had not prepared any Internal Audit manual.

**Internal Audit Reports were not submitted to Board**

- On the non placement of Internal Audit reports before the BoDs for the years 2006-07 to 2010-11, the Company stated that there was no such practice. Under the circumstances, the internal audit findings were not available to the Board to resolve shortcomings in the areas of interest for the Company. Thus, the purpose of Internal Audit was defeated.

### 2.13.2 Misappropriation/theft/shortage of foodgrains by the Company officials

**A sum of ₹ 24.21 crore was recoverable from 257 employee for shortages of grains**

We observed that as on 31 March 2011, 257 employees (including 75 employees whose services were transferred to Jharkhand) were held responsible for shortages of foodgrains. Out of a total shortage claim of ₹ 29.94 crore including interest, a sum of ₹ 5.73 crore had been recovered from them and ₹ 24.21 crore was yet to be recovered (November 2011).

With effect from April 2009, recovery on account of shortages of foodgrains was being stipulated at the economic rate as fixed by the FCI. However, there was no effective monitoring by the Company of the recovery against shortages. The Company had no information against recoverable amount of ₹ 4.60 crore as on 31 January 2011 from 75 employees whose services had been transferred to Jharkhand with effect from February 2011.

In course of test cheek in DLO Begusarai, register for recovery of shortage was not maintained. Though two AGMs deployed at two DLOs were held responsible for shortages of grains, the Company had not been able to initiate action under the Public Demand Recovery (PDR) Act for the recovery of ₹ 1.17 crore (November 2011).

Despite held responsible for performing their duties negligently, the Company continued to retain the services of those 153 working employees who constituted nearly 18 *per cent* of the total work force as on 31 March 2011.

The Management stated (November 2011) that, Jharkhand Food & Civil Supplies Corporation Ltd. was to report the recoverable amount including interest against shortages/defalcation in respect of the employees whose services had been transferred to Jharkhand, and the DLOs had been instructed to maintain ledger and send monthly statement in respect of the recovery made and to initiate necessary action in applicable cases under PDR Act or to file criminal/civil suit.

## 2.14 Computerisation of business activities

The Central Vigilance Committee on Public Distribution System in the State of Bihar in their report submitted (August 2009) had observed as follows:

"To weed out corruption in the Public Distribution System, it was the information technology that could help. Human intervention was to be minimal. System was to be derived in such a way that issue of foodgrain from FCI godowns and that received by the FPS should match". However, the Company did not pay proper heed to the concern shown by the Committee.

The Company decided (March 2007) to computerise their business activities to evolve a system to electronically generate Stock Issue Orders (SIOs); generation of information in respect of day-to-day collection of fund for each scheme; weekly data of Release Order (RO) procured from FCI; the quantity lifted from FCI depots and stored in Company godowns and to develop monitoring system for inventory Management. For the purpose, the Company decided to install in their headquarters a server with back up server and one computer printer, UPS, Computer operator with internet connection at each of the district offices of the Company.

The installation of the above system was perceived to bring transparency in the functioning of the Company. Besides, a saving of ₹ 4.72 crore in three years (since the system becoming operational in October 2007) was also estimated as with the help of the installed system, preparation of SIOs in the period could cost ₹ 1.37 crore only against ₹ 6.09 crore if the work was done manually.

Thereafter, the Company invited tender in March 2007. In this connection, following observations were made:

- The Company did not approach their administrative department or other Government department/PSUs viz. Science & Technology Department, BELTRON, etc. for technological assistance.
- The implementation of the software was to start from October 2007, but even after lapse of nearly 49 months installation of the software was incomplete (November 2011).

- The Company entered into agreement with the tenderer without ensuring electricity and electric generator facility. As observed only eight district offices were provided (July 2011) with alternate power source though belatedly during February 2010 to August 2010.

- The Project Core Committee nominated as per agreement did not monitor the progress of project as per project plan. Also, the performance and working of the tenderer was not regularly reviewed by the Company.

- Test check of the functioning of the tenderer at Bhojpur, Gaya, Samastipur and Nalanda was found to be unsatisfactory.

**The computerisation activity remained incomplete since 49 months**

Thus, due to poor planning, the computerisation activities of the Company were incomplete even after a lapse of nearly 49 months. Resultantly, the Company was also deprived of the opportunity to save a sum of ₹ 4.72 crore due to electronic generation of SIO, as envisaged.

The Management cited (November 2011) delays at some stages of implementation of the computerisation system and stated that the performance of the tenderer at Bhojpur, Gaya, Samastipur and Nalanda DLOs was satisfactory.

The reply of the Management was not acceptable as the reply did not address all the audit observations and the Company was yet to generate SIOs electronically as envisaged.

## 2.15 Miscellaneous

### Irregularities in the purchase and utilisation of Jute / Gunny Bags

For storage of foodgrains (paddy/rice/wheat) procured by the Company during procurement seasons, jute/gunny bags are required. The Company purchased the jute bags mainly from FCI and through Directorate General of Supplies & Disposals (DGS&D) Kolkata, GoI. During 2006-07 to 2010-11, the Company purchased 5,762 bales of bags (1 bale=500 bags) from DGS&D for a total sum of ₹ 9.67 crore. Besides, 2,669 bales were procured from FCI during 2009 against an advance of ₹ 2.94 crore for 3,100 bales. Thus, a total of 8,431 bales of bags were purchased from the two suppliers during 2006-11.

It was observed that:

- Claims against FCI for the short supply of 431 bales of bags valuing ₹ 65.55 lakh were pending settlement (September 2011) due to non-fixation of final rate by FCI.

- Confirmation of receipt of 1280 bales (640000 bags) valuing ₹ 2.35 crore accounting for 22.42 *per cent* of the total purchases made against RMS 2009-10 and 2010-11 and KMS 2010-11 had not been received from 2 [11], 9 [12] and 5[13] DLOs respectively. The details of their consumption and closing stock from any of the 35 DLOs had not been received. Further, no internal audit of purchases, distribution and consumption of the Jute/Gunny bags was conducted.

**Jute/Gunny bags were purchased without assessment of requirement**

- Scrutiny of records pertaining to jute bags at four[14] DLOs revealed that during 2006-11, against procurement of 4,58,156 of jute bags, only 1,72,526 (37.66 *per cent*) were utilised. This indicated that the bags were purchased without proper assessment of their requirement which resulted in blocking of funds of ₹ 87.40 lakh on account of purchase of bags.

The Management stated (August 2011) that required action in the light of audit observations were being taken.

## Conclusion

**Company's procurement activities showed a down trend. The procurement ranged from 11.25 *per cent* to 87.20 *per cent* of target in respect of paddy and from 15.30 *per cent* to 68.56 *per cent* of target in respect of wheat during the performance audit period. Procurement of both paddy and wheat touched less than 20 *per cent* of target in 2010-11. Low level of procurement was attributed to lack of planning for identification of procurement centres and farmers before the commencement of procurement season.**

**Storage management was poor. The Company had 1.35 lakh MT of storage capacity under 387 godowns. The Company added only one godown with 1000 MT capacity during the last five years ending 2010-11. Government decision to create 47,000 MT capacity by spending ₹ 33.48 crore did not fructify after the submission of the proposal by the Company to the Government. Decision to utilise the capacity of 44 godowns with 45,250 MT after repairing them at the cost of ₹ 4.32 crore did not materialize as 39 godowns were not repaired even after three years. In two DLOs, paddy valuing ₹ 1.47 crore was lying unmilled for more than 30 months.**

**Monitoring of Transport agents were ineffective as they did not provide trucks in time so as to enable lifting of allocated quantities of foodgrains. Non-provision of adequate number of trucks in time resulted in lapse of 7.76 lakh quintals of foodgrains with a loss of contributory margin of ₹ 2.38 crore.**

**Diversion of foodgrains from one scheme to another was witnessed. In the case of NPAG, MDM and scheme for distribution of grains for protection**

11 Vaishali & Samstipur.

12 Patna, Samstipur, Motihari, Chapra, Purnia, Katihar, Munger, Bhagalpur & Sitamarhi.

13 Nalanda, Rohtas, Kaimur, Vaishali & Sitamarhi.

14 Gaya, Nawadah, Nalanda and Muzaffarpur.

**from starvation, the intended beneficiaries were deprived of the benefit of the scheme.**

**Continuous non-revision of contribution margin to cover the increased cost of transport and handling of foodgrains since the last nine years from 2002 resulted in non-recovery of ₹ 84.02 crore.**

**Non-submission of claims in time with adequate valid certificates and non-issue of utilisation certificates kept the Company's claim of ₹ 3.43 crore pending and delayed the submission of claim of ₹ 68.24 crore.**

**Lack of trained staff resulted in their accounts being in arrear since 1990-91. Internal Audit and computerisation of the activities were incomplete.**

## Recommendations

**The Company may:**

- **identify the procurement centres and farmers well in time so as to improve the quantity of procurement,**
- **implement the plans for construction of new godowns and repairing the damaged godowns so that the adequate storage capacity becomes available to ensure lifting and proper storage of foodgrains,**
- **put in place a mechanism whereby the transport agents place their trucks in time to avoid lapse of allotted foodgrains,**
- **install a monitoring mechanism to prevent diversion of foodgrains from one scheme to another so that the benefit reaches the intended beneficiaries,**
- **persuade the Government to revise the margin adequately to cover the cost of operation of transport and handling. Ensure timely submission of claim with adequate documents, and**
- **deploy adequate accounting skilled personnel so that the accounts arrears are cleared and ensure computerisation of the activities of the Company as envisaged so as to ensure minimisation of error.**

# CHAPTER III

## 3. PERFORMANCE AUDIT RELATING TO STATUTORY CORPORATION

### 3.1 PERFORMANCE AUDIT OF POWER DISTRIBUTION UTILITIES IN BIHAR

Shanti Stup (Rajgir)

Chapter III

# 3. Performance Audit Relating to Statutory Corporation

## 3.1 Performance Audit of Power Distribution Utilities in Bihar

### Executive Summary


#### *Introduction*

*The distribution system of the power sector constitutes the final link between the generation and the consumer. As on 31 March 2011, the Board had distribution network of 1.42 lakh CKMs of lines, 473 Sub-stations and 43491 Distribution transformers of various capacities. The Turnover of the Bihar State Electricity Board (Board) was ₹ 2409.69 crore in 2010-2011, which was equal to 47.14 per cent of State PSUs Turnover and 1.13 per cent of the State GDP. It employed 11651 employees as on 31 March 2011.*

#### *Distribution network planning*

*As against the planned addition of 291 Sub-stations and 3062.7 MVA capacity during the review period, only 111 sub-stations and 1912.70 MVA was added to the distribution system. Ineffective circle-wise planning resulted in wider mismatch between the planned transformation capacity and the projected connected load as on 2010-11.*

#### *Ineffective planning*

*While planning the construction of 40 PSSs, the planning for construction of its connecting lines was not done simultaneously. As a result, 12 out of 40 PSSs constructed with an expenditure of ₹ 11.53 crore could not be charged and were lying idle for eight months. Further, ineffective planning, had increased the cost of construction of connecting lines by ₹ 4.80 crore from the estimated cost.*

#### *Implementation of Centrally Sponsored Schemes*

##### *Rural Electrification*

*The target of cent per cent village electrification could not be achieved. Out of 28140 targeted villages, infrastructure work of electrification was completed in only 20573 villages upto March 2011. In eight districts of Bihar where the Board was the executing agency, out of 4714 villages to be electrified, only 1920 villages could be electrified up to October 2011. Against the target of providing access to electricity to 27.62 lakh BPL rural households (RHHs), only 18.18 lakh (65.83 per cent) were electrified (September 2011).*

*Due to inordinate delay in award of contract the project cost had increased by ₹ 103.69 crore and the objectives of RGGVY could not be achieved.*

*An amount of ₹ 24.18 crore incurred on installation of 3038 DTRs had proved to be infructuous, as the DTRs failed in guarantee period due to slackness of the Board to stop the unauthorized connections.*

#### *APDRP*

*The Board nominated the PGCIL (consultant) to execute the APDRP Scheme without following the process of award for execution of work of underground cabling. Had the Board executed the scheme itself, Board could have saved ₹ 6.24 crore towards supervision charges. Again, the Board lost an opportunity to avail grant of ₹ 2.95 crore due to under-estimation of the project cost. Besides, due to inefficient monitoring and poor co-ordination by the Board, the project suffered cost overrun of ₹ 65.69 crore.*

*The Board incurred an expenditure of ₹ 69.21 crore on system metering for data analysis in four circles with a view to reduce T&D losses by energy accounting. However, in the absence of follow-up action on analysis of data collected, the Board could not derive the envisaged benefit of the project.*

#### *Restructured Accelerated Power Development Reforms Programme (R-APDRP)*

*Out of total fund of ₹ 68.37 crore received during 2009-11, the Board could*

*utilise ₹ 12.31 crore till March 2011 due to non-synchronisation of the activities of the scheme.*

*Due to failure of Board to appoint IT implementing agency within stipulated time, the IT enabled system was delayed by nine months. Further, in SCADA/DMS project, the IT consultant was selected after a delay of seven months. The consultant submitted the DPR in April 2011, after a delay of 15 months which was approved by PFC in November 2011. Since there was initial delay in selection and approval of DPR, the possibility of completing the project within stipulated period and conversion of loan into grant is, therefore, remote.*

*Target for installation of consumer metering had not been achieved in any of the year by the Board. The percentage of meter installed against target ranged from 26.59 per cent to 36.6 per cent only during performance audit period.*

### *Operational efficiency*

*Due to drawal of power under Unscheduled Interchange, the Board incurred an extra expenditure of ₹ 254.26 crore on 1211.51 MUs as compared to long term power purchase cost during 2006-11. In addition, the Board could not make payment of UI charges in time which resulted in payment of penal interest of ₹ 20.95 crore on delayed payment during 2008-09 to 2010-11.*

*Except during 2008-09, the Board could not bring down the T&D losses within the limit prescribed by BERC. The energy lost during the period 2006-11 was 1768.66 MUs. The loss of revenue suffered by Board on this count was ₹ 638.55 crore.*

*The percentage of failure of DTRs had increased and ranged between 10.40 and 17.46 per cent of the total installed DTRs during the performance audit period. 120 DTRs failed in the guarantee period. Out of these, 112 DTRs were replaced/ repaired after a delay of two days to 237 days. Besides, eight DTRs were still not repaired/ replaced (December 2011) even after a delay of five months to three years.*

*Due to non-installation of capacitor banks in distribution system, the Board had lost envisaged energy savings of 20.01 MUs valued at ₹ 6.09 crore.*

*The percentage of checking of number of consumers by raid team was minor and ranged between 0.08 per cent and 0.24 per cent.*

### *Billing Efficiency*

*Energy billed during the performance audit period ranged between 56.36 and 61.95 per cent of the total energy available for sale. Further, the assessed sales constituted 31.11 per cent to 42.04 per cent of the metered sales.*

*Due to incorrect application of tariff provisions with respect to transformer capacity, the Board suffered a loss of revenue of ₹ 4.84 crore. The Board also suffered a revenue loss of ₹ 2.45 crore due to short assessments and short billing of contract demand with respect to a HTSS consumer.*

### *Revenue collection efficiency*

*The dues outstanding at the end of the year ranged between ₹ 5749.43 crore in 2006-07 and ₹ 5700.20 crore in 2010-11. Non-disconnection of supply of defaulting consumers resulted in accumulation of arrears to ₹ 245.98 crore (March 2011).*

### *Financial Position and Working Results*

*The Accumulated Losses of the Board had increased by 281.77 per cent from ₹ 1524.71 crore in 2006-07 to ₹ 5820.86 crore in 2010-11. The Board was incurring losses mainly due to the high cost of power purchase, interest and finance charges.*

*The borrowings of the Board had also increased by 52.29 per cent from ₹ 5577.62 crore in 2006-07 to ₹ 8493.88 crore in 2010-11. Loss per unit had also increased from ₹ 1.12 per unit in 2006-07 to ₹ 1.65 per unit during 2010-2011.*

### *Financial Management*

#### *Filing of Aggregate Revenue Requirement*

*Due to delay in the filing of ARR (80 days to 399 days), the Board suffered revenue loss of ₹ 963.85 crore during the period 2006-07 to 2010-11.*

***Subsidy Support***

***The subsidy support from the State Government ranged between 42.97 per cent and 56.43 per cent. This was a matter of concern as the subsidy might be withdrawn over a period of time in a phased manner so that tariff would cover the average cost of supply to consumers.***

***Consumer Satisfaction***

***Redressal of consumer grievances***

***The pending complaints were ranging between 33000 and 52000 during the period 2008-11. The percentage of complaints redressed beyond time to total complaints ranged between 15.74 per cent and 27.46 per cent during this period.***

***Energy conservation & energy audit***

***The Board did not formulate any energy conservation policy during 2006-11. Further, energy audit could not be conducted as cent per cent system metering was not done.***

***Conclusion***

***The Board was incurring losses mainly due to the high cost of power purchase, interest and finance charges. The Board did not make correct assessment of power purchase, as a result, the Board incurred extra expenditure on drawal of power through UI. The Board was also dependant on borrowings for implementation of various schemes and other activities. This can be minimized by reducing T&D losses and improving its operational, billing and collection efficiency. The centrally sponsored scheme and State specific scheme launched for strengthening and upgrading the distribution system should be closely monitored to ensure economy, efficiency and effectiveness. The Board also did not submit ARR in time and cross- subsidization was also beyond the norms.***

***Recommendations***

***Planning for creation of additional infrastructure should be done on the basis of the past load growth trends, current load and projected load growth in future to make the system equally efficient and to reduce the gap between transformation capacity and connected load in all circles.***

***Effective contract management and regular monitoring of execution of projects and schemes should be done to avoid delay and cost over run.***

***The Board should implement effective measures to reduce the T&D losses in phased manner.***

***Correct application of the Tariff Orders should be ensured in the billing system and the Board should be prompt in realisation and collection of outstanding dues.***

***The Board should ensure the filing of ARR in time so as to reduce the losses due to delayed implementation of revised tariff.***

***The Board should ensure the installation of system meters in all the Supply Circles so that the Energy Audit could be started and at the same time the Board should initiate awareness campaign regarding Energy Conservation.***

## 3.1 Introduction

3.1.1 Electricity is an essential requirement for all facets of our life. In fact, it has become a basic human need. It is a critical infrastructure on which the socio-economic development of the country depends. Supply of electricity at reasonable rate to rural India is essential for overall development. Availability of reliable and quality power at competitive rates makes the industry globally competitive and enables it to exploit the tremendous potential of employment generation. Availability of quality supply of electricity is very crucial to sustained growth of this segment.

Recognizing that electricity is one of the key drivers of rapid economic growth and poverty alleviation, the nation has set itself the target of providing access to electricity for all households.

Major responsibility for achieving the key parameters of the above said importance of electricity devolves on the distribution sector. The distribution system in the power sector constitutes the final link between the generation and the consumer. The National Electricity Plan (NEP) proposed reforms in the power distribution sector with focus on system upgradation, control and reduction of Transmission & Distribution (T & D) losses/power thefts and making the sector commercially viable, besides framing financing strategies to generate adequate resources. The NEP further aimed to achieve conservation strategy to optimize utilisation of electricity with focus on Demand Side Management (DSM) and Load Management. To achieve the above objectives, Electricity Boards need to make a financial turnaround and they should be commercially viable.

In this performance audit, it is proposed to analyse how far the Bihar State Electricity Board (Board) planned its distribution operations to achieve the above objectives, its financial turnaround and the problems, if any encountered during the last five year period from 2006-07 to 2010-11.

### 3.1.2 Power sector reforms in Bihar

As part of the power sector reforms, the Bihar State Electricity Board (Board) was to be unbundled. The Government of Bihar (GoB) decided (August 2011) to form and operate five companies i.e Bihar Rajya Vidyut Company (Holding Company), Bihar Rajya Vidyut Utpadan Company, Bihar Rajya Sancharan Company, Dakshin Bihar Vidyut Apurti Company and Uttar Bihar Vidyut Apurti Company. These companies have not commenced (November 2011) their business.

### 3.1.3 *Vital parameters of Electricity Supply in Bihar*

The Board had sold 4,541.68 Million Units ( MUs) of energy during 2006-07 which increased to 6139.14 MU in 2010-11, i.e., an increase of 35.17 *per cent.* As on 31 March 2011, the Board had distribution network of 1.42 lakh Circuit Kilo Meters (CKM) of lines (33/11 KV and LT); 473 Sub-stations and 43,491 Distribution transformers (DTRs) of various categories. The number of consumers were 0.35 crore. The turnover of the Board was ₹ 2,409.69 crore in 2010-11, which was equal to 47.14 *per cent* of the State PSUs turnover and 1.13 *per cent* of State Gross Domestic Product, respectively. The number of employees employed in the Board was 11,651 as on 31 March 2011.

## 3.2 Scope and Methodology of Audit

The present performance audit conducted during February 2011 to June 2011 covered the functioning of the Board from 2006-07 to 2010-11. The performance audit mainly deals with Network Planning and Execution, Implementation of Central Schemes, Operational Efficiency, Billing and

Collection Efficiency, Financial Management, Consumer Satisfaction, Energy Conservation and Monitoring. The audit examination involved scrutiny of records at the Head Office of Board and five[1] out of 16 Electric Supply Circles (ESCs) including ten divisions, along with two[2] Transformer Repair Workshops (TRWs). The above Units were selected on the basis of annual revenue assessed and billed and annual expenditure incurred on operation and maintenance which represented 65.54 *per cent* of total revenue assessed and billed and 44.88 *per cent* of total expenditure incurred on operation and maintenance.

The methodology adopted to attain the audit objectives with reference to audit criteria consisted of explaining the audit objectives to the Board, scrutiny of records at head office and selected units, interaction with the audited entity personnel, analysis of data with reference to audit criteria, raising of audit queries, discussion of audit findings with the Board and issue of draft performance audit report to the Board for comments.

### 3.2.1 Performance audit of the electricity sector

A performance audit report on tariff, billing and collection of revenue and implementation of APDRP schemes had been included in the Report of the Comptroller and Auditor General of India (Commercial), Government of Bihar for the year ended 31 March 2006. This performance audit is conducted on the functioning of the Board in Bihar.

## 3.3 Audit Objectives

The objectives of the performance audit were to assess whether:

- aims and objectives of National Electricity Policy/Plans were analysed and the Plans were adhered to and distribution reforms were implemented;
- network planning and its execution was adequate and effective;
- the Central schemes such as Restructured Accelerated Power Development & Reforms Programme (R-APDRP) and Rajiv Gandhi Grameen Vidyutikaran Yojna (RGGVY) were implemented efficiently and effectively;
- operational efficiency was achieved in meeting the power demand of the consumers in the State;
- financial management was effective and the subsidy due from Union/ State Government was released in time;
- aggregate revenue requirement ( ARR) and tariff revision petition was submitted timely to ensure adequacy of tariff to cover the cost of operations and cross-subsidisation at prescribed level;
- billing and collection of revenue from consumers was efficient;

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1 ESC Patna, PESU (EAST), PESU (WEST), Muzaffarpur, Samastipur.

2 TRW at Patna and Muzaffarpur.

- effective system was in place to assess consumers satisfaction and redressal of grievances;
- effective energy conservation measures were undertaken; and
- effective monitoring system was in place and the same was being utilised in review of overall working.

## 3.4 Audit Criteria

The audit criteria adopted for assessing the achievement of the audit objectives were:

- National Electricity Policy/Plan, Plans and norms concerning distribution network of the Board and Planning criteria fixed by the Bihar Electricity Regulatory Commission (BERC);
- Standard procedures for award of contract with reference to principles of economy, efficiency and effectiveness;
- Norms prescribed by various agencies with regard to operational activities;
- Norms of technical and non-technical losses;
- Guidelines/ instructions/ directions of BERC;
- Terms and conditions contained in the Central Scheme Documents;
- Comparison with best performers in the regions/all India averages; and
- Provisions of Electricity Act, 2003.

## 3.5 Audit Findings

Audit explained the objectives of the performance audit to the Board in February 2011. However, an entry conference could not be held due to transfer of the then Pr. Secretary, Energy Department, Government of Bihar and also due to non-synchronization of their time schedule. The Audit findings were reported to the Board and the State Government in October 2011 and discussed in an 'Exit Conference' held on 29 November 2011. The Exit Conference was attended by Member (Finance and revenue) of the Board. The Board replied to audit findings in November 2011. The views expressed by Board have been considered while finalizing the performance audit. The audit findings are discussed in subsequent paragraphs.

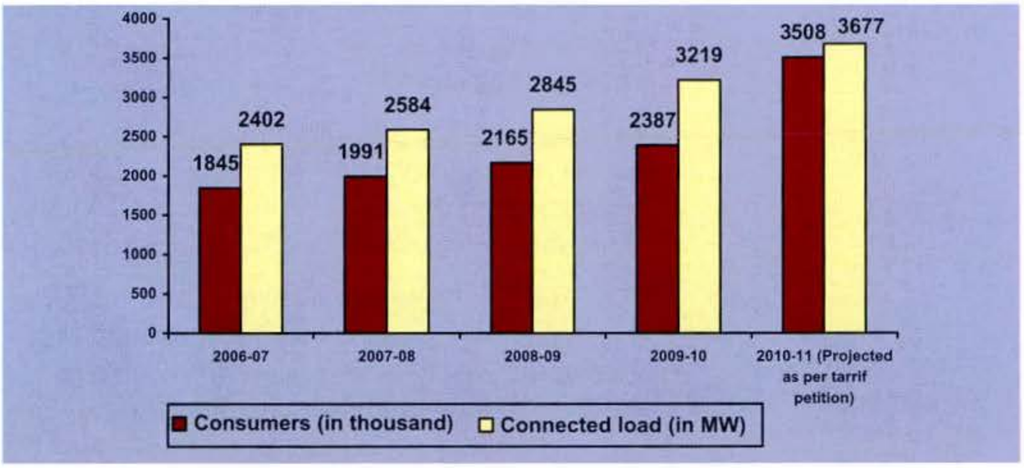
## 3.6 Distribution Network Planning

The National Electricity Policy was evolved for achievement of the following aims and objectives.

- Access to electricity availibality for all household in next five years from 2005.
- Supply of reliable and quality power of specified standards in an efficient manner and reasonable rates.

Planning is an essential element in creation of infrastructural facilities for efficient distribution of electricity so as to cover maximum population in the State. Besides the upkeep of the existing network, additions in distribution network are planned keeping in view the demand/ connected load, anticipated new connections and growth in demand based on Electric Power Survey (EPS). Considering physical parameters, the Board submits capital investment plans to the State Government/BERC. The major components of the outlay include normal development and system improvement besides rural electrification and strengthening of information technology (IT) enabled systems.

**3.6.1** The growth in consumers and their connected load during performance audit period is depicted in the bar diagram below:




The connected load and the transformation capacity to meet the connected load in respect of Board and the estimated growth by 2012 are given in the table below:

(in MVA)

| Year | Existing Transformation Capacity | Connected load[3] | Required Transformation Capacity | Gap in Transformation capacity | Ratio of Transformation capacity to connected load |
|---|---|---|---|---|---|
| (1) | (2) | (3) | (4)=(3/0.75) | (5)=(4 – 2) | (6) |
| 2006-07 | 2770.21 | 3002.50 | 4003.33 | 1233.12 | 0.92:1 |
| 2007-08 | 3113.69 | 3230.00 | 4306.66 | 1192.97 | 0.96:1 |
| 2008-09 | 3450.19 | 3556.25 | 4741.66 | 1291.47 | 0.97:1 |
| 2009-10 | 3939.06 | 4023.75 | 5365.00 | 1425.94 | 0.98:1 |
| 2010-11 | 4457.15 | 4596.14 | 6128.19 | 1671.04 | 0.97:1 |

It would be seen from the table above that the ratio of existing transformation capacity to total connected load ranged between 0.92 and 0.98 as against 1.33. This represented a wide gap of 1671.04 MVA of transformation capacity as on 31 March 2011. The gap of transformation capacity led to overloading of the system resulting in frequent tripping and adverse voltage regulation with consequential higher quantum of energy losses. The shortage of adequate capacity for distribution would hamper the objective of providing 'Power for all by 2012' as envisaged in the National Electricity Policy.

[3] The figures of connected load appearing in MVA in Column 3 of Table have been by converting them in MW in Graph.

The Board accepted the facts and said that to avoid frequent tripping and maintain system voltage as per prescribed limit all loads were not connected simultaneously at a given point of time. Further, Board also stated that system capacity augmentation was also being carried out through schemes under State plan.

While the system improvement and rural electrification schemes have been dealt with separately under subsequent paragraphs, the particulars of distribution network planned vis-à-vis achievement there against in the State as a whole is depicted in ***Annexure –12 and 13.***

It would be seen from the annexure that:

- Against the planned addition of 291 sub-stations during 2006-07 to 2010-11, only 111 sub-stations were added resulting in a shortfall of 180 substations (61.86 *per cent*). Additions planned for each years during this period were never achieved.
- Existing capacity of sub-stations as on 1 April 2006 was 2544.45 MVA. Additions planned during the year 2007-11 were 3062.70 MVA, against which 1912.70 MVA was added upto the period 2010-11. Thus, there was a shortfall of 1150 MVA (37.55 *per cent*).
- The Board accepted (November 2011) the facts and stated that the targeted capacity was not achieved mainly due to delay in availability of land for PSS right from selection of feasible land to handing over of the same through defined procedures. In addition to the above, water logging for longer period especially in north Bihar, right of way and local public hindrances were the causes which slowed down progress of work.
- The anticipated load growth of supply circles was not considered while formulating the plan which resulted in wide mismatch between the planned transformation capacity and the projected connected load as on 2010-11 as detailed in ***Annexure-13.*** As a result, in eight circles, planned capacity additions were more than the projected capacity which ranged between three and 87 *per cent,* whereas in seven circles the capacity additions were below the projected capacity which ranged between 47 and five *per cent*.

  The Board stated that in circles where planned capacity addition was less than the actual growth, it was due to unexpected commercialization, industrialization, infrastructure development, etc. and in circles where planned additions were more than required load, it was done by considering Government's future program in the field of growth of industrialization, commercialization, tourist and historical importance of that area. In addition, compulsory electrification of rural areas led to above mismatch. The reply was not convincing due to reasons that the planning was not done according to the anticipated growth of load in the areas concerned. The Board, however, should have considered past load growth trend, current load and projected load growth in future while formulating the planning for creation of additional infrastructure.

### *Ineffective planning*

**3.6.2** The Board had planned to include 40 Power sub-stations (PSSs) of 400 MVA capacities to be constructed in 2008-09. Distribution network includes two major parts i.e. construction of PSSs and construction of its input (33 KV) line and output feeder (11 KV) line. Both the work should be completed simultaneously to avoid delay in utilization of PSS. An estimate of ₹ 100.60 crore was prepared for both the work, out of which the Government had sanctioned (March 2008) a loan of ₹ 70 crore under State Plan-Additional Central Assistance (ACA) with schedule completion of project in one year by March 2009.

**Due to delay in planning for construction of connecting lines of PSS an expenditure of ₹ 11.53 crore remained idle for eight months which resulted in loss of interest of ₹ one crore**

We observed that the NITs for PSSs construction and its connecting lines were floated in February 2008 and February 2009 respectively. The work order for construction work and its connecting lines were issued in January 2009 and February 2010 respectively. The construction of connecting lines started after a delay of 12 months. As a result, 12 out of 40 PSSs constructed with an expenditure of ₹ 11.53 crore by June 2011, could not be charged for want of its connecting lines and were lying idle for eight months (from November 2010 to June 2011) which resulted in loss of interest of ₹ one crore[4].

The Board stated that there was no fund provision for construction of 33 & 11 KV lines for these PSSs, therefore, NIT was floated for construction of 40 PSS only. The reply was not correct as construction of PSS without its connecting line had no use. The Board should have planned for construction of PSS and its connecting lines only for that numbers of PSSs which were feasible with the available funds.

**Delay of 12 months in planning resulted in increased cost of construction of connecting lines by ₹ 4.80 crore from the initial estimated cost**

We also observed that the initial estimated cost of ₹ 30.60 crore for construction of connecting line of PSSs (33KV line 400KM and 11KV line 800 KM) exceeded by ₹ 11.47 crore[5]. This increase was due to inclusion of new items (₹ 6.67 crore) and increase in the cost of material (₹ 4.80 crore). Thus, a delay of 12 months in planning had also resulted in increased cost of construction of connecting lines by ₹ 4.80 crore from the initial estimated cost.

Land for construction of PSSs was to be made available by the Board to the executing agencies. The Board, however, awarded the work without ensuring the availability of land. As a result, 19 out of 40 plots of lands were handed over to the agency after a delay ranging between eight to 17 months. Further, land for seven PSSs could not be acquired even after a lapse of 28 months. Resultantly, the work of 16 PSS could not be started till June 2011.

The Board replied that at the time of Letter of Award( LoA), very few lands for construction of PSS were identified. Further, acquisition of land was multi procedural work which delayed the project. The Board should have ensured

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4 calculated at the rate of 13 *per cent* payable by the Board.

5 Extension of bay and allied work of ₹ 6.67 crore and increase in cost of materials of ₹ 4.80 crore.

the availability of land before issuing LoA to avoid delay in execution of work.

The construction of Sanhaula PSS at Bhagalpur, under RE State Plan-ACA, was awarded (January 2009) to an agency with scheduled construction period of 18 months. After lapse of 16 months, the Board noticed that there was no need to construct a PSS at that site as one PSS already existed there. Subsequently, the Board decided to construct a PSS of the same capacity at another area i.e. Sangrampur, Munger. This indicated the lack of planning, which Board however, had justified that as per clause of 2.1 of tender document, the site of erection could be changed.

As a result of the shortcomings mentioned above in planning, only six out of 40 PSSs had been charged till November 2011.

## Implementation of Centrally Sponsored Schemes

## 3.7 Rural Electrification

The National Electricity Policy states that the key objective of development of the power sector is to supply electricity to all areas including rural areas for which the Government of India (GoI) and the State Governments would endeavour jointly.

Accordingly, the GoI launched (April 2005) 'Rajiv Gandhi Grameen Vidyutikaran Yojna (RGGVY)' with the goal of electrifying all un-electrified villages and providing access to electricity (free of charge to consumers coming under Below Poverty Line (BPL) category) to all households in the next five years. For implementation of the programme, GoI was to provide 90 *per cent* of the expenditure as grant and the balance 10 *per cent* as loan through Rural Electrification Corporation (Nodal Agency). The other Rural Electrification (RE) schemes viz., 'Accelerated Electrification' of one lakh villages and one crore households and 'Minimum Needs Programme' were merged into RGGVY. The features of the erstwhile 'Kutir Jyoti Programme' were also suitably integrated into this scheme.

In addition, the GOI notified the Rural Electrification Policy in August 2006. The policy *inter-alia* aims at providing access to electricity for all households by 2009 and Minimum lifeline consumption of one unit per household per day by the year 2012.

For implementation of RGGVY in Bihar, out of total 38 districts, Government allocated (June 2006) 24 districts to Power Grid Corporation of India Limited (PGCIL), six districts to National Hydro-Electric Power Corporation( NHPC) and remaining eight districts to Board for electrification of villages.

As on 31 March 2006, out of 39015 villages in the State (as per 2001 Census), 20610[6] villages were electrified (52.83 *per cent*). The year-wise target vis-à-

[6] Electrified as per old definition.

vis achievement of electrification under RGGVY scheme during the performance audit period is tabulated below:

**(in numbers)**

| Year | Electrified in the beginning of the year | Targeted for electrification during the year | Electrified[7] during the year | Total Electrified in the end of the year | Percentage of achievement against target during the year |
|---|---|---|---|---|---|
| 2006-07 | 1611 | 8000 | 8404 | 10015 | 105.05 |
| 2007-08 | 10015 | 5000 | 3347 | 13362 | 66.94 |
| 2008-09 | 13362 | 6549 | 3098 | 16460 | 47.30 |
| 2009-10 | 16460 | 3988 | 2584 | 19044 | 64.79 |
| 2010-11 | 19044 | 4603 | 3140 | 22184 | 68.22 |

Out of 28140 targeted villages, 20,573 villages were electrified during 2006-07 to 2010 - 11. The yearly target of village electrification could not be achieved except in 2006-07. There was a shortfall of electrification of 7567 villages during 2007-11. Further, out of 4714 villages to be electrified in eight districts by the Board, only 1920 villages (40.73 *per cent*) could be electrified up to September 2011.

The Board stated that target could not be achieved due to right of way problems, flood and other local problems.

We further observed that:

- Against the target of providing access to electricity to the total 27,62,076 Below poverty line (BPL) Rural house holds (RHHs) in Bihar, only 18,18,161 BPL RHHs (65.83 *per cent*) were electrified (September 2011). Further, against the target of providing access to electricity to the total 6,02,564 BPL RHHs being done by Board, only 1,47,432 BPL RHHs (24.47 per cent) were electrified (September 2011).

  The Board stated that shortfall in achievement was due to non-completion of infrastructure in villages. The progress of BPL service connection was linked with the progress of completion of infrastructure work of villages.

- As per Rural Electrification Plan (REP) of GoI (notified in August 2008), the State Government was required to notify the REP within six months i.e. by February 2009. The State REP has, however, not been notified by the State Government till November 2011.

- As per RGGVY guidelines, establishment of franchisee was mandatory for controlling theft of electricity. We observed that although electrification work in 22184 villages was completed by March 2011, franchisee was established only in 1625 villages (November 2011).

[7] All achievement of electrification pertains to infrastructure developed by the PGCIL, NHPC and Board.

The Board received funds under RGGVY for rural electrification. The position of the funds available vis-à-vis utilised during the three years ending 31 March 2011 is depicted in the table below.

**(₹ in crore)**

| Year | Opening Balance | Funds received during the year | Total funds available | Funds Utilised | Unspent funds at the end of the year |
|---|---|---|---|---|---|
| 2008-09 | 0 | 287.68 | 287.68 | 0 | 287.68 |
| 2009-10 | 287.68 | 52.35 | 340.03 | 91.86 | 248.17 |
| 2010-11 | 248.17 | 234.20 | 482.37 | 162.67 | 319.70 |
| **Total** | | **574.23** | | **254.53** | |

During the period 2008-11, out of ₹ 574.23 crore received, the Board could utilize only ₹ 254.53 crore (44.3 *per cent*) till March 2011, which indicated the laxity on the part of the Board in implementation of scheme.

The Board stated that scheme was delayed due to process of land acquisition, finalization of BPL list by Government and other uncontrollable factors.

***Other irregularities noticed in implementation of RGGVY are discussed below:***

### 3.7.1 Non-adjustment of interest income against cost of projects

**Non-adjustment of interest accrued on RGGVY fund against cost of work resulted in submission of higher cost estimate by ₹ four crore to REC**

As per tripartite agreement executed in July 2006 amongst REC, Government and the Board, the fund was to be directly released to the Board on behalf of the Government to meet the expenditure to be incurred for implementation of projects under RGGVY. The funds received under the scheme were to be kept in a separate account and was to be utilized for earmarked purpose only. Thus, interest accrued on RGGVY fund should have been credited to Government account or adjusted against cost of work executed under the scheme.

Out of total funds received, ₹ 253.19 crore was kept in fixed deposits on which interest of ₹ four crore was received up to February 2011.

The Board submitted (February 2011) revised cost estimate of ₹ 1131.67 crore to REC/Government for all eight projects executed under RGGVY, without adjustment of interest received on RGGVY funds. This resulted in higher cost estimate by ₹ four crore. Further, till September 2011, total interest received on funds kept in fixed deposit was ₹ 7.01 crore.

The Board stated that final settlement may be done after closure of the project as per terms of the agreement. The reply was not acceptable as the interest received on funds should have been adjusted in revised cost estimate.

### 3.7.2 Time and cost overrun

**Due to abnormal procedural delays in getting sanction of DPRs and award of work the project cost increased by ₹ 103.69 crore**

The Board floated NIT on the estimated cost included in the DPR in October/December 2006. After finalization of tender, the Board sent the same to REC for approval (October 2007) the cost (₹ 748.40 crore) of lowest tender. The validity of all the lowest bidders' offer was upto June 2008. But before approval of the L1 tenderer, Ministry of Power (MoP) communicated

(February 2008) cost norms[8] for village electrification for revision of DPR. Finally, based on cost norms fixed, the revised DPR was sanctioned by REC in March 2008. The cost of award of work of ₹ 748.40 crore for eight districts was finally approved by REC in August, 2008 after the expiry of validity of offer of all the lowest bidders. Consequently, fresh bid was invited (September 2008) and the lowest rate received was ₹ 852.09 crore, which was higher by ₹103.69 crore than the previous lowest bids as detailed in ***Annexure-14***. Finally, letters of award were issued (May 2009) for rural electrification work.

Consequent to abnormal procedural delays in getting sanction of DPRs and award of work, the project cost had substantially increased by ₹ 103.69 crore. Besides, the objectives of RGGVY of electrification of all villages and providing all rural households with access to electricity by 2009 was not achieved.

The Board stated that the delay was mainly due to revision of cost norms by MoP, GoI. The reply did not address the issue of delay by the Board which took 18 months in finalisation of tender delaying the start of the project.

### 3.7.3 Infructuous expenditure due to burnt/ failed transformer of 16 KVA & 25 KVA installed under RGGVY- ₹ 24.18 crore.

Under RGGVY Scheme, distribution transformer (DTRs) of 16 KVA, 25 KVA and 40 KVA were installed by the executing agencies (PGCIL/NHPC). The Board was to ensure the safety of the infrastructure created.

We observed that there were 34,727 DTRs of 16 KVA, 25 KVA and 40 KVA capacity installed by the executing agencies as on April 2011, out of which 3,038 DTRs had been burnt/failed either immediately after commissioning or within one year from the date of handing over of villages by PGCIL/NHPC to the Board. The Board requested PGCIL to replace the burnt/failed DTRs which were in warranty period. PGCIL, however, refused to replace/repair them on the plea that these DTRs were burnt/failed due to over loading and bypassing of protection as per inspection carried out by them for burnt DTRs. The Board also did not take preventive measures to stop the unauthorized connections which caused overloading and bypassing of protection.

**The total expenditure of ₹ 24.18 crore incurred on installation of DTRs became infructuous, as neither the PGCIL replaced them, nor did the Board get repaired these failed DTRs**

The total expenditure of ₹ 24.18 crore[9] incurred on installation of 3038 DTRs thus proved to be infructuous, as neither the PGCIL replaced them nor did the Board get these failed DTRs repaired. This defeated the very purpose of the scheme to provide electricity to BPL consumers.

The Board stated that above DTRs failed due to internal defects and many of these DTRs had minor defects which would be got repaired at marginal cost. The reply of the Board contradicts with the reasons qualified by the PGCIL for

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8 ₹ 13 lakh for un-electrified village and ₹ four lakh for intensive electrification of already electrified village in normal terrain.

9 16 KVA = 1860 x ₹ 66000 per transformer = ₹ 122760000
25 KVA = 1151 x ₹ 101000 per transformer = ₹ 116251000
40 KVA = 27 x ₹ 103800 per transformer = ₹ 2802600
Total= ₹ 241813600

its failure. However, the DTRs failed due to internal defects should have been replaced immediately as these were under warranty period.

### 3.7.4 Excess payment to contractor- ₹ 2.27 crore

The work of electrification of villages under RGGVY in eight districts of Bihar was awarded (May 2009) on turnkey basis. As per clause 10[10] of Tender Document, the price would remain firm for all equipments and materials except cost of transformers, cables and conductors for which price adjustment was allowed. Price variation/adjustment was to be calculated on the formula and prices provided in the IEEMA[11] circular published in every month. Further, as per the tender terms, the liability of the Board would be limited to the price prevailing as on the scheduled date or actual date of dispatch of goods whichever was lower.

**Due to payment without considering the price variation clause, the Board paid an excess amount of ₹ 2.27 crore**

We observed that in four districts[12], payment for power transformers and distribution transformers was made on firm basis without considering the price variation clause. Scrutiny of IEEMA circulars pertaining to the period of delivery revealed that the price of the transformer had reduced considerably and the Board without considering the price variation clause, paid an excess amount of ₹ 2.27 crore till March 2011.

The Board stated that calculation of price variation was under process, which would be done at the time of final payment.

## 3.8 Implementation of APDRP Schemes

GoI had launched (June 2003) the Accelerated Power Development Reforms Programme (APDRP) to leverage the reforms in power sector through State Governments. This scheme was focused on upgradation of sub- transmission and distribution in densely electrified zones in the urban and industrial areas and improvement in commercial viability of SEBs of the State.

Under the scheme, 16 projects valuing ₹ 854.01 crore in 12 Circles were sanctioned by MoP. As per the modified scheme, 25 *per cent* of the sanctioned project cost was as grant from GoI and remaining 75 *per cent* was to be managed by loan from financial institution. The GoI and PFC released ₹651.73 crore as against the total sanctioned original cost of project of ₹ 854.01 crore which was revised (December 2006) to ₹ 1066.58 crore. The revised cost was sanctioned by MoP, GoI with the condition that enhanced amount of the scheme would not be released by the GoI. The scheme was short closed (March 2009) except few works which were being undertaken by loan provided by GoB.

State Government had provided a loan of ₹ 188.40 crore to the Board till March 2011 and ₹ 226.45 crore was still required to complete the project (November 2011)

10 General Condition and General Technical requirements volume –I.

11 Indian Electrical Equipments Manufacturers' Association.

12 Khagaria, Katihar, Samastipur and Shekhpura.

### 3.8.1 Implementation of APDRP Phase –II scheme.

As per GoI guidelines (June 2003), SEBs were to implement the projects on turnkey basis through pre-qualified contractors selected through competitive bidding to ensure quality and expeditious implementation of the work.

A detailed project report (DPR) was prepared (September 2004) for under ground cables distribution system with an estimated cost of ₹ 35.07 crore to be executed under APDRP phase-II in the significant areas of Patna.

The Board executed (February 2006) an agreement with PGCIL for above mentioned work with a scheduled completion period of 18 months. As per agreement, total cost of the project was ₹ 39.28 crore including 12 *per cent* consultancy charges. PGCIL prepared revised DPR for the project with an estimated cost of ₹ 67.94 crore (173 *per cent* above the original cost) and invited tender (September 2006) for execution of the project. Finally, the PGCIL awarded (January 2007) the work to the contractor at a cost of ₹ 89.17 crore (158 *per cent* of the revised estimate and 227 *per cent* of the original cost) without associating the Board. As per PGCIL's agreement with the contractor, the work was to be completed within 12 months from the date of issue of work order.

We observed that:

- The Board nominated (February 2006) PGCIL to execute the APDRP schemes without following the process of award for the execution of the scheme as mentioned in GoI circular (April 2005). PGCIL, however, executed the work by awarding the work to sub-contractor. Had the Board executed the above scheme itself it could have saved ₹ 6.24 crore payable to PGCIL by way of supervision charges[13]. Till March 2011, the Board had already incurred an extra expenditure of ₹ 4.65 crore[14] due to entrusting the entire work to PGCIL. The Board had also lost the benefit of competitive rates.

  The Board stated that due to shortage of staff and officers, it was not possible to complete the project in a time bound manner. Therefore the Board got the APDRP scheme executed through PGCIL.

- The funds for APDRP were provided by the MoP, GoI, through a combination of grant and loan and ratio of the project cost was 1:1. We observed that estimated cost of the project did not include cost towards Entry Tax, supervision charges and cost of street lighting etc. As a result, as against ₹ 46.88 crore[15], estimate of ₹ 35.07 crore was prepared. The DPR was sanctioned (April 2005) by GoI and matching grant of ₹ 8.77 crore (25 *per cent* of the project cost) was released. Had the DPR been prepared considering all essential items, the Board could have availed grant of ₹ 11.72 crore[16]. Thus, due to under- estimation of

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13 Seven *per cent* of ₹ 89.17 crore.

14 ( ₹ 71.03 crore x 07/107).

15 (Project cost = ₹35.07 crore + Cost of street lighting + Entry tax + supervision charges).

16 25 *per cent* of the ₹ 46.88 crore .

the project cost, the Board had received less matching grant of ₹ 2.95 crore from GoI.

The Board had accepted the observation and stated that the above project was being executed for the first time in Bihar and the Board was not having experience for the same. The Board also stated that the DPR was prepared by the PGCIL in consultation with the Board without considering the advance technology.

- The Board, while executing the agreement with PGCIL, did not incorporate a suitable clause to adjust the liquidated damages recovered from the contractors by the PGCIL in case of time over-run to safeguard its financial interest. As the project had already been delayed by 30 months the Board lost the opportunity to recover the liquidated damages deducted by the PGCIL from their contractors to the tune of ₹ 4.46 crore (five *per cent* of ₹ 89.16 crore) in the absence of LD clause in the agreement with the PGCIL.

  The Board apprised that the issue of adjustment of LDs had been raised with the PGCIL and their reply was awaited. However, the PGCIL, as per agreement, was not liable to return the LD recovered from the contractors.

**Due to lack of proper coordination and poor monitoring, the Board could not restrict the actual cost to the original cost which led to cost overrun of ₹ 65.69 crore**

- GoI had sanctioned (December 2006) the revised project cost of ₹ 100.76 crore with the instructions that the expenditure in excess of the original estimated cost of ₹ 35.07 crore would be arranged by the Board on its own. We observed that the Board could not co-ordinate and monitor the work done by the PGCIL which led to cost overrun of ₹ 65.69 crore.

  The Board stated that the cost overrun was mainly due to increase in the cost and inclusion of the new items such as RMUs and Street light arrangements. The reply was not acceptable as the Board did not participate in the bidding process and preparation of revised DPRs, etc. as a result the work was awarded at ₹ 89.17 crore which was 158 *per cent* of the revised cost.

### 3.8.2 System Metering in four circles under APDRP

The Board placed (August 2006 & October 2007) orders on M/s Secure Meters Ltd (Contractor) for supply, installation and commissioning of system meters for PSSs and DTRs and its associated equipments at four electricity supply Circles[17] on turnkey basis. This had also included collection of data from Feeders and Distribution transformer meters and preparation of reports for energy accounting with detailed analysis under APDRP Scheme. The objective of system metering was to take remedial measures for reduction of T&D loss/AT&C loss, overall system study, system planning & operational planning and management.

[17] PESU (E) PESU (W), Patna and Muzaffarpur

The Contractor, against the ordered quantity of 12091 meters, had supplied 11844 meters and commissioned 11593 meters only with an expenditure of ₹ 63.63 crore.

The data collection work on meters installed on DTRs was ordered by Board only for two years from the date of commissioning and taking over by the Board. Accordingly contractor had to collect the data in respect of 10200 meters. The contractor, however, collected data only from 9830 meters. The expenditure incurred by the Board towards data collection and its analysis was ₹ 5.58 crore

We observed that:

- One of the main objectives of system metering was to reduce T & D losses. There was no improvement in the T&D losses despite installation of DTR meters. In these four supply circles where the project was implemented, T&D losses were ranging between 41.91 *per cent* and 47.43 *per cent* during the period 2008-09 to 2009-10.

**Board could not derive the desired benefit even after expending ₹ 69.21 crore on installation of System Meters**

- The supplier had submitted the data analysis report to the Board which could benefit the Board as the unhealthy DTRs ranged between 23 *per cent* and 28 *per cent*. Under-loaded DTRs ranged between seven *per cent* and 32 *per cent* and overloaded DTRs ranged between 23 *per cent* and 28 *per cent* during January 2009 to February 2010. Thus, the Board could not derive the desired benefits even after incurring expenditure of ₹ 69.21 crore.

- Data collection and its analysis were stopped by the contractor in September 2010. Since then no data was collected by the Board, which affected energy accounting adversely.

The Board accepted the audit observation and stated that data collection and analysis required adequate staffs and officers which was the major constraint in achieving the final goal which could not be done even after outsourcing the work of data collection and its analysis on turnkey basis.

## 3.9 Restructured Accelerated Power Development Reforms Programme

Government of India (GoI) had approved the Accelerated Power Development Reforms Programme (APDRP) to leverage the reforms in power sector through the State Governments. This scheme was implemented by the power sector companies through the State Government to upgrade the sub-transmission and distribution system including energy accounting and metering, for which financial support was provided by GoI.

In order to carry forward the reforms process, the GoI had launched the Restructured APDRP (R-APDRP) in July 2008 as a Central Sector Scheme for XI Plan. Projects under R-APDRP scheme were to be taken up in two parts - Part A and B. Part A was dedicated to establishment of IT enabled system for achieving reliable and verifiable base-line data system in all towns besides installation of SCADA[18] /Distribution Management System. For this, 100 *per cent* loan was to be provided. The loan was convertible into grant on completion and verification of the system by third party independent evaluating agencies. Part B of the scheme deals with strengthening of regular sub-transmission and distribution systems and up-gradation of projects.

It was proposed to cover urban areas - towns and cities with a population of more than 30,000 (10,000 in case of special category states). In addition, in certain high-load density rural areas with significant loads, works of separation of agricultural feeders from domestic and industrial ones and High Voltage Distribution System (11KV) were also required to be taken up. Further, in respect of towns/areas for which projects were sanctioned in X Plan, R-APDRP was to be considered for XI Plan only after completion or short closure of the projects sanctioned earlier.

The Ministry of Power, GoI, sanctioned (December 2009) projects covering 71 towns of Bihar under Part A at an outlay of ₹ 253.68 crore which included a loan of ₹ 194.58 crore to be disbursed through Power Finance Corporation (PFC) and the balance ₹ 59.10 crore was to be funded by the Board/GoB. PFC released ₹ 58.37 crore and GoB ₹ 10 crore in March 2010 and March 2011 respectively.

### 3.9.1 Financial Performance

The details of the funds released by GoI (through PFC), utilisation and balances in respect of Board are given below;

(₹ in crore)

| Year | Opening balance | Funds released by GoI | Funds released by GoB | Funds utilised | Balance | Percentage of funds utilized to funds available |
|---|---|---|---|---|---|---|
| 2009-10 | 0 | 58.37 | - | 0 | 58.37 | Nil |
| 2010-11 | 58.37 | 0 | 10.00 | 12.31 | 56.06 | 18 |

We observed that out of total funds of ₹ 68.37 crore received under the scheme during the period 2009-11, only ₹ 12.31 crore could be utilized till March 2011 due to non-synchronization of the activities of scheme.

***Establishment of IT enabled system***

**3.9.2** Part – A of theR -APDRP scheme was dedicated to establishment of IT enabled system and SCADA/ Distribution Management System (DMS).

As per the timeliness decided by the GoI, the Board was to appoint IT implementing agency (ITIA) within three months from the date of sanction of part A of the project i.e. by March 2010 which was, however, executed with M/s Spanco for ₹ 159.89 crore in January 2011, after a delay of nine months.

18 Supervisory Control and Data Acquisition generally refers to industrial control systems and computer systems that monitor and control industrial, infrastructure or facility-based processes.

The scheduled completion of the projects was May 2012 i.e.18 months from the date of letter of intent (LOI).

The Board stated that the delay in appointment of ITIA was mainly due to stay order given by the PFC for opening of the price bid.

For implementation of SCADA/DMS project, model request for proposal and DPR template were made available by PFC to the Board in December 2009. The Board invited (August 2010) request for proposal for selection of SCADA/DMS consultant after a lapse of seven months. DPR of the project was submitted to PFC in April 2011, after a lapse of 15 months which was approved in November 2011.

The Board stated that the project was delayed due to procedural delays constrained by the PFC/MoP controls and R-APDRP guidelines.

The loan amount of ₹ 194.58 crore sanctioned by GoI would not be converted to grant unless the Board complete the projects in all the identified towns by December 2012, as per the terms of the agreement governing sanction of loan. Since there was initial delay in selection of consultants, the possibility of completing the projects within the stipulated period and conversion of loan into grant is, therefore, remote.

### 3.9.3 Strengthening of sub-transmission and distribution system

Part B of the scheme deals with strengthening of regular sub-transmission & distribution systems and also upgradation of the distribution system. The focus of the scheme was on reduction of Aggregate Technical & Commercial (AT &C) losses on sustainable basis and to strengthen the distribution. Funds to the extent of 25 *per cent* of the cost were to be provided as loan by GoI and the balance 75 *per cent* was to be arranged by the Board from the Financial Institutions/Power Finance Corporation. Up to 50 *per cent* of the loan along with its interest was convertible into grant on completion of the project within the stipulated time, maintaining it for five years and on achieving the target of 15 *per cent* set for AT&C losses.

For implementation of part B project under R-APDRP, the DPR template was made available by PFC to the Board in October 2009. However, the Board submitted the DPRs of the projects to PFC in April 2011 after a lapse of 18 months which was approved in November 2011.

### 3.9.4 Consumer metering

Attainment of 100 *per cent* metering was one of the objectives of the R-APDRP scheme. Accordingly, the work of metering of un-metered consumers and replacement of defective meters was to be undertaken. The progress of the work of consumers' metering by the Board was very slow. The metering work was undertaken (2008-09) in 12 circles instead of 16 circles under APDRP. Out of 12 circles, work in eight circles was undertaken by PGCIL and in remaining four circles by the Board. The achievement of metering of all consumers (of various categories) in the State is indicated in the ***Annexure-15***. Target for installation of consumer metering had not been achieved in any of the year by the Board, the percentage of actual meter installed against target ranged between 26.59 *per cent* and 36.6 *per cent* only during performance audit period. The shortfall in achievement in metering was due to delay in procurement of meter.

The Board replied that the process of replacement of defective and electro-magnetic meters with electronic meters was going on and no new connections were being given without electronic meters. The reply of the Board did not address any time frame set for cent *per cent* metering considering 10.24 lakh unmetered consumers and 1.28 lakh consumers with defective meters.

## 3.10 Operational efficiency

The operational performance of the Board is judged on the basis of availability of adequate power for distribution, adequacy and reliability of distribution network, minimizing line losses, detection of theft of electricity, etc. These aspects are discussed below.

### 3.10.1 Purchase of Power

The demand for energy in the State had been increasing. The power requirement of the State is determined by the Board on the basis of the past maximum demands and the availability of power from central sector. The Board prepares the projections and submits it to the BERC for approval. Requirement of power was almost met through purchase (generation being insignificant).

The details of demand of power assessed for the State based on the report of 17 Electric Power Survey (EPS), purchase of power approved by Bihar Electricity Regulatory commission (BERC) and actual power purchased during the period 2006-07 to 2010-11 were as under:

**(In million units)**

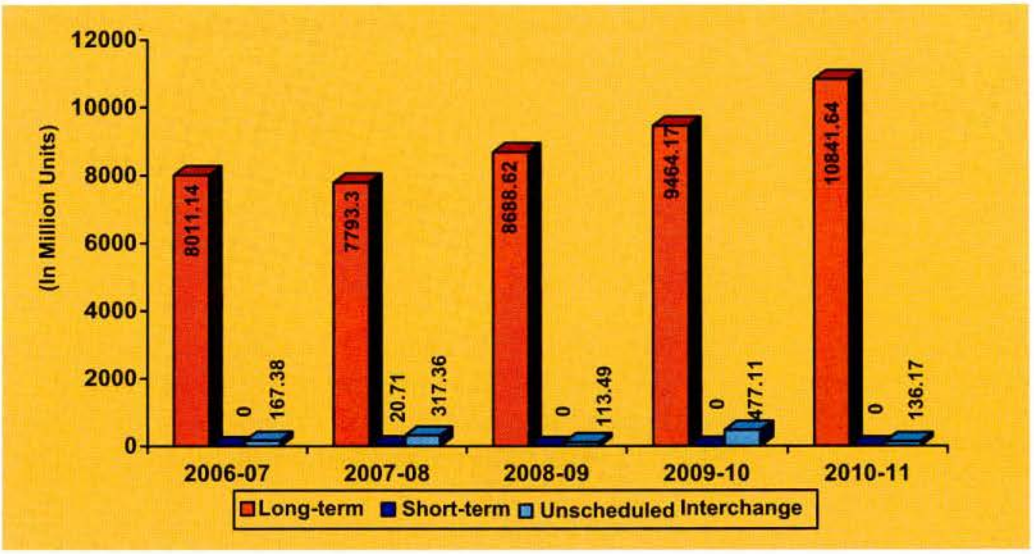
| Year | Demand assessed in 17 EPS | Purchases assessed by Board and approved by BERC | Actual Power purchased | Power Deficit | Excess/ Shortfall in purchase against approved |
|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) = (2 – 4) | (6) = (3 – 4) |
| 2006-07 | 9629.00 | 7188.00 | 8178.52 | 1450.48 | (+) 990.52 |
| 2007-08 | 11134.00 | 8080.00[19] | 8131.37 | 3002.63 | (+) 51.37 |
| 2008-09 | 12874.00 | 8790.00 | 8802.11 | 4071.89 | (+) 12.11 |
| 2009-10 | 14886.00 | 9247.00[19] | 9941.28 | 4944.72 | (+) 694.28 |
| 2010-11 | 17213.00 | 10170.00 | 10977.81 | 6235.19 | (+) 807.81 |

Though the BERC had been approving quantities of power projected by the Board, the actual power procured by the Board against the demand assessed in EPS was always lower during the performance audit period. The Board

[19] Tariff for the year not approved by the BERC.

submitted power purchase requirement in ARR after considering scheduled power cuts but the State was facing power deficit during 2006-11 even the actual power purchased was always higher than those approved by BERC. The excess power purchased than those approved by BERC during the performance audit period was 2556.09 MUs.

For the above purchases, the Board entered into long term power purchase agreements with various agencies viz., Central PSUs, IPPs, etc. besides Unscheduled Interchange (UI) drawal on need basis. The break-up of the total power purchased (as mentioned in previous table) into these categories was as follows.




**Due to drawal of power under UI, the Board incurred an extra expenditure of ₹ 254.26 crore as compared to long term power purchases cost**

The Board purchased 20.71 MU of power only in 2007-08 through short term power purchase arrangements. Long term power purchase was the main source of power which ranged between 95.20 *per cent* (2009-10) and 98.74 *per cent* (2010-11). The source-wise purchase of power during the performance audit period is given in the ***Annexure-16***. The Board drew power in excess than the scheduled allocation in all the years which ranged between 1.26 *per cent* and 4.80 *per cent* of the total power purchased during 2006-07 to 2010-11. Average annual rates of UI Charges ranged between ₹ 3.43/unit and ₹ 5.17/ unit. Thus, the Board incurred an extra expenditure of ₹ 254.26 crore on drawal of power through UI of 1211.51 MU as compared to long-term power purchases cost during the 2006-07 to 2010-11.

### *Other observations related to Power Purchase*

### 3.10.2 Avoidable payment of penal interest on delayed payment of UI charge- ₹ 20.95 crore

**Non-payment of UI charges in time resulted in payment of penal interest of ₹ 20.95 crore**

The Board purchased power mainly from quota allocated by Union Government through central sector power generating units. The Board also drew power over the scheduled allocation through Unscheduled Interchange (UI). Power drawn through UI was billed by Eastern Region Power Committee (ERPC) on weekly basis with a condition that the payment should be made within 10 days from the billed date failing which penal interest at the rate of 0.04 *per cent* on the outstanding amount would be payable for each day of default.

We observed that during 2008-09 to 2010-11, the Board had drawn excess power than the scheduled allocation. The Board could not make payment of UI charges in time which resulted in payment of penal interest of ₹ 20.95 crore[20] during 2008-09 to 2010-11.

The Board stated that due to low availability of power during November to May and to meet the demand of power there was no option left but to go for overdrawing from UI.

### 3.10.3 Avoidable excess expenditure on purchase of power – ₹ 5.65 crores

During 2007-08 (October and November), the Board purchased 20.71 MU of Energy as short term arrangement from NTPC Vidyut Vyapar Nigam (NVVN) (supplied from NTPC Kayamkulam, Kerala) at the rate of 789.61 paise/KWH on emergency basis during festival period without inviting any tender for the purchase.

**Purchase of power from NVVN instead of drawing cheaper power from UI resulted in avoidable payment of ₹ 5.65 crore**

We observed that the required power could have been met through UI which was cheaper (average rate being 517 paisa/unit during 2007-08) than the power purchased (at the rate of 789.61 paise/KWH) from NVVN. This resulted in avoidable payment of ₹ 5.65 crore[21].

The Board stated that availability of power remained very low during the month of October and November. Due to less power in grid system and very low frequency, UI rates went very high. The Board also stated that dependency to draw power under UI was not a concrete surety to get power during emergency requirement.

The reply was not correct as Board did not analyze the effect of purchase of power through short term as compared to purchases through UI which led to avoidable payment.

## 3.11 Sub-transmission & Distribution Losses

The distribution system is an important and essential link between the power generation source and the ultimate consumer of electricity. For efficient functioning of the system, it must be ensured that there are minimum losses in sub-transmission and distribution of power. While energy is carried from the generation source to the consumer, some energy is lost in the network. The losses at 33KV stage are termed as sub-transmission losses while those at 11 KV and below are termed as distribution losses. These are based on the difference between energy received (paid for) by the Board and energy billed to consumers. The percentage of losses to available power indicates the

20 2008-09= ₹9.66 crore, 2009-10= ₹10.68 crore and in 2010-11= ₹0.61 crore.

21 20710000 units x (₹ 7.8961- ₹ 5.17 (Average rate of UI charges during the period)) = ₹ 56457531.

effectiveness of distribution system. The losses occur mainly on two counts, *i.e.*, technical and commercial.

Technical losses occur due to inherent character of equipment used for transmitting and distributing power and resistance in conductors through which the energy is carried from one place to another. On the other hand, commercial losses occur due to theft of energy, defective meters and drawal of unmetered supply etc.

The table below indicates the energy losses of the Board for the last five years upto 2010-11.

**(In Million Units)**

| S.No. | Particulars | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|---|---|---|---|---|---|---|
| 1. | Net power available for sale | 7914.92 | 7961.30 | 8584.69 | 9836.58 | 10882.86 |
| 2. | Energy sold | 4541.68 | 4851.56 | 5324.64 | 6067.22 | 6139.14 |
| 3. | Energy losses (1 – 2) | 3373.24 | 3109.74 | 3260.05 | 3769.36 | 4743.72 |
| 4. | Percentage of energy losses (*per cent*) {(3 / 1) x 100} | 42.62 | 39.06 | 38.00 | 38.32 | 43.59 |
| 5. | Percentage of losses allowed by BERC (*per cent*) | 41.40 | 38.00 | 38.00 | 35.00 | 32.00 |
| 6. | Excess losses (in MUs) | 96.46 | 84.44 | 0.00 | 326.56 | 1261.20 |
| 7. | Average realisation rate per unit[22] (in ₹ ) | 2.75 | 2.96 | 3.11 | 3.03 | 3.87 |
| 8. | Value of excess losses (₹ in crore) (6 x 7) | 26.53 | 24.99 | 0.00 | 98.95 | 488.08 |

Although percentage of energy losses had decreased from 42.62 in 2006-07 to 38.00 in 2008-09, the position deteriorated subsequently and it increased sharply to 43.59 *per cent* in 2010-11. Except during 2008-09, the Board could not bring down the T&D losses within the limit prescribed by BERC. The energy lost during the period 2006-11 was 1768.66 MUs. The loss of revenue suffered by Board on this count was ₹ 638.55 crore. Reduction in losses was the most significant step towards making the Board financially self-sustaining. The importance of reducing losses can be gauged from the fact that one *per cent* decrease in losses could add ₹ 42.12[23] crore to the income of the Board annually. The main reasons for such high energy losses were non installation of capacitor banks in PSS/DSS, low power factor, heavy quantum of unmetered consumers, theft of electricity etc.

### 3.11.1 Performance of Distribution Transformers

Neither Board nor BERC had fixed any norms for failure of the DTRs. The total numbers of actual DTRs failed and the expenditure incurred on their repairs are depicted in the table below:

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22 As adopted by the Board.

23 One *per cent* of 10882.86 MU=108.83 MU
Average rate of realization in 2010-11=₹3.87/unit
Loss = 108.83 MU x ₹ 3.87/Unit = ₹ 42.12 Crore.

| Sl.No. | Particulars | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|---|---|---|---|---|---|---|
| 1. | Existing DTRs at the close of the year (in Number) | 35821 | 37276 | 39228 | 41249 | 43491 |
| 2. | DTR Failures (in Number) | 3727 | 4050 | 4696 | 6022 | 7597 |
| 3. | Percentage of failures | 10.40 | 10.86 | 11.97 | 14.60 | 17.46 |
| 4. | Expenditure on repair of failed DTRs (₹ in crore) | 5.52 | 5.87 | 8.50 | 11.62 | 17.58 |

There was continuous increase in the numbers of DTRs failed over the years. The percentage of failure of DTRs had also increased year after year which ranged between 10.40 and 17.46 *per cent* of the total installed DTRs. Failure of DTRs could be minimised by preventive maintenance and avoiding over-loading of the same. We further observed that no analysis of the failure of DTRs was done by the Board. The technical report prepared for failure of DTRs by the Board was not based on the genuine facts as in almost all the reports the prime cause of the failure of the DTRs mentioned was 'Internal Defects'. The reasons for failure of the DTRs, however, included overloading, shortage of transformers oil, non-installation of lightning arrestor, non-maintenance of DTR etc.

The Board accepted the audit observation and stated that strict instructions had been passed to field officers to follow operation & maintenance manual to restrict the rising rate of DTRs' failure as comparable to other State utilities.

### 3.11.2 Delay in repair of Distribution Transformers

The Board undertakes repairs of damaged transformers through its Transformer Repair Workshop (TRWs) where required material is supplied by the Board and labour work has been outsourced to different agencies. No time limit for return of repaired transformers was fixed by the Board for the TRWs. Scrutiny of records of two TRWs (Patna and Muzaffarpur) revealed that the time taken for repairing of the failed DTRs ranged from one month to more than four years during 2006-07 to 2010-11. Further, as per the general terms and conditions of purchase order, the suppliers were required to guarantee the performance of DTRs for two years from the date of supply or 18 months from the date of installation whichever was earlier. The Board did not fix any time schedule for replacement/repair of the DTRs failed during guarantee period. However, we observed that during the performance audit period, 120 DTRs failed in the guarantee period. Out of these, while 112 DTRs were replaced/ repaired after a period of two days to 237 days, eight DTRs were awaiting repair/ replacement (December 2011), even after a lapse of five months to three years. However, no action was taken by the Board to avoid the delays in repairing the DTRs which had an adverse impact on the operations of the Board.

The Board replied that due to non-availability of matching material required for repairing of the transformers, some times delay occurred. The reply was not acceptable as the range of delay was as long as four years. Further, the Board also stated that the transformers failed under guarantee period were successfully replaced by the respective suppliers which were not factually correct as there was delay of upto 237 days in replacement of transformers and some transformers were yet to be replaced even after a lapse of three years.

### 3.11.3 Capacitor Banks

Capacitor banks improve the power factor by regulating the current flow and voltage regulation. In the event of voltage falling below normal, the situation can be set right by providing sufficient capacity of capacitor banks to the system as it improves the voltage profile and reduces dissipation of energy to a great extent thereby saving loss of energy. The capacitor bank saves energy to the extents of 0.04959 MU per MVAR (Mega Volt Ampere Reactive Power) of its capacity.

**Due of non installation of capacitor banks in the distribution system, the Board lost envisaged energy savings of 20.01 MU valued at ₹ 6.09 crore**

We observed that no annual planning was done by the Board. Although, the Board decided during 2006-07 to install 2600 capacitors (600 number of 200 KVAR and 2000 number of 100 KVAR) with targeted addition of 320 MVAR in LT side of all DTRs of divisional town and 22 capacitor with targeted addition of 83.56 MVAR in eight PSS in Patna, but no targeted energy savings was envisaged by the Board. The scheduled completion of the targeted installation of capacitor banks was March 2009. We further observed that despite funds of ₹ four crore made available (2007-08) by the State Government, the Board did not install any capacitor banks in Distribution systems during the performance audit period. The Board, thus, had lost envisaged energy savings of 20.01 MU[24] valued at ₹ 6.09 crore.

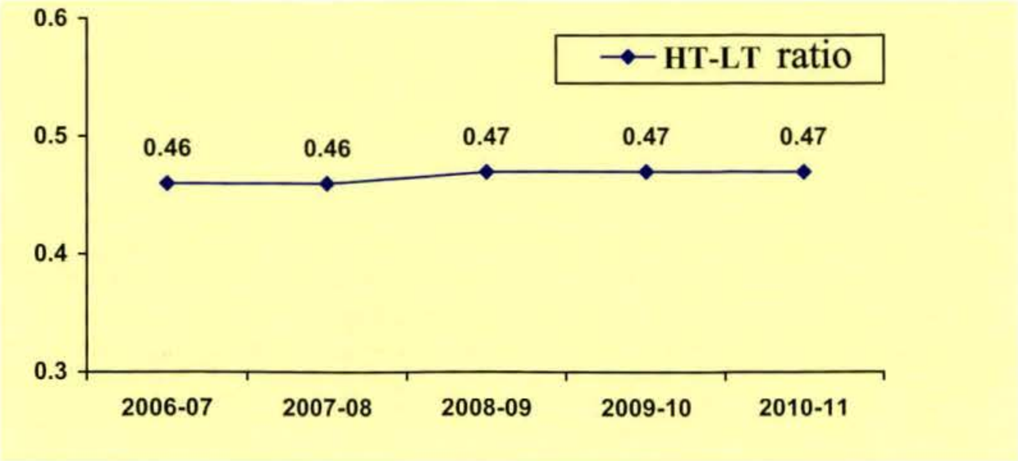
### 3.11.4 Commercial losses

The majority of commercial losses relate to consumer metering, billing and pilferage of energy. While the metering and billing aspects have been covered under implementation of R-APDRP scheme the billing efficiency and the other observations relating to commercial losses are discussed below.

### 3.11.5 Implementation of LT less system

High voltage distribution system is an effective method for reduction of technical losses, prevention of theft, improved voltage profile and better consumer service. The GOI had also stressed (February 2001) the need to adopt LT less system of distribution through replacement of existing LT lines by HT lines to reduce the distribution losses. The HT-LT ratio over the performance audit period is depicted in the graph below:

24 403.56 MVAR x 0.04959 MU per MVAR = 20.01 MU X ₹ 3.03/unit (rate adopted for the year 2009-10).




It may be seen that the ratio of HT:LT lines remained almost constant throughout the performance audit period. As against 66364 CKM of HT line, the LT line was 142466 CKM as on March 2011.

The Board accepted the observation and stated that several Grids and their linking line along with linking networks construction were in progress through various schemes. After their completion the HT/LT ratio would gradually improve.

### 3.11.6 Performance of Raid Team

In order to minimise the cases of pilferage/loss of energy and to save the Board from financial losses on this account, Section 163 of Electricity Act, 2003, provides that the licensee may enter into the premise of a consumer for inspection and testing the apparatus. A Special Task Force (STF) team of Board headed by the Officer of the rank of Electrical Superintending Engineer at its headquarters was entrusted with the work of conducting raids or checking the premises of the consumers with the assistance of AE and other departmental officer of the Electric Supply Division concerned. Executive engineers of the concerned divisions were supposed to prepare work plan to conduct raids by identifying such consumers/areas where large scale theft was suspected. The Board constituted (November 2007) STF for controlling of theft of power and un-authorised use of energy. Due to lack of coordination between the vigilance wing and the concerned divisions, raids did not yield the desired results. Following is the position of raids conducted during performance audit period.

| Sl. No. | Year | Total number of consumers as on 31 March | No. of consumers checked | Assessed amount (₹ in lakh) | Realised amount (₹ in lakh) | Unrealised amount (₹ in lakh) | Percentage of checking to total nos. of consumer |
|---|---|---|---|---|---|---|---|
| 1 | 2007-08 | 1991190 | 1599 | 247.00 | 241.11 | 5.89 | 0.08 |
| 2 | 2008-09 | 2164604 | 2019 | 1848.51 | 869.11 | 979.40 | 0.09 |
| 3 | 2009-10 | 2386866 | 2893 | 828.76 | 593.10 | 235.66 | 0.12 |
| 4 | 2010-11 | 3508475 | 8565 | 1520.64 | 409.07 | 1111.57 | 0.24 |
| | | | **Total** | **4444.91** | **2112.39** | **2332.52** | |

We observed that the percentage of checking of number of consumers was minor and ranged between 0.08 *per cent* and 0.24 *per cent*. This showed that there was need to conduct more raids to significantly reduce theft of energy. Further, against the assessed amount of ₹ 44.45 crore, the Board could collect ₹ 21.12 crore indicating a short realisation of ₹ 23.33 crore. The very objective of preventing theft i.e. to cover the financial loss, thus, could not be achieved.

The Board replied that there were only four teams for conducting raids and one team could raid only two consumers in a working day. The Board did not mention about pending realisation of ₹ 23.32 crore.

### 3.11.7 Inordinate delay by the Board in effecting new service connection resulted in loss of Revenue ₹ 10.78 crore

Section 43(1) of the Electricity Act, 2003, read with Para 15 of Bihar Electricity Standards of Performance of Distribution Licensee, 2007 and clause 4.80 of Bihar Electricity Supply Code, 2007 both issued by BERC stipulated that the Board shall provide High Tension (HT) service connection to a consumer within 145 days of receipt of application whenever such service connection involves extension and improvement to the Board's site facilities. There were two elements in the tariff for H.T. consumers. One was energy charge recoverable on quantity of energy consumed at prescribed rate and another was demand charge recoverable on the contract demand at fixed rate (₹ 700/KVA/month) irrespective of the quantity of energy consumed.

**Inordinate delay of 330 days over the stipulated period in effecting new connection resulted in loss of revenue of ₹ 10.78 crore**

We observed (January 2011) that M/s Gangotri Iron and Steel Co. Bihta, applied for a new 33 KV under category HTSS Service connection with contract demand of 14000 KVA (12000 KVA for Furnace and 2000 KVA for rolling mill) for their proposed unit. The application was registered on 19 September 2007 and the supply of electricity was affected on 10 January 2009, thereby taking an overall time of 475 days from the date of receipt of application as against 145 days stipulated as above. Thus, there was delay of 330 days over and above the stipulated period which resulted in loss of revenue of ₹ 10.78[25] crore as demand charges could not be charged.

The Board stated that delay was due to non-completion of all formalities by the consumer related with effecting new service connection. The Board also stated that the consumer submitted new application for clubbing of load of rolling mill along with load of furnace. The reply was not acceptable as the consumer had deposited the required amount for construction of service lines without delay. Further, the Board delayed the preparation of feasibility report, estimate, process of obtaining technical sanction and construction of 33 KV service lines by more than ten months over and above the time prescribed by the BERC which caused the delayed process of effective new service connection and loss of revenue.

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[25] 14000 KVA X ₹ 700 Per month X 11 Month (330 days) = ₹ 10.78 Crore.

## 3.12 Billing efficiency

As per the procedure prescribed in the Bihar Electricity Supply Code 2007, the Board was required to take the reading of energy consumption of each consumer at the end of the notified billing cycle. After meter readings, the Board issued bills to the consumers for consumption of energy. Sale of energy consists of two parts viz., metered and assessed units. The assessed units referred to the units billed to un-metered consumers and cases where the meter reading was not available due to meter defects, door lock etc. The BERC did not stipulate the percentage of assessed sales of the metered sales. Billings of all the consumers were being done at the division level. Domestic consumers (rural & BPL), non domestic consumers up to 5KW (rural) and agricultural consumers (urban & rural) were being billed on bi-monthly basis, while other consumers were being billed on monthly basis.

The efficiency in billing of energy lies in distribution/sale of maximum energy by the Board to its consumers and realisation of revenue in time.

**(Figures in MUs)**

| S. No. | Particulars | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|---|---|---|---|---|---|---|
| 1. | Energy available for sale | 7914.92 | 7961.30 | 8584.69 | 9836.58 | 10882.86 |
| 2. | Free Supply | - | 4.76 | 6.11 | 5.86 | 5.36 |
| 3. | Energy billed | 4541.68 | 4846.80 | 5318.53 | 6061.36 | 6133.78 |
| 4. | Energy Billed as percentage of Energy available for sale | 57.38 | 60.88 | 61.95 | 61.62 | 56.36 |
| 5. | Free Supply as percentage of Energy available for sale | - | 0.06 | 0.07 | 0.06 | 0.05 |
| 6. | Total Energy Sold (2+3) or (7+8) | 4541.68 | 4851.56 | 5324.64 | 6067.22 | 6139.14 |
| 7. | Assessed Sale | 1344.18 | 1365.83 | 1548.21 | 1478.44 | 1456.74 |
| 8. | Metered Sale | 3197.50 | 3485.73 | 3776.43 | 4588.78 | 4682.40 |
| 9. | Assessed sales as percentage of metered sales | 42.04 | 39.18 | 40.99 | 32.22 | 31.11 |

The energy billed during performance audit period ranged between 56.36 and 61.95 *per cent* of the total energy available for sale while free supply was very negligible. Less billing of the total energy available for sale was mainly due to high T&D losses (37.98 to 43.59 *per cent)* during performance audit period. Further, assessed sales constituted between 42.04 *per cent* and 31.11 *per cent* of the total sales during performance audit period.

The Board stated that private agencies had been deployed to ensure 100 *per cent* meter reading and its billing. Large scale manpower had been recruited for improving billing and revenue collection efficiency.

### 3.12.1 Revenue collection efficiency

As revenue from sale of energy is the main source of income of the Board, its prompt collection assumes great significance. The salient features of the collection mechanism being followed by the Board were as follows:

- Consumers can make payments of the energy charges by cash, cheques or by demand draft.

- Energy charges billed for HT services are collected at collection counters located at every division office.
- In respect of LT services, electricity bills are generally collected by the revenue cashiers (RC) except in some areas where collection work is entrusted to private collection agencies.
- HT consumers are required to pay current charges within a grace period of 10 days after the due date (i.e.15 days from the date of the issue of bills), failing which the consumers are liable for payment of additional charges of 1.5 *per cent* per month or part thereof on the amount of the bill for the period of the delay.

The table below indicates the balance outstanding at the beginning of the year, revenue assessed during the year, revenue collected and the balance outstanding at the end of the year during the last five years ending 2010-11.

**(₹ in crore)**

| S.No. | Particulars | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|---|---|---|---|---|---|---|
| 1 | Balance outstanding at the beginning of the year | 5929.25 | 5749.43 | 5871.08 | 5531.59 | 5608.80 |
| 2 | Revenue assessed/billed during the year | 1329.23 | 1525.33 | 1753.19 | 2025.63[26] | 2510.04 |
| 3 | Total amount due for realisation (1+2) | 7258.48 | 7274.76 | 7624.27 | 7557.22 | 8118.84 |
| 4 | Amount realised during the year | 1375.83 | 1394.04 | 2082.90 | 1933.95 | 2418.64 |
| 5 | Amount written off during the year | 133.22 | 9.64 | 9.78 | 14.47 | NIL |
| 6 | Balance outstanding at the end of the year | 5749.43 | 5871.08 | 5531.59 | 5608.80 | 5700.20 |
| 7 | Percentage of amount realised to total dues (4/3) | 18.95 | 19.16 | 27.32 | 25.59 | 29.79 |
| 8 | Arrears in terms of no. of months assessment {Sl.no. 6/Sl.no. 2/12 months) | 51.90 | 46.19 | 37.86 | 33.23 | 27.25 |

We observed that the balance outstanding of ₹ 5749.43 crore as on 31 March 2007 decreased to ₹ 5700.20 crore as on 31 March 2011.This decrease was due to ₹ 167.10 crore written off during the performance audit period. This indicates that the realisation of dues was unsatisfactory.

The Board stated that the assessment of revenue billed, amount realised and the percentage of total amount realised to total dues has increased in 2010-11 as compared to 2009-10. Also, effective steps like persuasion, issue of notices, disconnection of lines of erring consumers vis a vis filing of certificate, etc had been taken to improve revenue realisation.

26 Including ₹ 77.45 crore as prior period adjustment.

***Instances of inefficient revenue billing and collection in various forms are illustrated below:***

### 3.12.2 Non-charging of shunt capacitor charge.

As per Tariff Order 2006-07 issued by BERC, every LTIS (Low Tension Industrial Service) consumers having contract demand of more than five HP (three HP as per Tariff Order 2008-09 onwards) should have installed shunt capacitor of appropriate capacity failing which a shunt capacitor charge would be charged at the rate of five *per cent* of the billed amount. In ESD Muzaffarpur (Urban), 165 LTIS consumers having aggregate connected load of 2247 HP (all being more than five HP) were getting supply without installation of shunt capacitors of appropriate rating and were not charged the shunt capacitor charge for the period from November 2006 to March 2011. This led to a revenue loss of ₹ 0.26 crore.

The Board stated that the divisions had started charging the shunt capacitor charge from May 2011. However, the Board did not realise the revenue loss of ₹ 0.26 crore pertaining to the period prior to May 2011.

### 3.12.3 Incorrect application of tariff

**Due to incorrect application of tariff, the Board lost revenue of ₹ 4.84 crore**

As per terms and conditions of HT tariff Clause 6 of Tariff order (November 2006), if a consumer was using transformer having a capacity of more than 150 *per cent* of the contract demand, its contract demand should be increased to $2/3^{rd}$ of the transformer capacity and billed accordingly. A test check of the records for the period April 2006 to March 2011 of four[27] Electric Supply Circles (ESC) revealed that five consumers were using transformers of a capacity of more than 150 *per cent* of their contract demand. But the Board neither increased their contract demand nor billed as per tariff applicable. This resulted in loss of revenue of ₹ 4.84 crore.

The Board stated that two consumers had been charged, case of one consumer was sub-judice and one railway consumer (Divisional Accounts Officer) was allowed to have a stand by transformer. The reply was not acceptable as only railway traction service consumers were allowed to have a stand by transformer as per terms and conditions of HT consumers tariff order. The position of one consumer had not been furnished.

### 3.12.4 Non-Billing

As per Tariff Order 2008-09, consumers having induction furnace shall be categorized under HTSS category. Further, HTSS consumers were allowed to have a separate rolling mill under the same category. In ESC, Patna an HTSS consumer was found (January 2009) using an Oxygen Plant of load 277 KVA apart from induction furnace and rolling mill for which a separate connection under HTS-I category should have been taken. But no additional agreement (under HTS-I) was made for this load. This resulted in loss of minimum monthly charge (energy charge and demand charge) of ₹ 80.34 lakh for the

[27] ESC Muzaffarpur, ESC Samastipur, ESC Patna and PESU(W).

period February 2009 to April 2011. The connected load was disconnected on 30 April 2011.

The Board stated that the consumer was provisionally allowed to include the load of oxygen plant along with the load of induction furnace and rolling mill. The matter was pending with BERC and after final decision, the matter would be finalised.

### 3.12.5 Loss of revenue due to short assessment and short billing of contract demand - ₹ 2.45 crore

As per Clause 7.4 of Tariff Order, 2008-09, for new connection under HTSS category, the contract demand shall be based on total capacity of the induction furnace and equipment (auxiliary load) as per manufacturer's technical specifications. Consumers having rolling/re-rolling mill in the same premises will have to take additional contract demand for the rolling/re-rolling mill over and above the contract demand required for induction furnace. Further, the billing demand shall be the maximum demand recorded during the month or the contract demand, whichever is higher.

**Short determination of contract demand and short billing of demand charges resulted in a loss of ₹ 2.45 crore**

We observed (January 2011) that load of the electrical installation with effect from January 2009 in the premises of a new HTSS consumer viz. M/s. Gangotri Iron & Steel Company was inspected by the team of the Board in January 2009. As per the Load Inspection Report, the load of the Induction Furnace including load of rolling mill was found to be 15946 KVA[28]. However, as against load of 15946 KVA, ESC, Patna billed the demand charges on the load of 14500 KVA only which resulted in short assessment of contract demand and short billing of demand charges by 1446 KVA. As a result, the Board suffered loss of ₹ 2.45 crore up to April 2011. The connected load had been disconnected on 30 April 2011 (as detailed in ***Annexure-17***).

The Board stated that as per technical specification of the induction furnace, the auxiliary load of 1725 KVA was included in the load of the induction furnace and the same was not considered separately for determination of contract demand and billing. The reply was not acceptable as the auxiliary load was not a part of the load of induction furnace. Further, in respect of some other consumers of the same ESC, auxiliary load was considered separately for determination of contract demand and billing.

### 3.12.6 Inordinate delay in serving Energy Bills

In ESC Chapra, a new un-metered electric connection was given (August 2004) to A E, Ganga Project, Sub-division-03 with Contract Demand of 200 KVA. Since there was abnormal delay of more than five and half years in the preparation and submission of Service Connection Report (collected by the

[28] (i) Load of Induction Furnace (2x15MT as per manufacturer's specification)=12221 KVA.
(ii) Auxiliary Load of equipments=1725 KVA
Total load of Induction furnace (i+ii) =13946
Total Load of rolling mill applied by the consumer = 2000 KVA
Total load which should have been sanctioned (A+B)=15946 KVA.

Circle Office in March 2010), no energy bills were raised on the consumer till March 2010.

Due to non installation of the electric meter in the consumer premises, the first energy bill for the period August 2004 to February 2010 was billed on the Minimum Monthly Guaranteed (MMG) consumption basis and sent by registered post to the consumer's address. The bill was, however, returned by the postal authorities as the consumer was not traceable.

**Inordinate delay in the serving of monthly energy bills resulted in unrealised revenue of ₹ 1.53 crore and loss of interest of ₹ 0.63 crore**

Thus, inordinate delay in the preparation and submission of the Service Connection Report, a careless approach in serving of monthly bills, unavailability of the consumer and failure to disconnect their electricity line resulted in an un-realized revenue of ₹ 1.53 crore.

The Board accepted the facts and intimated that the consumer had been located and ₹ 5.04 lakh was paid by the consumer in April 2011. The fact remained that the Board had suffered an unrealizable loss of interest of ₹ 0.63 crore and arrears of bills were pending realisation.

### 3.12.7 Wrong categorisation of Consumers

As per Part-A, Clause 2.3 of the tariff order (w.e.f. 01/11/2006), NDS-III category applies only to places of worship and burial/crematorium grounds. Other urban non-domestic consumers with load upto 60 KW come under NDS-II. A test check of records of ESD, Muzaffarpur (Urban) revealed that 20 consumers (mainly hospitals and telecom companies) were wrongly classified as NDS-III instead of NDS-II which led to a revenue loss of ₹ 26.07 lakh (April 2007 to March 2011).

The Board stated that all the consumers have been charged accordingly as per audit advice.

### 3.12.8 Loss due to delay in conversion into HT category

As per part B of the tariff order (November 2006), consumers having load of 75 KVA and above should be classified under HTS. A test check of records of six[29] ESDs revealed that 13 NDS-II consumers were detected using load in excess of 67.5 KW (i.e.75 KVA). However, their loads were not regularized from NDS-II to HTS-I within one month. Due to non conversion of load in specified category, the Board suffered a revenue loss of ₹ 1.98 crore (April 2006 to March 2011).

The Board accepted the facts and stated that few consumers had been converted into HTS-1 and the process of conversion in case of other consumers was in progress.

[29] ESD Kankarbagh, ESD Muzaffarpur(U), ESD Danapur, ESD Bankipur, ESD Dakbungalow, ESD Banka and NC Divison, Patna.

### 3.12.9 Non-disconnection of supply of consumers with huge arrears

**Non-disconnection of supply of defaulting consumers resulted in accumulation of arrears of ₹ 245.98 crore**

As per Bihar Electricity Supply Code, 2002 and 2005, in case the electricity dues were not deposited by the consumer within due date indicated in the bill, the supply would be disconnected temporarily. We observed that, in seven ESD[30] and one ESC (Muzaffarpur) of the Board, 3514 consumers had arrears of more than ₹ one lakh each, did not make payment of electricity dues for eight to 30 months but their supplies were not disconnected in violation of the above provisions. Non-disconnection of supply of these defaulting consumers resulted in accumulation of arrears of ₹ 245.98 crore (March 2011).

The Board while accepting the facts replied that the consumers having dues above ₹ one lakh were being disconnected regularly under all divisions. However, the Board has not taken any steps to realise the arrears of energy bills so far (November 2011).

### 3.12.10 Failure to finalise Permanent Disconnection cases

In five ESDs[31], 1556 consumers had arrears of more than ₹ one lakh each did not deposit their dues for 10 to 36 months. The supplies of these consumers were disconnected temporarily and billing was stopped. The Board neither disconnected the supply permanently nor finalized the accounts of these consumers. This resulted in non-realisation of arrears amounting to ₹ 52.86 crore (March 2011).

The Board accepted the facts and replied that action for realisation of dues vis-à-vis permanent disconnection of consumers who were not making the payment of admitted dues was being taken.

## 3.13 Financial position and working results

One of the major aims and objectives of the National Electricity Policy of 2005 was to ensure financial turnaround and commercial viability of the electricity sector. The financial position of the Board for the past five years ending 2010-11 was as given below:

30 ESD Muzaffarpur (Urban), ESD Muzaffarpur(East), ESD Bihta, ESD Danapur, ESD Fatuha, ESD Bankipur and ESD NC, Patna.

31 ESD Muzaffarpur(Urban), ESD Muzaffarpur (East), ESD Bihta, ESD Fatuha and ESD Bankipur.

(₹ in crore)

| Particulars | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 (provisional) |
|---|---|---|---|---|---|
| **A. Liabilities** | | | | | |
| Paid up Capital | Nil | Nil | Nil | Nil | Nil |
| Reserves & Surplus (including Capital Grants but excluding Depreciation Reserve) | Nil | Nil | Nil | Nil | Nil |
| Borrowings (Loan Funds) | | | | | |
| Loans from Government | 5577.62 | 5764.95 | 6151.01 | 6493.65 | 8493.88 |
| Capital liabilities | 3829.17 | 4423.27 | 5616.64 | 6763.89 | 8223.35 |
| Current Liabilities & Provisions | 2812.26 | 3049.34 | 3302.59 | 3738.72 | 3832.13 |
| **Total** | **12219.05** | **13237.56** | **15070.24** | **16996.26** | **20549.36** |
| **B. Assets** | | | | | |
| Gross Block | 2242.42 | 2418.34 | 2556.51 | 2864.80 | 3856.07 |
| Less: Depreciation | 1630.81 | 1684.44 | 1740.85 | 1800.57 | 1883.35 |
| Net Fixed Assets | 611.61 | 733.89 | 815.66 | 1064.23 | 1972.72 |
| Capital works-in-progress | 833.97 | 808.73 | 934.09 | 881.20 | 1282.04 |
| Investments | 415.02 | 503.94 | 899.78 | 829.57 | 1471.48 |
| Subsidy receivable from State Government | 4315.65 | 4315.65 | 4315.65 | 4315.65 | 4315.65 |
| Current Assets, Loans and Advances | 4454.48 | 4702.33 | 4927.47 | 5316.13 | 5626.61 |
| Assets not in use | 3.61 | 3.61 | 3.61 | 3.61 | Nil |
| Regulatory Assets | 60.00 | 60.00 | 60.00 | 60.00 | 60.00 |
| Accumulated losses | 1524.71 | 2109.41 | 3113.98 | 4525.87 | 5820.86 |
| **Total** | **12219.05** | **13237.56** | **15070.24** | **16996.26** | **20549.36** |
| **Debt : Equity** | **NA** | **NA** | **NA** | **NA** | **NA** |
| **Net Worth** | (-) 1524.71 | (-) 2109.41 | (-)3113.98 | (-) 4525.87 | (-)5820.86 |

The following observations are made:

- The accumulated losses of the Board had increased by 281.77 *per cent* from ₹ 1524.71 crore in 2006-07 to ₹ 5820.86 crore in 2010-11.
- The borrowings (loan from Government) increased from ₹ 5577.62 crore in 2006-07 to ₹ 8493.88 crore in 2010-11. As there was negative growth in net worth, the Board was facing cash deficit and dependent mainly on borrowings to implement the various schemes and other activities. The subsidy receivables of ₹ 4315.65 crore pertained to the period prior to the year 2006-07 (accumulated) was not released by the State Government even after expiry of more than five years.

### 3.13.1 Working results

The table summarizes the working results of the Board for the past five years period from 2006-07 to 2010-11.

(₹ in crore)

| Sl.No. | Description | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 (provisional) |
|---|---|---|---|---|---|---|
| 1. | **Income** | | | | | |
| (i) | Revenue from Sale of Power | 1275.94 | 1464.22 | 1675.56 | 1861.52 | 2409.69 |
| (ii) | Revenue subsidy & grants | 720 | 720 | 720 | 840 | 1080.00 |
| (ii) | Other income | 116.32 | 124.04 | 89.74 | 94.37 | 118.85 |
| | **Total Income** | **2112.26** | **2308.26** | **2485.30** | **2795.89** | **3608.54** |
| 2. | **Distribution (In MUs)** | | | | | |
| (i) | Total power purchased and generated | 8215.77 | 8264.12 | 8904.25 | 10205.99 | 11198.25 |
| (ii) | Less: Transmission losses and auxiliary consumption | 300.85 | 302.82 | 319.56 | 369.41 | 315.39 |
| (iii) | Net Power available for Sale | 7914.92 | 7961.30 | 8584.69 | 9836.58 | 10882.86 |
| (iv) | Less: Sub-transmission & distribution losses | 3373.24 | 3109.74 | 3260.05 | 3769.36 | 4743.72 |
| | **Net power sold** | **4541.68** | **4851.56** | **5324.64** | **6067.22** | **6139.14** |
| 3. | **Expenditure on Distribution of Electricity** | | | | | |
| (a) | **Fixed cost** | | | | | |
| (i) | Employees cost | 459.73 | 471.31 | 537.00 | 479.92 | 488.82 |
| (ii) | Administrative and General expenses | 18.95 | 23.98 | 30.04 | 30.06 | 34.74 |
| (iii) | Depreciation | 36.49 | 38.73 | 42.31 | 46.38 | 72.01 |
| (iv) | Interest and finance charges | 597.07 | 608.29 | 631.22 | 672.16 | 747.02 |
| (v) | Other Expenses | | | | | |
| | **Total fixed cost** | **1112.24** | **1142.31** | **1240.57** | **1228.52** | **1342.59** |
| (b) | **Variable cost** | | | | | |
| (i) | Purchase of Power[32] | 1493.90 | 1626.77 | 1920.85 | 2529.46 | 3236.93 |
| (ii) | Electricity Duty | | | | | |
| (iii) | Transmission/ Wheeling Charges | | | | | |
| (iv) | Repairs & Maintenance | 15.73 | 19.97 | 26.55 | 39.30 | 43.54 |
| | **Total variable cost** | **1509.63** | **1646.74** | **1947.40** | **2568.76** | **3280.47** |
| (c) | **Total cost 3(a) + (b)** | **2621.87** | **2789.05** | **3187.97** | **3797.28** | **4623.06** |
| 4. | Realisation (₹ per unit) (including revenue subsidy) | 4.65 | 4.76 | 4.67 | 4.61 | 5.88 |
| 5. | Fixed cost (₹ per unit) | 2.45 | 2.35 | 2.33 | 2.02 | 2.19 |
| 6. | Variable cost (₹ per unit) | 3.32 | 3.39 | 3.66 | 4.23 | 5.34 |
| 7. | Total cost per unit (in ₹) (5+6) | 5.77 | 5.74 | 5.99 | 6.25 | 7.53 |
| 8. | Contribution (4-6) (₹ per unit) | 1.33 | 1.37 | 1.01 | 0.38 | 0.54 |
| 9 | **Profit (+)/Loss(-) per unit (in ₹) (4-7)** | **(-)1.12** | **(-)0.98** | **(-)1.32** | **(-)1.64** | **(-)1.65** |

It may be seen from the above, that the realisation per unit had increased from ₹ 4.65 to ₹ 5.88 during performance audit period (26.45 *per cent*) and at the same time the cost per unit had also increased from ₹ 5.77 to ₹ 7.53 (30.50 *per cent*).

32 Total power purchased includes net power generated at BTPS.

The contribution per unit had decreased by 59.40 *per cent* during the period 2006-2011.

There was a revenue gap of ₹ 509.61 crore in 2006-07 (including revenue subsidies & grants), which had increased to ₹ 1014.52 crore in 2010-11. The higher cost of sale of energy was mainly due to increase in cost of purchase of power and interest and finance charges as compared to its revenue from the sale of power. The Board was also required to take remedial measures to reduce T&D losses and to increase its operational efficiency, so as to reduce the loss per unit.

## 3.14 Financial Management

The financial viability of the Board was generally influenced by the various factors such as

- Filing of Aggregate Revenue Requirement (ARR) and revision of tariff.
- Adequacy of tariff to cover the cost of operation;
- Timely release of promised subsidy by the Government;and
- Cross subsidization policy of the Government and its implementation by the Board.

Each of these factors has been discussed in the following paragraphs.

### 3.14.1 Filing of ARR

The tariff structure of the Board was subject to revision approved by the BERC after the objections, if any, received against ARR petition filed by them within the stipulated date. The Board was required to file the ARR for each year at least 136 days before the commencement of the respective financial year i.e. by 15 November of each year for the next financial year. The BERC approves the application filed by the Board with such modifications/conditions as may be deemed just and appropriate and after considering all suggestions and objections from public and other stakeholders. The table below indicates the position of filing of ARR for the period 2006-07 to 2010-11.

| Year | Due date of filing | Actual date of filing | Delay in days | Date of approval | Effective date |
|---|---|---|---|---|---|
| 2006-07 | 15/11/2005 | 04/08/2006 | 262 | 29/11/2006 | 01/11/2006 |
| 2007-08 | 15/11/2006 | 18/12/2007 | 399 | Not Approved | - |
| 2008-09 | 15/11/2007 | 14/02/2008 | 91 | 26/08/2008 | 01/09/2008 |
| 2009-10 | 15/11/2008 | 09/10/2009 | 329 | Not Approved | - |
| 2010-11 | 15/11/2009 | 03/02/2010 | 80 | 06/12/2010 | 01/12/2010 |

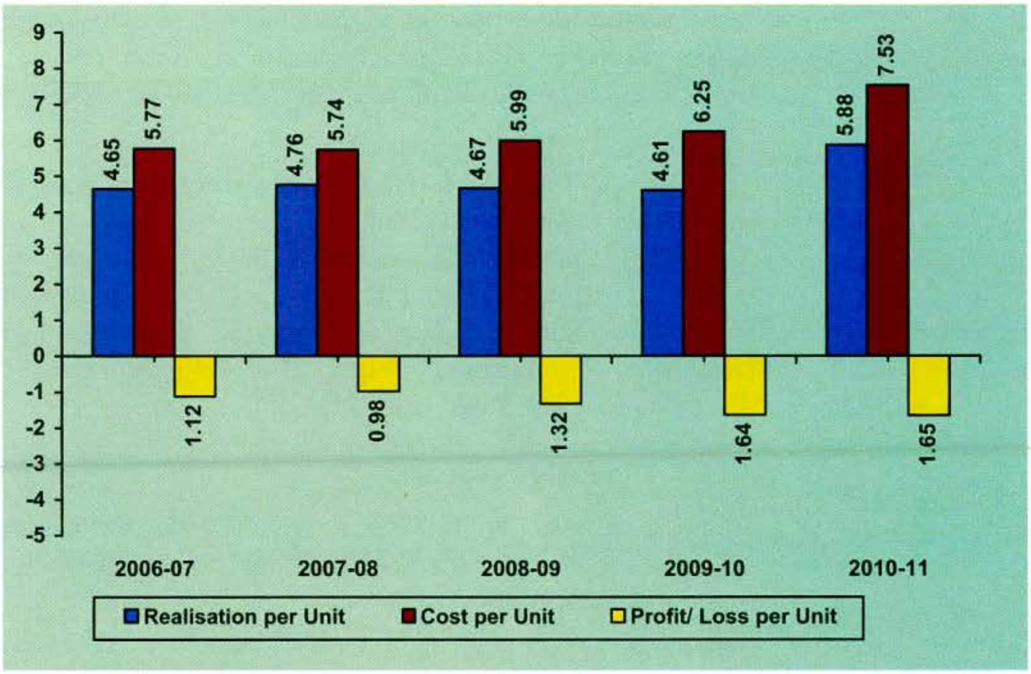
**Delay in filing of ARR resulted in the Board suffering an aggregate loss of ₹ 963.85 crore**

It was observed that there were delays in the filing of ARR each year ranging from 80 to 399 days leading to disallowance of ARR in 2007-08 and 2009-10. The filing of tariff was affected mainly due to inordinate delay in compilation of requisite information and rejections of filed tariff petition by BERC in the absence of submission of complete information. Belated filing of ARR also caused delay by five to eight months in approval of the tariff revision which resulted in loss of an aggregate revenue of ₹ 963.85 crore[33] to the Board during the period 2006-07 to 2010-11.

The Board stated that delay in filing of tariff petition was mainly due to lack of institutional arrangement and expertise. A professional consultant had been appointed and true-up petitions for financial years 2006-09, review petition for 2010-11 and ARR for FY 2012-13 have been prepared. The Board had filed a claim in true-up petition of a realisable revenue of more than ₹ 8000 crore for the period under reference.

### 3.14.2 Recovery of cost of operation

Cost of operation and income generated per unit of power sold during the last five years ending 31 March 2011 are given below:-




It may be seen from the above depiction that the Board was not able to recover its cost of operations as the realisation per unit was always below the cost per unit which led to increase in loss per unit from ₹ 1.12 to ₹ 1.65 during 2006-07 to 2010-11.

Detailed analysis revealed that the tariff was lower than breakeven levels (in percentage terms) of revenue from sale of power at the present level of operations and efficiency for the last five years ending 31 March 2011 as shown in the table below:

33 ₹ 107.79 crore in 2006-07, ₹ 114.15 crore in 2007-08, ₹ 13.95 crore in 2008-09, ₹ 694.91 crore in 2009-10 and ₹ 33.05 crore in 2010-11.

*(₹ in crore)*

| Year | Sales (excluding subsidy) | Variable costs | Fixed costs | Contribution | Deficit in recovery of fixed costs | Deficit as percentage of sales |
|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) = (2) – (3) | (6) = (4) – (5) | (7)={(6)/(2)} X 100 |
| 2006-07 | 1275.94 | 1509.63 | 1112.24 | (233.69) | 1345.93 | 105.49 |
| 2007-08 | 1464.22 | 1646.74 | 1142.31 | (182.52) | 1324.83 | 90.48 |
| 2008-09 | 1675.56 | 1947.40 | 1240.57 | (271.84) | 1512.41 | 90.26 |
| 2009-10 | 1861.52 | 2568.76 | 1228.52 | (707.24) | 1935.76 | 103.99 |
| 2010-11 | 2409.69 | 3280.47 | 1342.59 | (870.78) | 2213.37 | 91.85 |

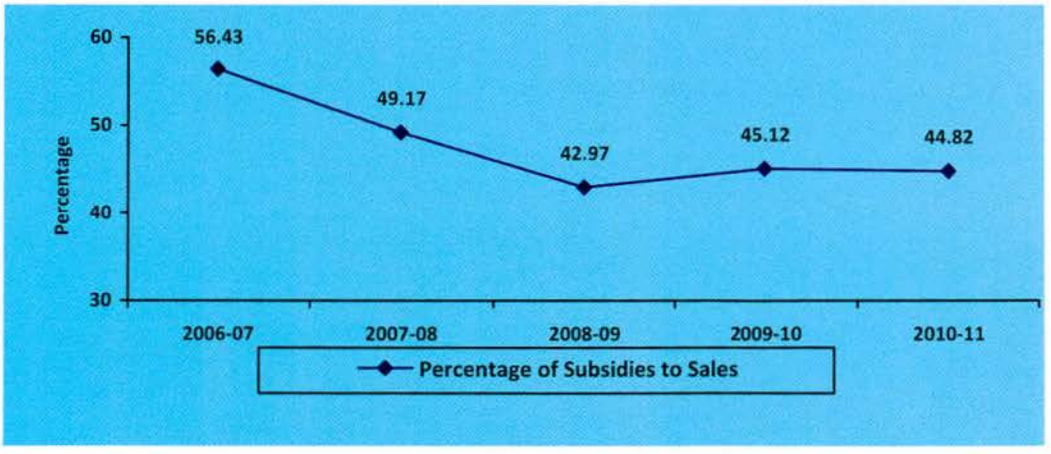
It could be seen from above table that contribution was always negative and increased from ₹ 233.69 crore to ₹ 870.78 crore (272.62 *per cent*) during 2006-11 which resulted into non-recovery of cost of sales of power. Against 88.86 *per cent* increase in sales during 2006-11, the corresponding increase in variable cost and fixed cost was 117.30 *per cent* and 20.71 *per cent* respectively. Steep rise in variable cost was attributable to rise in cost of power purchase. Non-revision of tariff and non-receipt of subsidy in terms of tariff from State Government were the major reasons for non-recovery of variable cost.

The cost could have been recovered by improving operational efficiency, viz., reduction in /control of AT & C losses, conversion of LT lines to HT lines, metering of unmetered connections/ defective meters, improving billing and collection efficiency, etc., which have been discussed separately in this performance audit. Further, reduction of cross subsidisation among various categories of consumers might also help in improving the position as discussed in subsequent paragraphs.

### 3.14.3 Subsidy support

As per Section 65 of the Electricity Act, 2003, the Government was required to pay, in advance, the subsidy element to the Board so that their operation was not adversely affected.

The graph below indicates revenue subsidy support from State Government (against concessional tariff) as a percentage of sales[34] for the last five years ending 31 March 2011.




[34] The figures here is excluding revenue subsidy from State Government for concessional tariff.

The subsidy support from the Government in terms of percentage of sales had been decreasing during the period 2006-07 to 2010-11 except in 2009-10. The percentage of revenue subsidy ranged between 42.97 and 56.43 which was a matter of concerns as the subsidy might be withdrawn over a period of time in a phased manner so that tariff would cover average cost of supply to consumers. Further, the details of subsidy during the last five years ending March 2011 are given below:-

**(₹ in crore)**

| Particulars | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 (provisional) |
|---|---|---|---|---|---|
| **Opening balance** | 4315.65 | 4430.52 | 4583.80 | 4662.5 | 4732.58 |
| **Add: Due from State Government during the year** | 834.87 | 873.28 | 798.7 | 910.08 | 1080 |
| **Less: Received during the year** | 720 | 720 | 720 | 840 | 1080 |
| **Closing balance** | 4430.52 | 4583.80 | 4662.5 | 4732.58 | 4732.58 |

During the period 2006-07 to 2010-11, against the subsidy claims of ₹ 4,496.93 crore, the State Government had released subsidy of ₹ 4, 080 crore. There was shortfall of ₹ 416.93 crore of subsidy released and also subsidy of ₹ 4, 315.65 crores pertained to the period prior to 2006-07 was pending realisation. As a result, to finance its operation, the Board had to resort to borrowings from Government which had increased from ₹ 5,577.62 crore (2006-07) to ₹ 8, 493.88 crore (2010-11).

### 3.14.4 Cross Subsidization policy of the Government and its implementation

Section 61 of the Electricity Act, 2003, stipulates that the tariff should progressively reflect the average cost of supply (ACOS) of electricity and also reduce cross subsidy in a phased manner. National Tariff Policy also envisaged that the tariff of all categories of consumers should range within plus or minus 20 *per cent* of the ACOS by the year 2010-11. The position in this regard over the performance audit period as per approved tariff is indicated in ***Annexure-18***.

It may be seen from the ***Annexure-18*** that the target envisaged in the National Tariff Policy was not achieved, as the percentage of cross subsidy were in the range of 12.22 to 91.17 over the performance audit period, while agricultural category remained highly subsidised between 73.26 *per cent* and 91.17 *per cent* of ACOS. Railway traction was the least subsidised between 20.69 *per cent* and 32.10 *per cent* of ACOS. Cross subsidy of interstate sale of power was 12.22 *per cent* in 2008-09.

## 3.15 Consumer Satisfaction

One of the key elements of the Power Sector Reforms was to protect the interest of the consumers and to ensure better quality of service to them. The consumers often face problems relating to supply of power such as non-availability of the distribution system for the release of new connections or extension of connected load, frequent tripping on lines and/ or transformers and improper metering and billing.

The Board was required to introduce consumer friendly actions like introduction of computerized billing, online bill payment, establishment of customer care centres, etc. to enhance satisfaction of consumers and reduce the advent of grievances among them. The billing issues have already been discussed in preceding paragraphs. The redressal of grievances is discussed below.

### 3.15.1 Redressal of Grievances

The BERC specified the mode and time frame for redressal of grievance in Consumer Grievance Redressal Forum and Electricity Ombudsman Regulations 2006 in pursuance of the Electricity Act 2003. The Commission had also prescribed the Standards of Performance for the Board in which the time limit for rendering services to the consumers and compensation payable for not adhering to the same were provided. The nature of services contained in the Standards *inter-alia* include line breakdowns, Distribution Transformer failures, period of load shedding/ scheduled outages, voltage variations, meter complaints, installation of new meters/ connections or shifting thereof, etc. Two separate wings viz. (i) Public Grievance (PG) cell and (ii) Consumer Grievance Redressal Forum (CGRF) were constituted for redressal of consumer grievances.

To enable the compilation of complaints for assessing the performance on this account, separate registers were maintained by the Board. The above provisions were applicable to the Board since April 2007 (date of notification). However, the BERC granted one year exemption from compliance of above provisions to the Board. The overall position as regard receipt of complaints and their clearances is depicted in the table below.

**(number in lakh)**

| S.No. | Particulars | 2008-09 | 2009-10 | 2010-11[35] |
|---|---|---|---|---|
| 1. | Total complaints received | 3.14 | 3.35 | 3.05 |
| 2. | Complaints redressed within time | 2.59 | 2.43 | 2.57 |
| 3. | Complaints redressed beyond time | 0.20 | 0.40 | 0.15 |
| 4. | Pending complaints | 0.35 | 0.52 | 0.33 |
| 5. | Percentage of complaints redressed beyond time to total complaints | 17.52 | 27.46 | 15.74 |

Though there was improvement in complaint redressal during 2010-11 (84.26 *per cent* complaint were redressed within time), the Board should adhere to prescribed time schedule in this regard.

The BERC also directed (April 2007) the Board to submit quarterly/ annual information on Standards of Performance.

35 Excluding Electric Supply Circles Darbhanga, Muzaffarpur, Munger, Patna and Saharsa.

We observed:

- During 2009-10, 11 out of 16 circles could not achieve their targeted performance level (95 *per cent*) fixed by BERC with respect to replacement of failed transformers.
- During 2010-11, nine out of 11 circles could not achieve their targeted performance level (99 *per cent*) fixed by BERC with respect to correction of billing mistakes.
- During 2010-11, out of 9712 complaints (in 11 circles) regarding new connections where extension of distribution mains was required, only 925 complaints (9.52 *per cent*) were redressed within stipulated time.

## 3.16 Energy Conservation

Recognising the fact that efficient use of energy and its conservation is the least-cost option to mitigate the gap between demand and supply, the GOI enacted the Energy Conservation Act, 2001. The conservation of energy being a multi-faceted activity, the Act provides both promotional and regulatory roles on the part of various organizations. The promotional role includes awareness campaigns, education and training, demonstration projects, R & D and feasibility studies. The regulatory role includes framing rules for mandatory audits for large energy consumers, devising norms of energy consumption for various sectors, implementation of standards and provision of fiscal and financial incentives.

We observed that despite direction issued vide Tariff Order 2006-07 by BERC regarding measures to be implemented for energy conservation, the Board did not formulate any energy conservation policy during 2006-07 to 2010-11. The Board did not initiate any of the promotional measure such as financial incentives for energy conservation measure, energy conservation awards, incentive for encouraging reduction of T &D loss, popularising the use of non conventional energy sources such as solar water heater etc. The Board also did not initiate any awareness campaigns for energy conservation of demand side.

Further, as per Energy Conservation Act, 2001, there was mandatory provision for implementation of energy conservation Building codes for new commercial building having connected load of 500 KW or more. However, the Board did not implement the energy conservation Building codes.

## 3.17 Energy accounting and Audit

A concept of comprehensive energy audit was put in place with the objective of identifying the areas of energy losses and take steps to reduce the same through system improvements besides accurately accounting for the units purchased/ sold and losses at each level. The main objectives of energy audit are as follows:

- Better and more accurate monitoring of the consumption of electricity by consumers;
- Elimination of wastages;

- Reduction of downtime of equipment;
- Massive savings in operational costs and increase in revenue, etc.

**Due to non-installation of meters in the distribution system, the Board failed to commence Energy Audit**

Scrutiny of records revealed that the Board could not install system meters completely in the distribution side (11 KV feeder as well as in DTRs). As against 16 Circle, System metering was installed in 12 Circle only. As against total number of 43491 DTRs, meters were installed in 16035 DTRs. Thus, due to non-installation of meters in the distribution system, the Board failed to commence Energy Audit during 2006-07 to 2010-11.

Further, the Board had only prepared monthly energy Accounting Report which was based on the meter reading available and energy supplied from Grid Sub-station (220/132KV) to Power Sub-station (33KV) for calculation of transmission losses. No energy accounting reports were prepared for accounting of energy supplied at 11KV or LT side for calculation of distribution losses.

## 3.18 Monitoring by Top Management

The Board plays an important role in the State economy. For such a giant organization to succeed in operating economically, efficiently and effectively, there has to be a Management Information System (MIS) for monitoring by top management. The Board had developed (March 2010) a comprehensive MIS system comprising all the substantial areas of Generation, Transmission and Distribution system

It was noticed that there was no effective MIS during the period 2006-07 to 2009-10. Following observations were made:

- As discussed earlier, the Board could not collect and compile the required information for preparation of ARR in time, leading to delay in submission of ARR to BERC. The delay in filling of ARR ranged from 80 to 399 days during the performance audit period. As a result, the Board suffered revenue loss of ₹ 963.85 crore during the performance audit period.
- No target for failure of transformers was set by the Board during the performance audit period. The maintenance schedule for transformer, basic records such as census of transformers, history card were not being maintained. In absence of proper monitoring system, the damage rate of transformer increased continuously from 10.4 *per cent* to 17.46 *per cent* during period 2006-07 to 2010-11.
- The Board could not reduce AT & C losses and T&D losses which increased to 42.79 and 43.59 *per cent* respectively during 2010-11 from 37.54 and 38.32 *per cent* respectively during 2009-10.
- The Board realized only 18.95 *per cent* to 25.86 *per cent* of total outstanding revenue during performance audit period which indicated poor monitoring system on revenue realization.

- The Board did not fix any target for conducting raids for STF. The percentage of raid ranged between 0.08 and 0.24 against total consumers during the performance audit period.

## Conclusion

**Planning for creation of additional infrastructure was deficient as it was done without considering the area wise future load growth which resulted in mismatch between transformation capacity and connected load.**

**Board's performance in rural electrification was very poor as it could electrify only 41 *per cent* of the targeted villages for electrification during the review period. It could spend only 44 *per cent* of the funds allotted and kept ₹ 320 crore unspent. Due to poor contract management, lack of monitoring and inefficient execution of projects, the projects were delayed and suffered cost over run and the Board could not derive the desired benefit of the schemes.**

**Performance of the Board in consumer metering was not encouraging as the target of consumer metering was not achieved in any of the years. Out of total consumers of 35 lakh, 10.24 lakh consumers were un-metered while 1.28 lakh consumers were with defective meters. Board failed to make the correct assessment of power purchase. Due to drawal of power under UI, the Board incurred an extra expenditure. The operations carried out by the Board were not efficient as the Board failed to reduce T&D losses. There were continuous increase in DTR failure rate and delay in providing new connections. Due to lack of co-ordination between STF & concerned divisions raids did not yield desired result.**

**Board did not submit ARR in time and cross subsidization was beyond the norms. Billing of the energy consumed was not efficient and as a result, the Board suffered revenue loss due to short/non billing, incorrect application of tariff, wrong categorization of consumers, etc. Revenue collection was also poor as there were ₹ 5,700 crore outstanding for collection.**

**Board failed to redress the grievances of the consumers within stipulated time schedule especially in case of replacement of burnt transformer and providing new connections. As the system metering was not done in all the supply circles, the energy accounting with respect to 11 KV feeders and DTRs could not be started despite installation of system meters on feeders and DTRs. No significant action was taken towards awareness of energy conservation.**

## Recommendations

- **Planning for creation of additional infrastructure should be done on the basis of the past load growth trends, current load and projected load growth in future to make the system equally efficient and to reduce the gap between transformation capacity and connected load in all circles. The Board may accelerate the**

**process of rural electrification by spending the funds made available for the purpose.**

- **Effective contract management and regular monitoring of execution of projects and schemes should be done to avoid delay and cost over run. The Board may endeavour to achieve maximum of consumer metering.**
- **The Board should implement effective measures to reduce the T&D losses in phased manner.**
- **Correct application of the Tariff Orders should be ensured in the billing system and the Board should be prompt in realisation and collection of outstanding dues.**
- **The Board should ensure the filing of ARR in time so as to reduce losses due to delayed implementation of new rates.**
- **The Board should ensure the installation of system meters in all the Supply Circles so that the Energy Audit could be started and at the same time the Board should initiate awareness campaign regarding Energy Conservation.**

# CHAPTER IV

## 4. TRANSACTION AUDIT OBSERVATIONS


Rajgir Ropeway (Rajgir)

# Chapter IV

# 4. Transaction Audit Observation

Important audit findings emerging from test check of transactions of the State Government Companies/Statutory Corporations are included in this Chapter.

## Government Companies

## Bihar State Food & Civil Supplies Corporation Limited

### *4.1 Loss of ₹ 2.91 crore due to non-registration of land*

**Company's failure to timely get the purchase of land registered in their name resulted in a loss of ₹ 2.91 crore.**

The Board of Directors (Board) of Bihar State Food & Civil Supplies Corporation Limited (Company) passed a resolution (March 1983) for purchase of land measuring 1.48 acres situated at Malsalami disapproving the proposal for setting up a rice mill. This land was adjacent to its SILO (Granary) at Patna city. The Company paid (June 1983) the total consideration of ₹ 3.52 lakh to M/s Sri Krishna Goshala (SKG) and took (January 1984) possession of 1.41 acres of land. The Company, however, did not get the sale deed of land registered in their name till 1998. In October 1998, M/s SKG requested the Company to return the land since it was running into losses.

Between the period October 1998 and March 2006 the Company, except for sending several routine requests and reminders to the District Administration to permit them to register the land in their name, did not actively pursue the matter. Meanwhile, M/s. SKG returned (September and October 2004) the consideration amount of ₹ 3.70 lakh to the Company which it did not accept. The Company also took a legal opinion (August 2005) from a legal counsel who opined to file a suit in Civil court to get the land registered in their name. The Company, however, could not file the suit as the sale of the land was executed on a plain paper (January 1984) which was not sustainable in the Court of Law. The Managing Director of the Company had placed a proposal (September 2010) before the Board to return the land to M/s SKG against the consideration of ₹ 8.57 lakh (including simple interest for past 27 years four months).

The Company did not initiate effective steps in past 27 years to get the land registered in their name as well as to protect the land from encroachment by M/s. SKG. The Company also did not have the proper documents to file suit in the Court to get the land registered in their name.

The Management, without ascertaining the prevalent market value of the land, handed it over to M/s SKG at its original cost price plus five *per cent* simple interest i.e. ₹0.09 crore which resulted in a loss of ₹ 2.91[1] crore to the Company.

The Management stated (May 2011) that several requests to District Magistrate, Patna had been made for permission of registration of land but since permission had not been given by the District Administration, the registration could not be done. The reply of the Management was not acceptable as the Company's activities were not in their best interest since the possession of the land for the last 27 years was sufficient evidence in the eyes of law about the ownership of the property. By parting with the possession of the land, the Company suffered a loss of ₹ 2.91 crore.

The matter was reported to the Government (June 2011); their reply was awaited (December 2011).

**Bihar State Text Book Publishing Corporation Limited**

### *4.2 Irregular grant to Chief Minister Relief Fund: ₹ One crore*

**The Company contributed donation of ₹ one crore in violation of the provisions of the Companies Act, 1956 which was against the canons of financial prudence.**

Section 293(1) (e) of the Companies Act, 1956 (Act) restricts the powers of the Board of Directors of a public Company to contribute to charitable and other funds not directly relating to the business of the Company or the welfare of their employees. The Company may contribute any amount the aggregate of which, within any financial year, does not exceed fifty thousand rupees or five *per cent* of its average profit during the three financial years immediately preceding, whichever was greater. Where the contribution is likely to exceed the aforesaid limit, the same must be done with the prior consent of the Company in a General Meeting.

We observed (July 2010) that Bihar State Text Book Publishing Corporation Limited (Company), a public limited company, contributed (September 2008) ₹ one crore (41.67 *per cent* of its average profit for three immediately preceding financial years) to Chief Minister Relief Fund. Since the contribution exceeded the limits specified by the Companies Act, prior consent of the Company in the General Meeting was required to be obtained, but the same was not done by the Company.

Thus, the action of the Company to donate ₹ one crore during 2008-09 was not only in violation of the Act but also against the canons of financial prudence.

The Management justified (December 2011) the contribution to the fund and stated that due to non-apportionment of the shares of the Company between Governments of Bihar and Jharkhand, the Annual General Meeting of the Company was not held since December 2007. Further, the Board had resolved

[1] Market value of the land i.e. ₹ 2,99,62,500 - consideration received back i.e. ₹ 8,57,000 = ₹ 2,91,05,500.

(November 2011) to put up the matter for the *post-facto* approval in the Annual General Meeting to be held in the future. The reply was not in consonance with the provisions of the Companies Act since the contribution was irregular *ab-initio* and the Act does not provide for its subsequent regularisation through *post- facto* approval in the General Meeting.

The Company should ensure compliance with the provisions of the Companies Act, 1956 prior to contributing to charitable and other funds not directly relating to the business of the Company or the welfare of their employees.

The matter was reported to the Government (May 2011); their reply was awaited (December 2011).

### *4.3 Infructuous expenditure of ₹ 4.76 crore due to failure in delivery of printed textbooks in time*

**Failure of the Company to supply the textbooks in time before the academic year and revision of syllabus rendered the expenditure of ₹ 4.76 crore infructuous.**

Bihar Education Project Council (BEPC) placed an order(October 2008) for 9.66 crore text books on Bihar State Text Book Publishing Corporation Ltd (Company), Patna for printing, packing and delivery for class I to VIII under Sarva Siksha Abhiyan (SSA) 2009-10. Since these books were to be used during the academic year 2009-10, the scheduled date of delivery was 15 March 2009. Though, the time available for printing and delivery of the text-books was merely five months, which was not adequate considering the volume of the order, the Company, however, issued orders for printing to private printers in December 2008.

We observed (July 2010) that the Company did not deliver the printed text-books to BEPC within the stipulated time of March 2009. Instead, it made several requests to BEPC for grant of time extension for delivery of books, with the latest extension being allowed up to 15.11.2009. Meanwhile, the State Education Research and Training Council, Patna intimated (August 2009) the introduction of a new syllabus for class I, III & VI from the academic year 2010-11.

The Company, despite time extensions allowed as well as prior intimation of change in syllabus for class I, III & VI, did not ensure timely printing and packing of textbooks. This resulted in 27.28 lakh books of class I, III and VI valuing ₹ 4.76 crore with the Company becoming obsolete and irrelevant. Since these books were not utilized, the Company decided (July 2010) to dispose off these books by way of distributing to the poor children of the Society.

Failure of the Company to ensure timely delivery of the textbooks resulted in an infructuous expenditure of ₹ 4.76 crore to the Company.

The Management stated (October 2010) that time constraints and other reasons such as lack of space, complex nature of packing, Parliament elections and floods in some districts, etc led to the non-delivery of printed textbook. The Company despite knowing the change in the syllabus failed to ensure its delivery schedule. In addition, the Company did not safeguard their financial interest by incorporating the suitable penal clause and/or Liquidated Damages clauses in the agreement with the private printers for delay in the delivery of books which resulted in an infructuous expenditure of ₹ 4.76 crore.

The matter was reported to the Government (May 2011 ); their reply was awaited (December 2011).

**Bihar State Credit & Investment Corporation Limited**

### *4.4 Failure to comply with the terms and conditions of the agreement resulting in non-recovery of dues*

**Failure on the part of the Company to comply with the terms and conditions of the loan agreement resulted in non-recovery of dues of ₹ 15.08 crore.**

Bihar State Credit & Investment Corporation Ltd. (Company) is registered under the Companies Act, 1956. Government of India vide their Notification[2] declared that the provisions of the Sections 29, 30, 31, 32, 32(A), 32(B), 32(C) and 32(D) of the State Financial Corporations Act (SFC Act) ,1951 would be applicable to the Company since it was engaged in financing activities. Section 29 of the said SFC Act empowered the Financial Corporation to take over the management or possession of the defaulting industrial concern, and to transfer/take over the property pledged or assigned to the Financial Corporation. The units taken over are then sold/auctioned for the realisation of the outstanding dues of the defaulting units. Further, in cases where the outstanding amount was not fully realised by way of such sale proceeds, the balance amount was to be recovered by invoking the collateral security and/or the personal guarantee of the promoters/directors/guarantors.

We observed (June 2011) that the Company had sold nine industrial units during the period 2002-2009, realising ₹ 2.23 crore (i.e. 12.9 *per cent)* in respect of six industrial units[3] against the recoverable dues of ₹ 17.31 crore. For the remaining recoverable dues of ₹ 15.08 crore, the Company was required to invoke the irrevocable and unconditional personal guarantee of the promoters/directors of the loanee units for realisation of dues. However, in case of six industrial units, out of the nine sold, the Company did not initiate any such action even after lapse of two to eight years from the date of sale of these units. Thus, failure on the part of the Company to adhere to the terms and conditions of the loan agreement led to non-realisation of the recoverable dues of ₹ 15.08 crore as on March 2011.

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2 Notification No. F.6 (1)/88-IF.II Dated 29.02.1988.

3 M/s Bala Paper Mills Pvt. Ltd., M/s Bhagwati Solvex (P) Ltd., M/s Ellen Drinks (P) Ltd., M/s MSL Industries (P) Ltd., M/s GR Magnets (P) Ltd., M/s Adarsh Paper Board (P) Ltd.

The Management replied (September 2011) that action had already been taken for the recovery of balance dues by way of institution of Public Demand Recovery ( PDR) cases as well as invocation of personal guarantee of the promoters/directors in respect of the nine industrial units. The reply was not correct as personal guarantee of the promoters/directors was invoked in respect of only three, out of nine cases, and the remaining six industrial units as highlighted above were left out finding them irrevocable. Therefore, in absence of proper legal recourse, recovery of the balance dues of ₹ 15.08 crore could not be made.

The matter was reported to the Government (August 2011), their reply was awaited (December 2011).

**Bihar Rajya Pul Nirman Nigam Limited and Bihar Police Building Construction Corporation Limited**

### *4.5 Creation of undue liability due to non-deduction of Labour Cess*

**Non-enforcement of labour cess led to creation of undue liability amounting to ₹ 8.19 crore.**

The Government of Bihar (GoB) vide an Extra Ordinary Gazette notification[4] enforced Labour Cess as envisaged by the Ministry of Labour, Government of India notification[5] of 'the Building and Other Construction Workers' Welfare Cess Act, 1996'. The Act specified deduction of Labour Cess at the rate of one *per cent* out of the cost of construction incurred by an employer. Accordingly, all Government Departments and Public Sector Undertakings, engaged in construction works were to deduct Labour Cess at the prescribed rate from the bills of the agencies and remit the same to the "Building and Other Construction Workers Welfare Board" (Welfare Board) through a crossed demand draft within 30 days of such deduction. If any employer failed to pay any amount of Labour Cess payable within the time specified, such employer would be liable to pay interest on the amount at the rate of two *per cent* for every month or part of a month till such amount was actually paid.

We observed (June 2011) that three[6] divisions of Bihar Rajya Pul Nirman Nigam Ltd. (BRPNN) and Patna division of Bihar Police Building Construction Corporation Ltd. ( BPBCC) were not effecting mandatory deduction of Labour Cess since April 2008. While BRPNN had started making deductions since February 2010, BPBCC was yet to start deduction (November 2011). Consequently, a sum of ₹ 5.60[7] crore was not deducted from the bills of contractors to be deposited with the concerned authorities as a

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4 Notification No: 865 dated 04 April 2008.

5 Central Gazette Notification No: SO 2899 of 26th September 1996.

6 Patna-I, Patna-II, and Road Divisions of BRPNN .

7 Includes labour cess of ₹ 5.11 crore due in respect of BRPNN for the period April 2008 to January 2010 and labour cess of ₹ 0.49 crore in respect of BPBCC for the period April 2008 to March 2011.

result of which the Company had been liable to pay penal interest to the tune of ₹ 2.59[8] crore. This resulted in creation of undue liability to the extent of ₹ 8.19 crore on account of Labour Cess and interest thereon (up to March 2011) towards the Labour Resources Department, GoB ***(Annexure-19)***. Thus, the Corporation incurred an avoidable liability of ₹ 8.19 crore.

BRPNN intimated (July 2011) that they had started making deduction of Labour Cess from February 2010.

The belated action of the Company in adhering to the Provisions of the Act resulted in an avoidable liability of ₹ 8.19 crore.

Reply of BPBCC was awaited (December 2011).

The matter was reported to the Government (June 2011), their reply was awaited (December 2011).

**Bihar State Industrial Development Corporation Limited**

### *4.6 Inadequate arrangements for safeguarding movable and immovable assets.*

**Inadequate safety arrangement resulted in encroachment of assets worth ₹ 21.32 crore.**

The Bihar State Industrial Development Corporation Limited (Company) was incorporated on 5 November 1960 with the objective to promote, establish and execute medium and large industry. The Company had become non-functional since 1991-92 due to financial crisis and redundant technology. The accounts of the Company were finalized and audited up to the year 1987-88 but yet to be adopted (December 2011) in the Annual General Meeting. According to the certified accounts for the year ended 31 March 1988, the Company had total assets of ₹ 4.19[9] crore.

Audit of the annual accounts (1987-88) of the Company revealed the following deficiencies in the maintenance of proper records and lack of adequate measures in safeguarding the movable and immovable properties by the Company:

**Inadequate maintenance of asset records & physical verification of assets.**

As per Section 209 (1) (c) of the Companies Act, 1956 (Act), Fixed Assets Register is mandatory to be maintained by the Company as a scientific and effective internal control system. The Company was required to maintain records in respect of each asset showing particulars such as its location, original cost, accumulated depreciation, technical and engineering

8 Includes penal interest of ₹ 2.48 crore in respect of BRPNN for the period April 2008 to January 2010 and penal interest of ₹ 0.11 crore in respect of BPBCC for the period April 2008 to March 2011.

9 Immovable assets ₹ 2.98 crore and movable assets ₹ 1.21 crore.

specification, identification number, etc. Our scrutiny (June 2011) revealed that the Company did not maintain adequate and up-to-date records depicting the essential information.

Physical verification of assets at regular intervals is an essential tool of internal control as it helps in ensuring the availability of assets in the possession of the Company, minimizes the risk of its loss/theft and encroachments enabling the Management to take timely remedial action.

We noticed that the Company did not carry out the physical verification of their assets for several years and consequently lacked knowledge regarding any discrepancy in its assets. Inaction in this regard thus exposed the assets of the Company to the risks of theft/ encroachment.

**Encroachment of assets worth ₹ 21.32 crore due to inadequate security arrangements**

Proper arrangement for security and watch and ward of the immovable properties of the Company (viz. land and building) is very essential as it ensures the free availability of the land and building for the Company. Our scrutiny, however, revealed that the Company did not make adequate arrangements for watch and ward of the land measuring 435 acres valuing ₹ 550.71 crore (current market value) at various locations/units of the Company resulting in encroachments as indicated below:-

**A. High Tension Insulator Factory (HTIF), Namkum, Ranchi**

A.(1) Jharkhand State Electricity Board (JSEB) as a part of the erstwhile Bihar State Electricity Board (BSEB) had constructed a grid sub-station on 11.39 acres of land of the Company valuing ₹ 13 crore (at current market price) without any payment to the Company and also without entering into any formal agreement for sale/lease/transfer of the land. However, the Hon'ble High Court, Jharkhand, intervened in the matter and directed (March 2005) the JSEB to approach the Company for taking the said land on lease. But the JSEB had neither paid any amount to the Company (May 2011) nor approached for any agreement for the land. Thus, 11.39 acres of land of the Company valuing ₹ 13 crore were under the possession/encroachment of JSEB without any monetary return to the Company for their assets being used by another Company.

A. (2) 40,000 Sq. feet (0.92 acre) of land of the Company at High Tension Insulator Factory, Ranchi had been encroached by the ex-employees/families of ex-employees/outsiders for 15 years or more. The Company, however, failed to take any effective step to get the land vacated. Thus a substantial area/land valuing ₹ 1.63 crore was under encroachment (May 2011).

A. (3) An ESI Hospital was constructed by The Employees State Insurance Corporation at Namkum, Ranchi on 5.9 acres of land of the Company valuing ₹ 5.69 crore without any payment to the Company and without entering into any formal agreement.

**B. Bihar State Super-Phosphate Factory, Sindri**

Half acre (50 Decimal) of residential area at Bihar State Super Phosphate Factory, Sindri valuing ₹ one crore had been encroached by the ex-employees/outsiders since the year 2000. The Company had not taken any effective steps to get the residential land/area vacated (June 2011).

From the above it could be seen that 18.71 acres of the Company land valuing ₹ 21.32 crore were under encroachment. Failure by the Company to take appropriate action to recover the encroached lands resulted in the Company failing to safeguard its financial interest. Further, the loss of these lands through the principle of adverse possession cannot also be ruled out as and when these encroachments are challenged in a Court of Law.

The matter was reported to the Government/Management (December 2011), their replies were awaited (December 2011)

**Nine Government Companies**

### *4.7 Avoidable expenditure by way of excess contribution to Employees' Provident Fund*

**Nine[10] Government companies deposited the employers' contribution to provident fund in excess by ₹ 4.15 crore in contravention to the Employees' Provident Fund and Miscellaneous Provisions Act, 1952**

As per Section 6 of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952, the employer was under obligation to contribute to the fund at the rate of 12 *per cent* of basic pay, dearness allowance, cash value of food concession and retaining allowance payable to each employee. Further Chapter –IV, Para 26 A (2) of Employees' Provident Fund Scheme, 1952 provides that where the monthly pay of an employee exceeds ₹ 6,500, the contribution payable by the employer shall be limited to the amount payable on a monthly pay of ₹ 6,500. Accordingly, all Public Sector Undertakings covered under the Scheme were required to restrict their contribution to the prescribed limit under the Act.

We observed (June 2011) that the nine Government companies had deposited the employers' contribution at the rate of 12 *per cent* without limiting the contribution to the amount payable on the monthly pay of ₹ 6,500. This resulted in an excess contribution of ₹ 4.15 crore by the employers (details given in ***Annexure-20***) during the years 2006-11.

Out of the nine Companies, replies from six were received and stated below:

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10 (i) Bihar State Beverages Corporation Limited, (ii) Bihar State Tourism Development Corporation Limited, (iii) Bihar Rajya Beej Nigam Ltd., (iv) Bihar State Credit & Investment Corporation Limited, (v) Bihar State Hydro Electric Power Corporation Limited, (vi) Bihar State Food & civil supplies Corporation Limited (vii) Bihar State Minorities Finance Corporation Limited (viii) Bihar Rajya Pul Nirman Nigam Limited, and (ix) Bihar Police Building Construction Corporation Limited.

(a) Bihar State Credit & Investment Corporation Limited had accepted the facts (September 2011) and issued orders restricting employers' contribution to ₹ 6,500 per month.

(b) Bihar Rajya Pul Nirman Nigam Limited (September 2011) stated that the employers' contribution in excess of the statutory limit was not in violation of Para 26(2) (A) of Employees' Provident Fund scheme and was legal in view of decision pronounced by the Hon'ble Kerala High Court (N. Vijayan & Others V/s Secretary to Govt. Agricultural (Dairy) Department & others) that the employee might make contribution in excess of the statutory limits would not create a corresponding duty with the employer to match such contribution. However, in a given case, employer might on their volition pay more what was statutorily required.

(c) Bihar State Minorities Finance Corporation Limited stated (December 2011) that the Company had issued an office order as per the provisions of Section 26 (6) of the Employees Provident Fund Scheme 1952, allowing payment of employer contribution more than the limit of wages fixed and thereafter Regional Provident Fund Commissioner had been requested (May 2011) to pass necessary orders permitting payment of employer contribution more than the limit of wages which was under consideration.

(d) Bihar Police Building Construction Corporation Limited and the Joint Director, Home (Police) Department, Government of Bihar separately stated (December 2011) that the Company had sought guidance from the Regional Provident Fund Commissioner, Patna in respect of employer contribution more than the prescribed limit which was awaited.

(e) The other two[11] Companies referred to the provision of Section 11(3) of Employees Pension Scheme, 1995 which states that "the maximum pensionable salary would be limited to six thousand and five hundred rupees per month provided that if at the option of the employer and employee, contribution paid on salary exceeding ₹ 6500 per month from the date of commencement of this scheme or from the date salary exceeds ₹ 6500 whichever was later, and 8.33 *per cent* share of the employers thereof was remitted to the Pension Fund, pensionable salary would be based on such higher salary. Thus, these Companies did not violate the provisions of the Act.

The remaining three Companies did not furnish their replies (December 2011).

The Regional Provident Fund Commissioner, Bihar, Patna clarified (December 2011) that any member of the Employees Provident Fund Scheme, 1952 might contribute on more than the prescribed limit by giving a joint request alongwith his employer by giving an undertaking to pay administrative charges over and above prescribed limit. Similar provision existed for pension contribution also, however, only from the date the employee crossed the pay of prescribed limit and not thereafter. The contribution and administrative

11 Bihar Rajya Beej Nigam Ltd. & Bihar State Food & Civil Supplies Corporation Limited.

charges payable by employer towards Emplyees Deposit Linked Scheme, 1976, would, however, be restricted to prescribed limit only.

The replies submitted by the Companies as stated above were not acceptable as the employers were not under obligation to exceed the statutory limit in accordance with Section 26 A (2) of the Scheme.

The matter was reported to the Government (August 2011), their reply was awaited (December 2011).

## Statutory Corporations

## Bihar State Electricity Board

### *4.8 Loss to the Board*

**Non-implementation of NIT and purchase order clause resulted in a loss of ₹ 0.53 crore**

The Board placed orders (June 2008) on M/s East India Udyog Limited and M/s Anand Transformers Private Limited for the purchase of 35 and 20 transformers respectively. As per the terms of the purchase orders, the rate of transformer was to be quoted on variable basis as per IEEMA[12] Price variation circular with the base date of August 2007. As per clause 31(b)(ii) of the NIT "in case of delayed delivery, the purchaser reserved the right to make payment of price variation computed at the date of contractual delivery date or actual delivery date whichever was advantageous for purchaser". Further as per IEEMA Price Variation circular, the date of delivery was to be the date on which transformer was notified as being ready for inspection/dispatch or the date of contractual delivery whichever was earlier.

M/s East India Udyog Limited had to supply the transformers within two months (15 transformers in first month and 20 in second month) and M/s Anand Transformer within four months (without supply schedule) from the date of issue of purchase orders.

We observed (January 2011) that 17 transformers[13] were delayed and delivered to Chief Engineer, Stores and Purchase of the Board. However, the CE, Stores & Purchase, calculated and released payments on the basis of rates worked out on the scheduled delivery date which was more than the rates prevailing on the actual delivery date. This resulted in excess payments of ₹ 0.53 crore (₹ 0.49 crore to the supplier and ₹ 0.04 crore as entry tax) ***(Annexure- 21)***.

The Board stated (June 2011) that the amount was paid to the supplier as per terms of NIT and IEEMA circulars.

[12] Indian Electrical Equipments Manufacturers' Association

[13] 13 transformers of M/s East India Udyog Ltd., 4 transformers of M/s Anand Transformers Private Limited.

The contention of the Board was not acceptable since IEEMA circular was concerned with the determination of the date of delivery and in case of delay in delivery by the supplier, the Board should have computed the cost of transformers as per the NIT clause 31(b)(ii) which was not done. The transformers were notified as ready for inspection after a delay of two to eight months from the scheduled date of supply. This resulted in an excess payment of ₹0.53 crore to the supplier.

The matter was reported to the Government (August 2011), their reply was awaited (December 2011)

### *4.9 Loss in procurement of energy meters*

**Failure on the part of the Board to review the purchase order and to take benefit of rebate in procurement of single phase electronic energy meters resulted in avoidable expenditure of ₹ 0.78 crore.**

**(A)** According to Bihar Finance (Amendment) Rules 2005, adopted by the Bihar State Electricity Board (Board), goods can be procured directly from suppliers at the price not exceeding the rates of Directorate General of Supplies & Disposals (DGS&D). On 24 September 2010, the Central Purchase Committee of the Board decided to procure 1.80 lakh single phase electronic energy meters from five suppliers at DGS&D rates. The Board on 29 September 2010 issued purchase orders as detailed in ***Annexure-22***. The delivery of the orders must be completed within four months from the date of purchase orders. The above rates were valid up to 30 September 2010 and from 1 October 2010 the rates were to be revised.

Against the above purchase orders, M/s Maxwell India did not supply the meters. On 5 October 2010, another supplier, M/s Capital Power System Ltd requested the Board to review the Purchase Order since the DGS&D had considered the rate of ₹ 439 of energy meter to be higher and considered the rate of ₹ 405 reasonable. The Board did not respond to this offer and the supplier did not supply the meters. The remaining three suppliers namely M/s Allied Engineering Works, M/s Indotech Switch Gear & Control Pvt. Ltd. and M/s Nakoda Meters supplied 1,07,900 meters out of the total ordered quantity of 1,08,000 meters between December 2010 and April 2011. The payments for supplies of these meters were made in full to these suppliers at the rate of ₹ 450 plus taxes. However, payment to M/s Nakoda Meters was made only for 28000 meters out of 36000 meters supplied.

We observed that the revision in the single phase energy meter rates was due on 1 October 2010. M/s Capital Power System Ltd. had also requested immediately to the Board to review the purchase orders by the time supply of the meters were not made by any of the suppliers. On 18.10.2010, DGS&D revised the rates of energy meters which ranged between ₹ 404 and ₹ 405 plus taxes. Thus, it was imperative on the part of the Board to review the purchase orders and take up the matter with the suppliers. Besides, the Purchase order did not contain any provision for cancellation or amendment of the Purchase Order to safeguard the interest of the Board. Thus, in the absence of review of the purchase orders to avail the benefit of the lower DGS&D rates resulted in an avoidable expenditure of ₹ 0.59 crore.

Board stated (December 2011) that the purchase orders were placed with the suppliers on DGS&D rate which was valid upto 30.09.2010. Further, on the basis of DGS&D rate which was effective from October 2010, it was not possible to amend the purchase order issued on the basis of the earlier prevailing DGS&D rates. The facts remained that the Board did not review/amend the purchase orders with the suppliers with reference to the revised DGS&D rates which resulted in avoidable expenditure of ₹ 0.59 crore.

**(B)** For procurement of 3,55,000 single phase electronic energy meters, Board issued purchase order for 50,000 meters in December 2010, 1,25,000 meters in February 2011 and 1,80,000 meters in May 2011 at a price of ₹ 405 per meter plus taxes, etc as detailed in ***Annexure-23.*** Against the purchase order, 82000 meters were supplied by M/s Allied Engineering Works and 68000 meters by M/s Bentex Control & Switch Gear Co. (September 2011). Out of this, payments were made to M/s Allied Engineering Works (31,719 meters) and to M/s Bentex (36,000 meters) at the rate of ₹ 405 plus taxes, etc. (i.e. ₹ 492.37) per meter.

We observed that DGS&D rate contract of M/s Bentex provided for a slab discount of ₹ 10 per meter for supply of a minimum quantity of 2000 meter. The party was also willing to supply 4-5 lakh of meters. Considering the discount of ₹ 10, the rate per meter of M/s Bentex was ₹ 395 instead of ₹ 405. The Board disregarding these facts had placed orders, for purchase of meters at a rate of ₹ 405 plus taxes and incurred an avoidable expenditure of ₹ 0.19 crore on supply of 1.50 lakh meters (September 2011).

The Board stated (December 2011) that the purchase orders were placed on the suppliers after incorporating additional requirements/specifications in the technical specification prescribed by DGS&D which was known as Guaranteed Technical Particulars (GTP). Further, the slab discount provided on the website of DGS&D was valid only for the technical specifications prescribed by the DGS&D and as such none of the suppliers were ready to supply meters with GTP on rebate. The reply was not convincing as the meters at DGS&D rate could be procured from the suppliers directly, without adhering to the process of tendering, as per the technical specifications of DGS&D.

The matter was reported to the Government (August 2011), their reply was awaited (December 2011).

## GENERAL

### *4.10 Response to inspection reports, draft paragraphs and reviews*

Audit observations made during audit and not settled on the spot were communicated to the heads of PSUs and concerned departments of the State Government through Inspection Reports (IRs). The heads of the PSUs were required to furnish replies to the IRs through respective heads of departments within a period of six weeks. IRs issued up to March 2011 pertaining to 22

PSUs disclosed that 1462 paragraphs related to 589 inspection reports were outstanding at the end of September 2011. These outstanding inspection report paragraphs had not been replied to for one to five years. Department-wise break-up of IRs and audit observations outstanding as on 30 September 2011 is given in ***Annexure–24***

Similarly, draft paragraphs and reviews on the working of PSUs were forwarded to the Principal Secretary/Secretary of the administrative department concerned demi-officially, seeking confirmation of facts and figures and their comments thereon within a period of six weeks. It was, however, observed, that replies to two reviews and 21 draft paragraphs forwarded to the various departments during April to November 2011 as detailed in ***Annexure -25*** were awaited.

It is recommended that the Government should ensure that (a) procedure exists for action against officials who fail to send replies to inspection reports/draft paragraphs/reviews as per the prescribed time schedule; (b) action is taken to recover loss/outstanding advances/overpayments in a time bound schedule; and (c) the system of responding to audit observations is strengthened.

**Patna**
**The** 18 MAY 2012

**(R.B.SINHA)**
**Principal Accountant General (Audit),**
**Bihar**

**Countersigned**

**New Delhi**
**The** 23 MAY 2012

**(VINOD RAI)**
**Comptroller and Auditor General of India**

# ANNEXURES

Buddha Stup (Patna)

## Annexure 1

# Statement showing particulars of up to date Paid-up Capital, Loans outstanding and Manpower as on 31 March 2011 in respect of Government Companies and Statutory Corporations

**(Referred to in paragraph 1.7)**

(Figures in column 5 (a) to 6 (c) are ₹ in crore)

| Sl. No. | Sector & Name of the Company | Name of the Department | Month and year of incorpo-ration | Paid-up Capital[$] | | | | Loans[**] outstanding at the close of 2010-11 | | | | Debt Equity ratio for 2010-11 (Previous year) | Manpower (No. of employees) (as on 31.3.2011) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | State Govern-ment | Central Govern-ment | Others | Total | State Govern-ment | Central Govern-ment | Others | Total | | |
| (1) | (2) | (3) | (4) | 5 (a) | 5 (b) | 5 (c) | 5 (d) | 5 (e) | 6 (a) | 6 (b) | 6 (c) | (7) | (8) |
| **A. Working Government Companies** | | | | | | | | | | | | | |
| AGRICULTURE & ALLIED | | | | | | | | | | | | | |
| 1. | Bihar Rajya Beej Nigam Limited | Agriculture | 18.7.1977 | 2.27 (0.65) | 1.22 (0.02) | 0.22 (0.03) | 3.71 (0.70) | 27.93 | - | - | 27.93 | -- (7.53:1) | 89 |
| 2. | Bihar Rajya Matasya Vikas Nigam Limited | Animal & Fish Resources | 23.3.1980 | 3.00 (1.25) | - | - | 3.00 (1.25) | 2.60 | 0.03 | - | 2.63 | 0.88:1 (0.89:1) | 40 |
| 3. | SCADA Agro Business Co. Limited | Water Resources | | - | - | 0.05 | 0.05 | - | - | - | - | -- (60.60:1) | NA |
| **Sector wise total** | | | | **5.27 (1.90)** | **1.22 (0.02)** | **0.27 (0.03)** | **6.76 (1.95)** | **30.53** | **0.03** | **-** | **30.56** | **-** | **129** |
| FINANCE | | | | | | | | | | | | | |
| 4. | Bihar State Credit & Investment Corporation Limited | Industries | 30.1.1975 | 15.12 (0.12) | - | - | 15.12 (0.12) | 20.48 | - | 33.01 | 53.49 | 3.54:1 (3.80:1) | 52 |
| 5. | Bihar State Backward Classes Finance & Development Corporation Limited | Social Welfare | 17.6.1993 | 18.36 (5.00) | - | - | 18.36 (5.00) | - | 16.69 | - | 16.69 | 0.91:1 (1.24:1) | 17 |
| 6. | Bihar State Minorities Finance Corporation Limited | Minority Welfare | 22.3.1984 | 31.79 | - | - | 31.79 | - | - | 42.87 | 42.87 | 1.35:1 (3.04:1) | 27 |
| 7. | Bihar State Film Development & Finance Corporation Limited | Industries | 6.3.1983 | 2.00 (1.00) | - | - | 2.00 (1.00) | 0.15 | - | - | 0.15 | 0.08:1 (0.07:1) | 08 |
| **Sector wise total** | | | | **67.27 (6.12)** | **-** | **-** | **67.27 (6.12)** | **20.63** | **16.69** | **75.88** | **113.20** | | **104** |
| INFRASTRUCTURE | | | | | | | | | | | | | |
| 8. | Bihar Police Building Construction Corporation Limited | Home (police) | 26.6.1974 | 0.10 (0.00)[1] | - | - | 0.10 (0.00) | - | 0.43 | - | 0.43 | 4.30:1 (4.30:1) | 380 |
| 9. | Bihar Rajya Pul Nirman Nigam Limited | Road Construction | 11.6.1975 | 3.50 | - | - | 3.50 | - | - | - | - | - | 487 |

[1] ₹ 0.01 Lakh

# Annexure-1

(Figures in column 5 (a) to 6 (c) are ₹ in crore)

| Sl. No. | Sector & Name of the Company | Name of the Department | Month and year of incorpo-ration | Paid-up Capital$ | | | | Loans** outstanding at the close of 2010-11 | | | | Debt Equity ratio for 2010-11 (Previous year) | Manpower (No. of employees) (as on 31.3.2011) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | State Govern-ment | Central Govern-ment | Others | Total | State Govern-ment | Central Govern-ment | Others | Total | | |
| (1) | (2) | (3) | (4) | 5 (a) | 5 (b) | 5 (c) | 5 (d) | 5 (e) | 6 (a) | 6 (b) | 6 (c) | (7) | (8) |
| 10. | Bihar State Building Construction Corporation Limited * | Building Construction | 20.3.2008 | 0.06 | - | - | 0.06 | - | - | - | - | - | 09 |
| 11. | Bihar State Road Development Corporation Limited | Road Construction | 20.04.2009 | 20.00 | - | - | 20.00 | - | - | - | - | - | 105 |
| 12. | Bihar Urban Infrastructure Development Corporation Limited | Urban Development & Housing | 16.06.2009 | 5.00 | - | - | 5.00 | - | - | - | - | - | 35 |
| 13. | Bihar State Educational Infrastructure Development Corporation Limited | Human Resource Development | 16.07.2010 | 20.00 (19.95) | | | 20.00 (19.95) | - | - | - | - | - | - |
| **Sector wise total** | | | | **48.66 (19.95)** | **-** | **-** | **48.66 (19.95)** | **-** | **0.43** | **-** | **0.43** | **-** | **1016** |
| MANUFACTURING | | | | | | | | | | | | | |
| 14. | Bihar State Electronics Development Corporation Limited | Information Technology | 21.2.1978 | 5.66 (5.51) | - | - | 5.66 (5.51) | 6.00 | - | - | 6.00 | 1.06:1 (1.05:1) | 71 |
| 15. | Bihar State Mineral Development Corporation Limited | Mines & Geology | 12.6.1972 | 9.97 | - | - | 9.97 | - | - | - | - | - | 0 |
| 16. | Bihar State Beverages Corporation Limited | Registration, Excise & Prohibition | 25.5.2006 | 5.00 | - | - | 5.00 | - | - | - | - | - | 338 |
| **Sector wise total** | | | | **20.63 (5.51)** | **-** | **-** | **20.63 (5.51)** | **6.00** | **-** | **-** | **6.00** | **-** | **409** |
| POWER | | | | | | | | | | | | | |
| 17. | Bihar State Hydro Electric Power Corporation Limited | Energy | 31.3.1982 | 99.04 | - | - | 99.04 | 180.76 | - | 99.89 | 280.65 | 2.83:1 (2.55:1) | 132 |
| **Sector wise total** | | | | **99.04** | **-** | **-** | **99.04** | **180.76** | **-** | **99.89** | **280.65** | **-** | **132** |
| SERVICES | | | | | | | | | | | | | |
| 18. | Bihar State Tourism Development Corporation Limited | Tourism | 28.11.1980 | 5.00 | - | - | 5.00 | - | - | - | - | - | 257 |
| 19. | Bihar State Food & Civil Supplies Corporation Limited | Food & Consumer Protection | 22.4.1973 | 5.27 | - | - | 5.27 | 118.64 | 1.94 | - | 120.58 | 22.88:1 (22.88:1) | 698 |
| **Sector wise total** | | | | **10.27** | **-** | **-** | **10.27** | **118.64** | **1.94** | **-** | **120.58** | | **955** |
| MISCELLANEOUS | | | | | | | | | | | | | |
| 20. | Bihar State Forest Development Corporation Limited | Environment & Forest | 10.2.1975 | 1.75 | 0.54 | - | 2.29 | - | - | - | - | - | NA |

(Figures in column 5 (a) to 6 (c) are ₹ in crore)

| Sl. No. | Sector & Name of the Company | Name of the Department | Month and year of incorpo-ration | Paid-up Capital$ | | | | Loans** outstanding at the close of 2010-11 | | | | Debt Equity ratio for 2010-11 (Previous year) | Manpower (No. of employees) (as on 31.3.2011) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | State Govern-ment | Central Govern-ment | Others | Total | State Govern-ment | Central Govern-ment | Others | Total | | |
| (1) | (2) | (3) | (4) | 5 (a) | 5 (b) | 5 (c) | 5 (d) | 5 (e) | 6 (a) | 6 (b) | 6 (c) | (7) | (8) |
| 21. | Bihar State Text Book Publishing Corporation Limited | Human Resource Development | 2.4.1965 | 0.36 | - | 0.12 | 0.48 | - | - | - | - | - | 173 |
| **Sector wise total** | | | | **2.11** | **0.54** | **0.12** | **2.77** | - | - | - | - | - | **173** |
| **Total A (All sector wise working Government Companies)** | | | | **253.25 (33.48)** | **1.76 (0.02)** | **0.39 (0.03)** | **255.40 (33.53)** | **356.56** | **19.09** | **175.77** | **551.42** | - | **2918** |
| **B. Working Statutory Corporations** | | | | | | | | | | | | | |
| FINANCE | | | | | | | | | | | | | |
| 1. | Bihar State Financial Corporation | Industries | 2.11.1954 | 39.95 | 37.70 | 0.19 | 77.84 | 228.47 | - | 3.47 | 231.94 | 2.98:1 (3.39:1) | 307 |
| **Sector wise total** | | | | **39.95** | **37.70** | **0.19** | **77.84** | **228.47** | - | **3.47** | **231.94** | | **307** |
| POWER | | | | | | | | | | | | | |
| 2. | Bihar State Electricity Board | Energy | 1.4.1958 | - | - | - | - | 8012.74 | 292.48 | 304.26 | 8609.48 | - | 11506 |
| **Sector wise total** | | | | - | - | - | - | **8012.74** | **292.48** | **304.26** | **8609.48** | - | **11506** |
| SERVICES | | | | | | | | | | | | | |
| 3. | Bihar State Road Transport Corporation | Transport | 1.5.1959 | 74.75 | 26.52 | - | 101.27 | 298.33 | - | - | 298.33 | 2.95:1 (2.93:1) | 1700 |
| 4. | Bihar State Warehousing Corporation | Co-operative | 29.3.1957 | 3.21 | - | 3.21 | 6.42 | - | - | 1.18 | 1.18 | 0.18:1 (0.37:1) | 232 |
| **Sector wise total** | | | | **77.96** | **26.52** | **3.21** | **107.69** | **298.33** | - | **1.18** | **299.51** | - | **1932** |
| **Total B (All sector wise working Statutory Corporations)** | | | | **117.91** | **64.22** | **3.40** | **185.53** | **8539.54** | **292.48** | **308.91** | **9140.93** | - | **13745** |
| **Grand Total (A + B)** | | | | **371.16 (33.48)** | **65.98 (0.02)** | **3.79 (0.03)** | **440.93 (33.53)** | **8896.10** | **311.57** | **484.68** | **9692.35** | - | **16663** |
| **C. Non working Government Companies** | | | | | | | | | | | | | |
| AGRICULTURE & ALLIED | | | | | | | | | | | | | |
| 1. | Bihar State Water Development Corporation Limited | Water Resources | 12.4.1973 | 10.00 | - | - | 10.00 | 49.68 | - | - | 49.68 | 4.97:1 (4.97:1) | NA |
| 2. | Bihar State Dairy Corporation Limited | Animal & Fish Resources | 13.3.1972 | 6.72 | - | - | 6.72 | 1.75 | - | - | 1.75 | 0.26:1 (0.26:1) | - |

# Annexure-1

(Figures in column 5 (a) to 6 (c) are ₹ in crore)

| Sl. No. | Sector & Name of the Company | Name of the Department | Month and year of incorpo-ration | Paid-up Capital$ | | | | Loans** outstanding at the close of 2010-11 | | | | Debt Equity ratio for 2010-11 (Previous year) | Manpower (No. of employees) (as on 31.3.2011) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | State Govern-ment | Central Govern-ment | Others | Total | State Govern-ment | Central Govern-ment | Others | Total | | |
| (1) | (2) | (3) | (4) | 5 (a) | 5 (b) | 5 (c) | 5 (d) | 5 (e) | 6 (a) | 6 (b) | 6 (c) | (7) | (8) |
| 3. | Bihar Hill Area Lift Irrigation Corporation Limited | Minor Irrigation | 3.6.1975 | 10.82 | - | - | 10.82 | 8.55 | - | - | 8.55 | 0.79:1 (0.86:1) | NA |
| 4. | Bihar State Agro Industries Development Corporation Limited | Agriculture | 28.4.1966 | 7.64 (0.07) | - | - | 7.64 (0.07) | 12.60 | - | - | 12.60 | 1.65:1 (1.65:1) | 283 |
| 5. | Bihar State Fruit & Vegetables Development Corporation Limited | Agriculture | 8.10.1980 | 1.61 | 0.49 | - | 2.10 | 0.42 | 0.70 | - | 1.12 | 0.53:1 (0.53:1) | 10 |
| 6. | Bihar Insecticide Limited | Industries | 27.2.1983 | - | - | 2.96 (2.39) | 2.96 (2.39) | - | - | 1.54 | 1.54 | 0.52:1 (0.52:1) | 69 |
| 7. | SCADA Agro Business Limited, Khagaul | Agriculture | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| 8. | SCADA Agro Business Limited, Dehri | Agriculture | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| 9. | SCADA Agro Business Limited, Arrah | Agriculture | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| 10. | SCADA Agro Business Limited, Aurangabad | Agriculture | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| 11. | SCADA Agro Busines Limited, Mohania | Agriculture | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| 12. | SCADA Agro Forestry Company Limited, Khagaul | Agriculture | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| **Sector wise total** | | | | **36.79 (0.07)** | **0.49** | **2.96 (2.39)** | **40.24 (2.46)** | **73.00** | **0.70** | **1.54** | **75.24** | **-** | **362** |
| FINANCE | | | | | | | | | | | | | |
| 13. | Bihar Panchayati Raj Finance Corporation Limited | Panchayati Raj | 20.4.1974 | 1.44 (0.38) | -- | -- | 1.44 (0.38) | - | - | - | - | - | NA |
| 14. | Bihar State Handloom and Handicrafts Corporation Limited | Industries | 21.5.1974 | 10.00 | -- | -- | 10.00 | 1.16 | - | - | 1.16 | 0.12:1 (0.12:1) | NA |
| 15. | Bihar State Small Industries Corporation Limited | Industries | 29.10.1961 | 7.18 | - | - | 7.18 | 10.40 | - | 1.83 | 12.23 | 1.70:1 (1.70:1) | 49 |
| 16. | Bihar State Industrial Development Corporation Limited | Industries | 5.11.1960 | 14.04 | - | - | 14.04 | 66.54 | - | 0.02 | 66.56 | 4.74:1 (4.44:1) | 823 |
| **Sector wise total** | | | | **32.66 (0.38)** | **-** | **-** | **32.66 (0.38)** | **78.10** | **-** | **1.85** | **79.95** | **-** | **872** |
| INFRASTRUCTURE | | | | | | | | | | | | | |
| 17. | Bihar State Construction Corporation Limited | Water Resources | 22.8.1974 | 11.00 | - | - | 11.00 | - | - | - | - | | 1086 |
| **Sector wise total** | | | | **11.00** | **-** | **-** | **11.00** | **-** | **-** | **-** | **-** | | **1086** |
| MANUFACTURING | | | | | | | | | | | | | |
| 18. | Bihar Solvent & Chemicals Limited | Environment & Forest | Aug-79 | 0.20 | - | 0.88 | 1.08 | - | - | 0.89 | 0.89 | 0.82:1 (0.82:1) | NA |
| 19. | Magadh Mineral Limited | Industries | 22.11.1984 | - | - | 0.36 (0.36) | 0.36 (0.36) | - | - | 0.47 | 0.47 | 1.31:1 (1.31:1) | 05 |
| 20. | Kumardhubi Metal Casting & Engineering Limited | Industries | 25.10.1983 | - | - | 2.17 | 2.17 | - | - | 6.63 | 6.63 | 3.06:1 (3.06:1) | NA |

# Annexure-1

(Figures in column 5 (a) to 6 (c) are ₹ in crore)

| Sl. No. | Sector & Name of the Company | Name of the Department | Month and year of incorpo-ration | Paid-up Capital[$] | | | | Loans[**] outstanding at the close of 2010-11 | | | | Debt Equity ratio for 2010-11 (Previous year) | Manpower (No. of employees) (as on 31.3.2011) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | State Govern-ment | Central Govern-ment | Others | Total | State Govern-ment | Central Govern-ment | Others | Total | | |
| (1) | (2) | (3) | (4) | 5 (a) | 5 (b) | 5 (c) | 5 (d) | 5 (e) | 6 (a) | 6 (b) | 6 (c) | (7) | (8) |
| 21. | Beltron Video System Limited | Industries | 19.9.1984 | - | - | 5.05 | 5.05 | - | - | 4.51 | 4.51 | 0.89 (0.89:1) | NA |
| 22. | Beltron Mining System Limited | Industries | 30.1.1986 | - | - | 2.48 | 2.48 | - | - | - | - | - | NA |
| 23. | Beltron Informatics Limited | Industries | 1.3.1988 | - | - | 0.00[2] | 0.00 | - | - | - | - | - | NA |
| 24. | Bihar State Sugar Corporation Limited | Sugar Cane | 26.12.1974 | 20.00 | - | - | 20.00 | 322.95 | - | - | 322.95 | 16.15:1 (16.15:1) | NA |
| 25. | Bihar State Cement Corporation Limited | Industries | 17.10.1981 | - | - | 0.00[3] | 0.00 | 0.03 | - | - | 0.03 | 42.86:1 (45.29:1) | NA |
| 26. | Bihar State Pharmaceuticals & Chemicals Development Corporation Limited | Industries | 22.2.1978 | 16.54 (0.78) | - | - | 16.54 (0.78) | 4.28 | - | - | 4.28 | 0.26:1 (4.60:1) | 52 |
| 27. | Bihar Maize Product Limited | Industries | 2.9.1982 | - | - | 0.74 (0.74) | 0.74 (0.74) | - | - | 0.02 | 0.02 | 0.03:1 (0.03:1) | NA |
| 28. | Bihar Drugs and Chemicals Limited | Industries | 12.8.1983 | - | - | 4.00 | 4.00 | 1.28 | - | - | 1.28 | 0.32:1 (0.32:1) | NA |
| 29. | Bihar State Textiles Corporation Limited | Industries | 21.2.1978 | 10.78 | - | - | 10.78 | 2.27 | - | - | 2.27 | 0.21:1 (0.42:1) | 51 |
| **Sector wise total** | | | | **47.52 (0.78)** | **-** | **15.68 (1.10)** | **63.20 (1.88)** | **330.81** | **-** | **12.52** | **343.33** | **-** | **108** |
| SERVICES | | | | | | | | | | | | | |
| 30. | Bihar State Export Corporation Limited | Industries | 29.12.1974 | 2.00 | - | - | 2.00 | 1.22 | - | - | 1.22 | 0.61:1 (0.61:1) | 23 |
| **Sector wise total** | | | | **2.00** | **-** | **-** | **2.00** | **1.22** | **-** | **-** | **1.22** | | **23** |
| MISCELLANEOUS | | | | | | | | | | | | | |
| 31. | Bihar Paper Mills Limited | Industries | 8.7.1977 | - | - | 7.77 | 7.77 | - | - | 10.72 | 10.72 | 1.38:1 (1.38:1) | NA |
| 32. | Bihar State Glazed Tiles & Ceramics Limited | Industries | 2.4.1984 | - | - | 1.40 (0.25) | 1.40 (0.25) | - | - | 3.66 | 3.66 | 2.61:1 (2.61:1) | 32 |
| 33. | Vishwamitra Paper Industies Limited | Industries | 18.6.1983 | - | - | 1.74 (0.60) | 1.74 (0.60) | - | - | 0.81 | 0.81 | 0.47:1 (0.47:1) | NA |
| 34. | Jhanjhanpur Paper Industries Limited | Industries | 27.2.1982 | - | - | 1.49 (0.42) | 1.49 (0.42) | - | - | 0.46 | 0.46 | 0.31:1 (0.31:1) | 13 |
| 35. | Bihar State Tannin Extract Limited | Environment & Forest | 27.1.1984 | - | - | 1.57 | 1.57 | - | - | 2.14 | 2.14 | 1.36:1 (1.36:1) | NA |

[2] ₹ 0.28 lakh

[3] ₹ 0.07 lakh

# Annexure-1

(Figures in column 5 (a) to 6 (c) are ₹ in crore)

| Sl. No. | Sector & Name of the Company | Name of the Department | Month and year of incorpo-ration | Paid-up Capital[$] | | | | Loans[**] outstanding at the close of 2010-11 | | | | Debt Equity ratio for 2010-11 (Previous year) | Manpower (No. of employees) (as on 31.3.2011) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | State Govern-ment | Central Govern-ment | Others | Total | State Govern-ment | Central Govern-ment | Others | Total | | |
| (1) | (2) | (3) | (4) | 5 (a) | 5 (b) | 5 (c) | 5 (d) | 5 (e) | 6 (a) | 6 (b) | 6 (c) | (7) | (8) |
| 36. | Bihar State Finished Leathers Corporation Limited | Industries | 20.4.1982 | - | - | 1.47 | 1.47 | 9.18 | - | - | 9.18 | 6.24:1 (6.24:1) | NA |
| 37. | Synthetic Resins (Eastern) Limited | Industries | 14.12.1982 | - | - | 0.31 | 0.31 | - | - | 1.05 | 1.05 | 3.39:1 (3.39:1) | - |
| 38. | Bhavani Active Carbon Limited | Industries | 26.3.1985 | - | - | 0.09 | 0.09 | - | - | - | - | - | NA |
| 39. | Bihar State Leather Industries Development Corporation Limited | Industries | 23.3.1974 | 17.40 | - | - | 17.40 | 12.43 | - | 1.70 | 14.13 | 0.81:1 (1.41:1) | NA |
| 40. | Bihar Scooters Limited | Industries | 19.1.1978 | - | - | 1.63 | 1.63 | 6.09 | - | - | 6.09 | 3.74:1 (3.74:1) | NA |
| **Sector wise total** | | | | **17.40** | **-** | **17.47 (1.27)** | **34.87 (1.27)** | **27.70** | **-** | **20.54** | **48.24** | **-** | **45** |
| **Total C (All sector wise non working Government Companies)** | | | | **147.37 (1.23)** | **0.49** | **36.11 (4.76)** | **183.97 (5.99)** | **510.83** | **0.70** | **36.45** | **547.98** | **-** | **2496** |
| **Grand Total (A + B + C )** | | | | **518.53 (34.71)** | **66.47 (0.02)** | **39.90 (4.79)** | **624.90 (39.52)** | **9406.93** | **312.27** | **521.13** | **10240.33** | **-** | **19159** |

Above includes Section 619-B Companies at Sl. No. 3 of working Companies and Sl. No. 7 to 12 of non-working Companies.

$ Paid-up capital includes share application money which is appearing in brackets in column 5(a) to 5 (d)

** Loans outstanding at the close of 2010-11 represent long-term loans only.

**NA** indicates that the information has not been provided by the respective companies.

Figures of the companies at Sl. No. A-7, A-10, A-17, A-21, C-1 to 40 (except C-5) have been taken from the previous Audit Report (Commercial), Govt. of Bihar as the required information was not furnished by the respective companies.

* Previously it was Bihar Health Project Development Corporation Limited.

# Annexure 2

# Summarised financial results of Government Companies and Statutory Corporations for the latest year for which accounts were finalised

**(Referred to in paragraph 1.14)**

(Figures in column 5 (a) to (6) and (8) to (10) are ₹ in crore)

| Sl. No. | Sector & Name of the Company | Period of Accounts | Year in which finalised | Net Profit (+)/ Loss (-) | | | | Turn-over | Impact of Accounts Comments # | Paid up Capital | Accumulated Profit (+)/ Loss (-) | Capital Employed @ | Return on Capital Employed$ | Percentage return on Capital Employed |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Net Profit/ Loss before Interest & Depreciation | Interest | Depre-ciation | Net Profit/ Loss | | | | | | | |
| (1) | (2) | (3) | (4) | 5 (a) | 5 (b) | 5 (c) | 5 (d) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| **A. Working Government Companies** | | | | | | | | | | | | | | |
| AGRICULTURE & ALLIED | | | | | | | | | | | | | | |
| 1. | Bihar Rajya Beej Nigam Limited | 1998-99 | 2010-11 | (-)2.73 | 2.77 | 0.07 | (-)5.57 | 5.33 | (-)1.53 | 3.71 | (-)53.45 | 2.90 | (-)2.80 | - |
| 2. | Bihar Rajya Matasya Vikas Nigam Limited | 1992-93 | 1996-97 | (-)0.01 | 0.17 | 0.04 | (-)0.22 | - | - | 1.75 | (-)1.92 | 1.74 | (-)0.05 | - |
| 3. | SCADA Agro Business Co. Limited | 2007-08 | 2011-12 | 0.00 | - | 0.00[4] | 0.00[5] | 0.52 | - | 0.05 | (-)1.89 | 1.18 | - | - |
| | **Sector wise total** | | | **(-)2.74** | **2.94** | **0.11** | **(-)5.79** | **5.85** | **(-)1.53** | **5.51** | **(-)57.26** | **5.82** | **(-)2.85** | - |
| FINANCE | | | | | | | | | | | | | | |
| 4. | Bihar State Credit & Investment Corporation Limited | 2003-04 | 2010-11 | 0.58 | 6.51 | 0.04 | (-)5.97 | 2.97 | (-)1.72 | 15.00 | (-)145.68 | 15.66 | 0.54 | 3.45 |
| 5. | Bihar State Backward Classes Finance & Development Corporation Limited | 1997-98 | 2006-07 | 0.41 | 0.68 | 0.02 | (-)0.29 | 0.64 | - | 3.62 | 0.53 | 3.86 | 0.39 | 10.10 |
| 6. | Bihar State Minorities Finance Corporation Limited | 2006-07 | 2009-10 | (-)0.38 | 0.37 | 0.00[6] | (-)0.75 | 0.35 | (-)1.59 | 8.95 | (-)4.69 | 8.95 | (-)0.38 | - |
| 7. | Bihar State Film Development & Finance Corporation Limited | 1991-92 | 2000-01 | 0.02 | - | 0.00[7] | 0.02 | - | - | 0.95 | (-)0.12 | 0.88 | 0.02 | 2.27 |
| | **Sector wise total** | | | **0.63** | **7.56** | **0.06** | **(-)6.99** | **3.96** | **(-)3.31** | **28.52** | **(-)149.96** | **29.35** | **0.57** | - |

[4] ₹ 1.29 lakh
[5] ₹ 0.80 lakh
[6] ₹ 0.49 lakh
[7] ₹ 0.29 lakh

# Annexure-2

(Figures in column 5 (a) to (6) and (8) to (10) are ₹ in crore)

| Sl. No. | Sector & Name of the Company | Period of Accounts | Year in which finalised | Net Profit (+)/ Loss (-) | | | | Turn-over | Impact of Accounts Comments # | Paid up Capital | Accumulated Profit (+)/ Loss (-) | Capital Employed @ | Return on Capital Employed$ | Percentage return on Capital Employed |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Net Profit/ Loss before Interest & Depreciation | Interest | Depre-ciation | Net Profit/ Loss | | | | | | | |
| (1) | (2) | (3) | (4) | 5 (a) | 5 (b) | 5 (c) | 5 (d) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| INFRASTRUCTURE | | | | | | | | | | | | | | |
| 8. | Bihar Police Building Construction Corporation Limited | 1999-00 | 2011-12 | 2.60 | - | 0.01 | 2.59 | 2.33 | - | 0.10 | (-)10.72 | (-)10.19 | 2.59 | - |
| 9. | Bihar Rajya Pul Nirman Nigam Limited | 2009-10 | 2011-12 | 46.52 | - | 1.44 | 45.08 | 88.56 | - | 3.50 | 92.49 | 141.64 | 45.08 | 31.83 |
| 10. | Bihar State Building Construction Corporation Limited | 1st Accounts not finalised | - | - | - | - | - | - | - | - | - | - | - | - |
| 11. | Bihar State Road Development Corporation Limited | 2009-10 | 2010-11 | 24.15 | - | 0.16 | 23.99 | 414.71 | (-)1.49 | 20.00 | 21.65 | 41.50 | 23.99 | 57.81 |
| 12. | Bihar Urban Infrastructure Development Corporation Limited | 2009-10 | 2010-11 | (-)0.02 | - | 0.01 | (-)0.03 | - | - | 5.00 | (-)0.03 | 4.72 | (-)0.03 | - |
| 13. | Bihar State Educational Infrastructure Development Corporation Limited | 1st Accounts not finalised | - | - | - | - | - | - | - | - | - | - | - | - |
| **Sector wise total** | | - | - | **73.25** | **-** | **1.62** | **71.63** | **505.60** | **(-)1.49** | **28.60** | **103.39** | **177.67** | **71.63** | |
| MANUFACTURING | | | | | | | | | | | | | | |
| 14. | Bihar State Electronics Development Corporation Limited | 2009-10 | 2011-12 | 8.31 | 0.92 | 0.08 | 7.31 | 32.86 | (-)1.32 | 5.66 | 1.76 | 26.18 | 8.23 | 31.44 |
| 15. | Bihar State Mineral Development Corporation Limited | 2000-01 | 2004-05 | 9.42 | - | 0.13 | 9.29 | 31.55 | - | 9.97 | 7.04 | 20.68 | 9.29 | 44.92 |
| 16. | Bihar State Beverages Corporation Limited | 2008-09 | 2010-11 | 0.60 | - | 0.17 | 0.43 | 751.13 | - | 5.00 | 1.66 | 5.66 | 0.43 | 7.60 |
| **Sector wise total** | | | | **18.33** | **0.92** | **0.38** | **17.03** | **815.54** | **(-)1.32** | **20.63** | **10.46** | **52.52** | **17.95** | **-** |
| POWER | | | | | | | | | | | | | | |
| 17. | Bihar State Hydro Electric Power Corporation Limited | 1996-97 | 2011-12 | 5.91 | 5.27 | 10.30 | (-)9.66 | 7.85 | - | 99.04 | (-)26.07 | 132.56 | (-)4.39 | - |
| **Sector wise total** | | | | **5.91** | **5.27** | **10.30** | **(-)9.66** | **7.85** | **-** | **99.04** | **(-)26.07** | **132.56** | **(-)4.39** | **-** |
| SERVICES | | | | | | | | | | | | | | |
| 18. | Bihar State Tourism Development Corporation Limited | 1999-00 | 2011-12 | 0.51 | 0.02 | 0.20 | 0.29 | 3.07 | - | 5.00 | 2.29 | 6.90 | 0.31 | 4.49 |

# Annexure-2

(Figures in column 5 (a) to (6) and (8) to (10) are ₹ in crore)

| Sl. No. | Sector & Name of the Company | Period of Accounts | Year in which finalised | Net Profit (+)/ Loss (-) | | | | Turn-over | Impact of Accounts Comments # | Paid up Capital | Accumulated Profit (+)/ Loss (-) | Capital Employed @ | Return on Capital Employed$ | Percentage return on Capital Employed |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Net Profit/ Loss before Interest & Depreciation | Interest | Depre-ciation | Net Profit/ Loss | | | | | | | |
| (1) | (2) | (3) | (4) | 5 (a) | 5 (b) | 5 (c) | 5 (d) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| 19. | Bihar State Food & Civil Supplies Corporation Limited | 1989-90 | 2011-12 | (-)3.99 | 1.04 | 0.63 | (-)5.66 | 159.41 | - | 4.46 | (-)34.86 | 34.59 | (-)4.62 | - |
| **Sector wise total** | | | | **(-)3.48** | **1.06** | **0.83** | **(-)5.37** | **162.48** | **-** | **9.46** | **(-)32.57** | **41.49** | **(-)4.31** | - |
| MISCELLANEOUS | | | | | | | | | | | | | | |
| 20. | Bihar State Forest Development Corporation Limited | 2000-01 | 2005-06 | 0.34 | - | 0.06 | 0.28 | 22.81 | (-)0.40 | 2.29 | 0.32 | 1.17 | 0.28 | 23.93 |
| 21. | Bihar State Text Book Publishing Corporation Limited | 1997-98 | 2009-10 | (-)4.30 | - | 0.06 | (-)4.36 | 7.28 | - | 0.48 | (-)5.97 | (-)6.51 | (-)4.36 | - |
| **Sector wise total** | | | | **(-)3.96** | **-** | **0.12** | **(-)4.08** | **30.09** | **(-)0.40** | **2.77** | **(-)5.65** | **(-)5.34** | **(-)4.08** | |
| **Total A (All sector wise working Government Companies)** | | | | **87.94** | **17.75** | **13.42** | **56.77** | **1531.37** | **(-)8.05** | **194.53** | **(-)157.66** | **434.07** | **74.52** | - |
| **B. Working Statutory Corporations** | | | | | | | | | | | | | | |
| FINANCE | | | | | | | | | | | | | | |
| 1. | Bihar State Financial Corporation | 2009-10 | 2011-12 | 6.03 | 5.96 | 0.07 | 0.00[8] | 18.46 | (-)14.92 | 77.84 | (-)383.93 | 428.27 | 5.96 | 1.39 |
| **Sector wise total** | | | | **6.03** | **5.96** | **0.07** | **0.00** | **18.46** | **(-)14.92** | **77.84** | **(-)383.93** | **428.27** | **5.96** | 1.39 |
| **POWER** | | | | | | | | | | | | | | |
| 2. | Bihar State Electricity Board | 2010-11 | 2011-12 | (-)30.94 | 1175.05 | 88.99 | (-)1294.98 | 2409.69 | ** | - | (-)5820.86 | 5049.25 | (-)119.93 | - |
| **Sector wise total** | | | | **(-)30.94** | **1175.05** | **88.99** | **(-)1294.98** | **2409.69** | **-** | **-** | **(-)5820.86** | **5049.25** | **(-)119.93** | |
| SERVICES | | | | | | | | | | | | | | |
| **3.** | Bihar State Road Transport Corporation | 2002-03 | 2009-10 | (-)25.57 | 28.77 | 1.40 | (-)55.74 | 18.19 | (-)9.28 | 101.28 | (-)680.17 | (-)428.03 | (-)26.97 | - |
| **4.** | Bihar State Warehousing Corporation | 2008-09 | 2010-11 | 1.73 | 0.40 | 0.81 | 0.52 | 53.75 | (-)2.42 | 5.31 | 3.43 | 21.16 | 0.92 | 4.35 |
| **Sector wise total** | | | | **(-)23.84** | **29.17** | **2.21** | **(-)55.22** | **71.94** | **(-)11.70** | **106.59** | **(-)676.74** | **(-)406.87** | **(-)26.05** | |
| **Total B (All sector wise working Statutory Corporations)** | | | | **(-)48.75** | **1210.18** | **91.27** | **(-)1350.20** | **2500.09** | **(-)26.62** | **184.43** | **(-)6881.53** | **5070.65** | **(-)140.02** | |
| **Grand Total (A + B)** | | | | **39.19** | **1227.93** | **104.69** | **(-)1293.43** | **4031.46** | **(-)34.67** | **378.96** | **(-)7039.19** | **5504.72** | **(-)65.50** | - |

[8] ₹ 0.30 lakh

# Annexure-2

(Figures in column 5 (a) to (6) and (8) to (10) are ₹ in crore)

| Sl. No. | Sector & Name of the Company | Period of Accounts | Year in which finalised | Net Profit (+)/ Loss (-) | | | | Turn-over | Impact of Accounts Comments # | Paid up Capital | Accumulated Profit (+)/ Loss (-) | Capital Employed @ | Return on Capital Employed$ | Percentage return on Capital Employed |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Net Profit/ Loss before Interest & Depreciation | Interest | Depre-ciation | Net Profit/ Loss | | | | | | | |
| (1) | (2) | (3) | (4) | 5 (a) | 5 (b) | 5 (c) | 5 (d) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| **C. Non working Government Companies** | | | | | | | | | | | | | | |
| AGRICULTURE & ALLIED | | | | | | | | | | | | | | |
| 1. | Bihar State Water Development Corporation Limited | 1978-79 | 1997-98 | 3.03 | 0.25 | 0.61 | 2.17 | - | - | 5.00 | 11.20 | 26.70 | 2.42 | 9.06 |
| 2. | Bihar State Dairy Corporation Limited | 1994-95 | 2007-08 | (-)0.02 | - | - | (-)0.02 | - | | 6.72 | (-)10.58 | 3.68 | (-)0.02 | - |
| 3. | Bihar Hill Area Lift Irrigation Corporation Limited | 1982-83 | 1993-94 | 0.18 | 0.13 | 0.31 | (-)0.26 | 0.01 | - | 5.60 | (-)0.86 | 9.53 | (-)0.13 | - |
| 4. | Bihar State Agro Industries Development Corporation Limited | 1989-90 | 2009-10 | (-)5.02 | 0.65 | 0.03 | (-)5.70 | 2.79 | - | 7.57 | (-)28.96 | (-)1.41 | (-)5.05 | - |
| 5. | Bihar State Fruit & Vegetables Development Corporation Limited | 1994-95 | 2010-11 | (-)0.12 | 0.73 | 0.07 | (-)0.92 | 0.00 | (-)0.14 | 2.10 | (-)7.82 | (-)0.07 | (-)0.19 | - |
| 6. | Bihar Insecticide Limited | 1986-87 | 1991-92 | (-) 0.52 | 0.16 | 0.35 | (-) 1.03 | - | - | 0.57 | (-) 1.03 | 2.35 | (-) 0.87 | - |
| 7. | SCADA Agro Business Limited, Khagaul | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8. | SCADA Agro Business Limited, Dehri | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9. | SCADA Agro Business Limited, Arrah | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10. | SCADA Agro Business Limited, Aurangabad | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11. | SCADA Agro Busines Limited, Mohania | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12. | SCADA Agro Forestry Company Limited, Khagaul | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Sector wise total** | | | | **(-)2.47** | **1.92** | **1.37** | **(-)5.76** | **2.80** | **(-)0.14** | **27.56** | **(-)38.05** | **40.78** | **(-)3.84** | |
| FINANCE | | | | | | | | | | | | | | |
| 13. | Bihar Panchayati Raj Finance Corporation Limited | 1984-85 | 1991-92 | 0.23 | 0.24 | 0.00[9] | (-)0.01 | - | - | 1.44 | (-)0.03 | 5.86 | 0.23 | 3.92 |
| 14. | Bihar State Handloom and Handicrafts Corporation Limited | 1983-84 | 1996-97 | 0.02 | 0.11 | 0.01 | (-)0.10 | - | (-)0.01 | 6.28 | (-)0.44 | 7.08 | 0.01 | 0.14 |

[9] ₹ 16,235.26

(Figures in column 5 (a) to (6) and (8) to (10) are ₹ in crore)

| Sl. No. | Sector & Name of the Company | Period of Accounts | Year in which finalised | Net Profit (+)/ Loss (-) | | | | Turn-over | Impact of Accounts Comments # | Paid up Capital | Accumulated Profit (+)/ Loss (-) | Capital Employed @ | Return on Capital Employed$ | Percentage return on Capital Employed |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Net Profit/ Loss before Interest & Depreciation | Interest | Depre-ciation | Net Profit/ Loss | | | | | | | |
| (1) | (2) | (3) | (4) | 5 (a) | 5 (b) | 5 (c) | 5 (d) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| 15. | Bihar State Small Industries Corporation Limited | 1990-91 | 2005-06 | (-)0.21 | 1.15 | 0.06 | (-)1.42 | 15.22 | (-)0.53 | 7.18 | (-)16.56 | 1.86 | (-)0.27 | - |
| 16. | Bihar State Industrial Development Corporation Limited | 1987-88 | 2009-10 | 2.22 | 5.35 | 0.38 | (-)3.51 | 6.59 | (-)9.28 | 14.04 | (-)26.42 | 29.54 | 1.84 | 6.23 |
| **Sector wise total** | | | | **2.26** | **6.85** | **0.45** | **(-)5.04** | **21.81** | **(-)9.82** | **28.94** | **(-)43.45** | **44.34** | **1.81** | |
| INFRASTRUCTURE | | | | | | | | | | | | | | |
| 17. | Bihar State Construction Corporation Limited | 1986-87 | 2004-05 | 1.38 | 0.00[10] | 0.13 | 1.25 | 18.70 | (-)6.65 | 7.00 | (-)2.79 | (-)10.27 | 1.25 | - |
| **Sector wise total** | | | | **1.38** | **0.00** | **0.13** | **1.25** | **18.70** | **(-)6.65** | **7.00** | **(-)2.79** | **(-)10.27** | **1.25** | |
| MANUFACTURING | | | | | | | | | | | | | | |
| 18. | Bihar Solvent & Chemicals Limited | 1986-87 | 1995-96 | (-)0.05 | 0.11 | 0.16 | (-)0.32 | - | (-)0.24 | 0.66 | (-)0.32 | 1.67 | (-)0.21 | - |
| 19. | Magadh Mineral Limited | - | - | | | | - | - | - | - | - | - | - | - |
| 20. | Kumardhubi Metal Casting & Engineering Limited | 1994-95 | 1995-96 | (-)1.13 | 0.38 | 0.88 | (-)2.39 | 10.89 | - | 2.17 | (-)8.16 | 0.91 | (-)2.01 | - |
| 21. | Beltron Video System Limited | 1987-88 | 1998-99 | (-)0.09 | 0.05 | 0.01 | (-)0.15 | 0.75 | - | 1.21 | (-)0.22 | 1.02 | (-)0.10 | - |
| 22. | Beltron Mining System Limited | 1989-90 | 2002-03 | (-)0.07 | - | 0.03 | (-)0.10 | 0.41 | - | 1.26 | (-)0.49 | 0.52 | (-)0.10 | - |
| 23. | Beltron Informatics Limited | - | - | | | | - | - | - | - | - | - | - | - |
| 24. | Bihar State Sugar Corporation Limited | 1984-85 | 1996-97 | (-)2.84 | 6.00 | 0.36 | (-)9.20 | - | (-)4.67 | 9.97 | (-)72.31 | (-)10.24 | (-)3.20 | - |
| 25. | Bihar State Cement Corporation Limited | - | - | | | | - | - | - | - | - | - | - | - |
| 26. | Bihar State Pharmaceuticals & Chemicals Development Corporation Limited | 1985-86 | 1992-93 | (-)0.16 | 0.00[11] | 0.01 | (-)0.17 | - | - | 3.62 | (-)0.74 | 6.87 | (-)0.17 | - |
| 27. | Bihar Maize Product Limited | 1983-84 | 1987-88 | (-)0.03 | - | 0.00[12] | (-)0.03 | - | - | 0.67 | (-)0.06 | 0.80 | (-)0.03 | - |

[10] ₹ 11,589.31
[11] ₹ 1,680.50

# Annexure-2

(Figures in column 5 (a) to (6) and (8) to (10) are ₹ in crore)

| Sl. No. | Sector & Name of the Company | Period of Accounts | Year in which finalised | Net Profit (+)/ Loss (-) | | | | Turn-over | Impact of Accounts Comments # | Paid up Capital | Accumulated Profit (+)/ Loss (-) | Capital Employed @ | Return on Capital Employed$ | Percentage return on Capital Employed |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Net Profit/ Loss before Interest & Depreciation | Interest | Depre-ciation | Net Profit/ Loss | | | | | | | |
| (1) | (2) | (3) | (4) | 5 (a) | 5 (b) | 5 (c) | 5 (d) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| 28. | Bihar Drugs and Chemicals Limited | 1985-86 | 1991-92 | (-)0.03 | - | 0.00[13] | (-)0.03 | - | - | 0.94 | (-)0.16 | 1.16 | (-)0.03 | - |
| 29. | Bihar State Textiles Corporation Limited | 1987-88 | 1995-96 | (-)0.08 | - | 0.01 | (-)0.09 | - | (-)0.02 | 4.98 | (-)0.32 | 3.72 | (-)0.09 | - |
| **Sector wise total** | | | | **(-)4.48** | **6.54** | **1.46** | **(-)12.48** | **12.05** | **(-)4.93** | **25.48** | **(-)82.78** | **6.43** | **(-)5.94** | |
| SERVICES | | | | | | | | | | | | | | |
| 30. | Bihar State Export Corporation Limited | 1991-92 | 1999-00 | 0.11 | 0.20 | 0.01 | (-)0.10 | 4.94 | (-)0.03 | 2.00 | (-)0.01 | 3.75 | 0.10 | 0.27 |
| **Sector wise total** | | | | **0.11** | **0.20** | **0.01** | **(-)0.10** | **4.94** | **(-)0.03** | **2.00** | **(-)0.01** | **3.75** | **0.10** | |
| MISCELLANEOUS | | | | | | | | | | | | | | |
| 31. | Bihar Paper Mills Limited | 1985-86 | 1997-98 | (-)0.05 | - | 0.01 | (-)0.06 | - | 0.00[14] | 1.56 | (-)0.31 | 1.44 | (-)0.06 | - |
| 32. | Bihar State Glazed Tiles & Ceramics Limited | 1985-86 | 1997-98 | (-)0.06 | 0.02 | 0.00[15] | (-)0.08 | - | - | 0.16 | (-)0.51 | 3.50 | 0.06 | - |
| 33. | Vishwamitra Paper Industies Limited | 1984-85 | 1988-89 | (-)0.01 | - | 0.00[16] | (-)0.01 | - | - | 0.40 | (-)0.01 | 0.69 | (-)0.01 | - |
| 34. | Jhanjhanpur Paper Industries Limited | 1985-86 | 1991-92 | (-)0.01 | 0.00[17] | 0.00[18] | (-)0.01 | - | (-)0.03 | 0.42 | (-)0.02 | 0.59 | (-)0.01 | - |
| 35. | Bihar State Tannin Extract Limited | 1988-89 | 1993-94 | (-)0.16 | 0.16 | 0.00[19] | (-)0.32 | - | - | 1.03 | (-)0.67 | 2.49 | (-)0.16 | - |
| 36. | Bihar State Finished Leathers Corporation Limited | 1983-84 | 1986-87 | (-)1.49 | - | - | (-)1.49 | - | - | 1.47 | (-)2.13 | 6.15 | (-)1.49 | - |
| 37. | Synthetic Resins (Eastern) Limited | 1983-84 | 1987-88 | (-)0.02 | 0.00[20] | - | (-)0.02 | - | - | 0.09 | (-)0.01 | 0.17 | (-)0.02 | - |
| 38. | Bhavani Active Carbon Limited | 1985-86 | 1989-90 | (-)0.01 | - | - | (-)0.01 | - | - | 0.02 | (-)0.01 | 0.01 | (-)0.01 | - |

[12] ₹ 9,052.80
[13] ₹ 328.52
[14] ₹ 36,000
[15] ₹ 47,550.94
[16] ₹ 7,623.00
[17] ₹ 2,533.30
[18] ₹ 421.36
[19] ₹ 22,074.77
[20] ₹ 5,814.45

# Annexure-2

(Figures in column 5 (a) to (6) and (8) to (10) are ₹ in crore)

| Sl. No. | Sector & Name of the Company | Period of Accounts | Year in which finalised | Net Profit (+)/ Loss (-) | | | | Turn-over | Impact of Accounts Comments # | Paid up Capital | Accumulated Profit (+)/ Loss (-) | Capital Employed @ | Return on Capital Employed$ | Percentage return on Capital Employed |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Net Profit/ Loss before Interest & Depreciation | Interest | Depre-ciation | Net Profit/ Loss | | | | | | | |
| (1) | (2) | (3) | (4) | 5 (a) | 5 (b) | 5 (c) | 5 (d) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| 39. | Bihar State Leather Industries Development Corporation Limited | 1982-83 | 2004-05 | (-)0.25 | 0.08 | 0.04 | (-)0.37 | - | (-)0.01 | 5.14 | (-)2.92 | 2.56 | (-)0.29 | - |
| 40. | Bihar Scooters Limited | - | - | - | - | - | - | - | - | - | - | - | - | |
| **Sector wise total** | | | | **(-)2.06** | **0.26** | **0.05** | **(-)2.37** | **-** | **(-)0.04** | **10.29** | **(-)6.59** | **17.60** | **(-)2.11** | |
| **Total C (All sector wise non working Government Companies)** | | | | **(-)5.26** | **15.77** | **3.47** | **(-)24.50** | **60.30** | **(-)21.61** | **101.27** | **(-)173.67** | **102.63** | **(-)8.73** | |
| **Grand Total (A + B + C)** | | | | **33.93** | **1243.70** | **108.16** | **(-)1317.93** | **4091.76** | **(-)56.28** | **480.23** | **(-)7212.86** | **5607.35** | **(-)74.23** | - |

Above includes Section 619-B Companies at Sl. No. 3 of working companies and Sl. No. 7 to 12 of non-working companies.

# Impact of accounts comments include the net impact of comments of Statutory Auditors and CAG of India and is denoted by (+) increase in profit/ decrease in losses (-) decrease in profit/ increase in losses.

@ Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in case of finance companies/ corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposits and borrowings (including refinance).

$ Return on capital employed has been worked out by adding profit and interest charged to profit and loss account.

** Audit of Accounts by CAG of India who is the sole auditor for these corporations is under progress.

# Annexure 3

## Statement showing equity/loans received out of budget, grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2011

**(Referred to in paragraph 1.10)**

(Figures in column 3 (a) to 6 (d) are ₹ in crore)

| Sl. No. | Sector & Name of the Company | Equity/ Loans received out of budget during the year | | Grants and Subsidy received during the year | | | | Guarantees received during the year and Commitment at the end of the year@ | | Waiver of dues during the year | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Equity | Loans | Central Government | State Government | Others | Total | Received | Commitment | Loans repayment written off | Loans converted into Equity | Interest/ Penal Interest waived | Total |
| (1) | (2) | 3 (a) | 3 (b) | 4 (a) | 4 (b) | 4 (c) | 4 (d) | 5 (a) | 5 (b) | 6 (a) | 6 (b) | 6 (c) | 6 (d) |
| **A. Working Government Companies** | | | | | | | | | | | | | |
| AGRICULTURE & ALLIED | | | | | | | | | | | | | |
| 1. | Bihar Rajya Beej Nigam Limited | - | - | - | 18.47 | - | 18.47 | - | - | - | - | - | - |
| **Sector wise total** | | - | - | - | **18.47** | - | **18.47** | - | - | - | - | - | - |
| FINANCE | | | | | | | | | | | | | |
| 2. | Bihar State Backward Classes Finance & Development Corporation Limited | 1.00 | - | - | - | - | - | - | 25.00(o/s) | - | - | - | - |
| 3. | Bihar State Minorities Finance Corporation Limited | 20.29 | - | - | - | - | - | - | 30.00(o/s) | - | - | - | - |
| **Sector wise total** | | **21.29** | - | - | - | - | - | - | **55.00(o/s)** | - | - | - | - |
| INFRASTRUCTURE | | | | | | | | | | | | | |
| 4. | Bihar State Educational Infrastructure Development Corporation Limited# | 20.00 | - | - | - | - | - | - | - | - | - | - | - |
| **Sector wise total** | | **20.00** | - | - | - | - | - | - | - | - | - | - | - |
| POWER | | | | | | | | | | | | | |
| 5. | Bihar State Hydro electric Power Corporation Limited | - | 28.48 | - | 5.03 | - | 5.03 | - | - | - | - | - | - |
| **Sector wise total** | | - | **28.48** | - | **5.03** | - | **5.03** | - | - | - | - | - | - |
| **Total A (All sector wise Working Government Companies** | | **41.29** | **28.48** | - | **23.50** | - | **23.50** | - | **55.00(o/s)** | - | - | - | - |

# Annexure-3

(Figures in column 3 (a) to 6 (d) are ₹ in crore)

| Sl. No. | Sector & Name of the Company | Equity/ Loans received out of budget during the year | | Grants and Subsidy received during the year | | | | Guarantees received during the year and Commitment at the end of the year@ | | Waiver of dues during the year | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Equity | Loans | Central Government | State Government | Others | Total | Received | Commitment | Loans repayment written off | Loans converted into Equity | Interest/ Penal Interest waived | Total |
| (1) | (2) | 3 (a) | 3 (b) | 4 (a) | 4 (b) | 4 (c) | 4 (d) | 5 (a) | 5 (b) | 6 (a) | 6 (b) | 6 (c) | 6 (d) |
| **B. Working Statutory Corporations** | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| FINANCE | | | | | | | | | | | | | |
| 1. | Bihar State Financial Corporation Limited | - | - | - | - | - | - | - | 31.85@ 3.47(o/s) | - | - | - | - |
| **Sector wise total** | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **31.85@ 3.47(o/s)** | **-** | **-** | **-** | **-** |
| POWER | | | | | | | | | | | | | |
| 2. | Bihar State Electricity Board | - | 850.00 | - | 1080.00 | - | 1080.00 | 194.58* | 194.58(o/s) | - | - | -- | - |
| **Sector wise total** | | **-** | **850.00** | **-** | **1080.00** | **-** | **1080.00** | **194.58*** | **194.58(o/s)** | **-** | **-** | **-** | **-** |
| SERVICES | | | | | | | | | | | | | |
| 3. | Bihar State Road Transport Corporation Limited | - | 1.21 | - | - | - | - | - | - | - | - | - | - |
| **Sector wise total** | | **-** | **1.21** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total B (All sector wise working Statutory Corporations)** | | **-** | **851.21** | **-** | **1080.00** | **-** | **1080.00** | **194.58*** | **31.85@ 198.05(o/s)** | **-** | **-** | **-** | **-** |
| **Grand Total (A + B)** | | **41.29** | **879.69** | **-** | **1103.50** | **-** | **1103.50** | **194.58*** | **31.85@ 253.05(o/s)** | **-** | **-** | **-** | **-** |

@ Figures indicate total commitment made at the end of the year.

(o/s) Guarantee outstanding at the end of 31 March, 2011.

* Guarantee received by BSEB during 2010-11 & outstanding at the end of 31 March, 2011.

# Company at Sl. No. 4 is a new company.

# Annexure 4

## Statement showing investments made by the State Government in PSUs whose accounts are in arrears

(Referred to in paragraph 1.24)

(Amount: ₹ in crore)

| Name of PSU | Year up to which Accounts finalised | Paid up capital as per latest finalised accounts | Investment made by the State Government during the years for which accounts are in arrears | | | | |
|---|---|---|---|---|---|---|---|
| | | | Equity | Loans | Grants | Others to be specified (Subsidy) | Total |
| **A. Working Companies** | | | | | | | |
| Bihar Rajya Beej Nigam Limited | 1998-99 | 3.71 | - | 2.28 | 59.69 | - | 61.97 |
| Bihar State Text Book Publishing Corporation Limited | 1997-98 | 0.48 | - | - | - | 205.00 | 205.00 |
| Bihar State Backward Classes Finance & Development Corporation Limited | 1997-98 | 3.62 | 14.74 | 7.49 | - | - | 22.23 |
| Bihar State Tourism Development Corporation Limited | 1999-00 | 5.00 | - | - | - | - | - |
| Bihar State Food & Civil Supplies Corporation Limited | 1989-90 | 4.46 | 0.81 | 202.25 | - | - | 203.06 |
| Bihar Rajya Pul Nirman Nigam Limited | 2009-10 | 3.50 | - | - | - | - | - |
| Bihar Police Building Construction Corporation Limited | 1999-00 | 0.10 | - | - | - | - | - |
| Bihar State Hydro Electric Power Corporation Limited | 1996-97 | 99.04 | | 194.13 | - | 5.03 | 199.16 |
| Bihar Rajya Matasya Vikas Nigam Limited | 1992-93 | 1.75 | 1.25 | 5.63 | - | - | 6.88 |
| Bihar State Forest Development Corporation Limited | 2000-01 | 2.29 | - | - | - | - | - |
| Bihar State Credit & Investment Corporation Limited | 2003-04 | 15.00 | 0.12 | 57.49 | - | - | 57.61 |
| Bihar State Film Development & Finance Corporation Limited | 1991-92 | 0.95 | 1.05 | 0.01 | - | - | 1.06 |
| Bihar State Electronic Development Corporation Limited | 2009-10 | 5.66 | - | - | - | - | - |
| Bihar State Mineral Development Corporation Limited | 2000-01 | 9.97 | - | - | 11.00 | - | 11.00 |
| Bihar State Minorities Finance Corporation Limited | 2006-07 | 8.95 | 22.84 | - | - | - | 22.84 |
| Bihar State Beverages Corporation Limited | 2008-09 | 5.00 | - | - | - | - | - |
| Bihar State Building Construction Corporation Limited | No Accounts finalised since inception | 0.06* | 0.06 | - | - | - | 0.06 |

# Annexure-4

| Name of PSU | Year up to which Accounts finalised | Paid up capital as per latest finalised accounts | Investment made by the State Government during the years for which accounts are in arrears | | | | |
|---|---|---|---|---|---|---|---|
| | | | Equity | Loans | Grants | Others to be specified (Subsidy) | Total |
| Bihar State Road Development Corporation Limited | 2009-10 | 20.00 | | - | - | - | - |
| Bihar Urban Infrastructure Development Corporation Limited | 2009-10 | 5.00 | | - | - | - | - |
| Bihar State Educational infrastructure Development Corporation Limited | No Accounts finalised since inception | 20.00* | 20.00 | - | - | - | 20.00 |
| **Total (A)** | | | **60.87** | **469.28** | **70.69** | **210.03** | **810.87** |
| **B. Working Statutory Corporations** | | | | | | | |
| Bihar State Electricity Board | 2010-11 | - | - | 850.00 | 1080.00 | - | 1930.00 |
| Bihar State Road Transport Corporation | 2002-03 | 101.28 | - | 298.33 | - | - | 298.33 |
| Bihar State Financial Corporation | 2009-10 | 77.84 | - | - | - | - | - |
| Bihar State Warehousing Corporation | 2008-09 | 5.31 | - | - | - | - | - |
| **Total (B)** | | | **-** | **1148.33** | **1080.00** | **-** | **2228.33** |
| **Total (A+B)** | | | **60.87** | **1617.61** | **1150.69** | **210.03** | **3039.20** |
| **Non-working Companies** | | | | | | | |
| Bihar State Small Industries Corporation Limited | 1990-91 | 7.18 | - | 1.66 | - | 2.46 | 4.12 |
| Bihar State Pharmaceuticals & Chemical Development Corporation Limited | 1985-86 | 3.62 | 12.92 | 6.30 | - | - | 19.22 |
| Bihar State Industrial Development Corporation Limited | 1987-88 | 14.04 | - | 38.47 | - | - | 38.47 |
| Bihar State Leather Industries Development Corporation Limited | 1982-83 | 5.14 | 12.26 | 43.18 | - | - | 55.44 |
| Bihar State Textile Corporation Limited | 1987-88 | 4.98 | 5.80 | 2.74 | - | - | 8.54 |
| Bihar State Dairy Corporation Limited | 1994-95 | 6.72 | - | - | - | - | - |
| Bihar State Construction Corporation Limited | 1986-87 | 7.00 | 4.00 | 1.05 | - | - | 5.05 |
| Bihar Hill Area Lift Irrigation Corporation Limited | 1982-83 | 5.60 | 5.22 | 18.78 | - | 55.41 | 79.41 |
| Bihar State Sugar Corporation Limited | 1984-85 | 9.97 | 10.03 | 365.32 | - | - | 375.35 |
| Bihar Panchayati Raj Finance Corporation Limited | 1984-85 | 1.44 | - | - | - | - | - |
| Bihar State Water Development Corporation Limited | 1978-79 | 5.00 | 5.00 | 154.33 | - | - | 159.33 |

# Annexure-4

| Name of PSU | Year up to which Accounts finalised | Paid up capital as per latest finalised accounts | Investment made by the State Government during the years for which accounts are in arrears | | | | |
|---|---|---|---|---|---|---|---|
| | | | Equity | Loans | Grants | Others to be specified (Subsidy) | Total |
| Bihar State Agro Industries Development Corporation Limited | 1989-90 | 7.57 | 0.07 | 24.66 | - | - | 24.73 |
| Bihar Fruits & Vegetables Development Corporation Limited | 1994-95 | 2.10 | - | 4.65 | 21.07 | - | 25.72 |
| Bihar State Export Corporation Limited | 1991-92 | 2.00 | - | 2.21 | - | 0.07 | 2.28 |
| Bihar State Handloom & Handicrafts Corporation Limited | 1983-84 | 6.28 | 3.72 | 0.25 | - | 0.48 | 4.45 |
| Bihar Solvent & Chemicals Limited | 1986-87 | 0.66 | - | - | - | - | - |
| Bihar State Cement Corporation Limited | A/c has not been finalised since inception | - | - | - | - | - | - |
| Bihar Drugs and Chemicals Limited | 1985-86 | 0.94 | NA | NA | NA | NA | NA |
| Bihar State Tannin Extract Limited | 1988-89 | 1.03 | NA | NA | NA | NA | NA |
| Bihar State Finished Leathers Corporation Limited | 1983-84 | 1.47 | - | 9.18 | - | - | 9.18 |
| Bihar Scooters Limited | - | - | - | 6.09 | - | - | 6.09 |
| **Total** | | | **59.02** | **678.87** | **21.07** | **58.42** | **817.38** |
| **Grand Total** | | | **119.89** | **2296.48** | **1171.76** | **268.45** | **3856.58** |

* Figures are based on the information furnished by the Companies.

**NA** indicates that the information has not been provided by the respective Company.

# Annexure 5

## Statement of financial position of Statutory Corporations

**(Referred to in paragraph 1.14)**

**(Amount: ₹ in crore)**

| **1. Bihar State Electricity Board** | | | |
|---|---|---|---|
| **Particulars** | **2008-09** | **2009-10** | **2010-11** |
| **A Liabilities** | | | |
| Equity Capital | --- | --- | --- |
| Loans from Government | 6151.01 | 6496.66 | 8493.87 |
| Reserves and Surplus(excluding depreciation reserve) | --- | --- | --- |
| Current Liabilities and provisions | 3302.59 | 3738.72 | 3832.13 |
| Capital liabilities | 5616.64 | 6763.88 | 8223.34 |
| **Total – A** | **15070.24** | **16996.26** | **20549.34** |
| **B Assets** | | | |
| Gross fixed assets | 2556.51 | 2864.80 | 3856.07 |
| Less depreciation | 1740.85 | 1800.57 | 1883.35 |
| Net fixed assets | 815.66 | 1064.23 | 1972.72 |
| Capital work-in- progress | 934.10 | 881.20 | 1282.04 |
| Current assets | 4927.47 | 5316.13 | 5626.61 |
| Investments | 899.78 | 829.57 | 1471.48 |
| Subsidy receivable from Government | 4,315.65 | 4315.65 | 4315.65 |
| Assets not in use | 3.61 | 3.61 | --- |
| Regulatory assets | 60.00 | 60.00 | 60.00 |
| Miscellaneous expenditure | --- | --- | --- |
| Deficits | 3113.98 | 4525.88 | 5820.86 |
| **Total – B** | **15070.24** | **16996.26** | **20549.34** |
| **C Capital Employed*** | 3374.64 | 3522.84 | 5049.24 |

| **2. Bihar State Road Transport Corporation♦** | | | |
|---|---|---|---|
| **Particulars** | **2008-09** (provisional) | **2009-10** (provisional) | **2010-11** (provisional) |
| **A Liabilities** | | | |
| Capital (including capital loan & equity capital) | 200.91 | 404.01 | 525.35 |
| Borrowings (Government) | -- | -- | -- |
| (Others) | -- | -- | -- |
| Funds** | 0.30 | 0.30 | 0.30 |
| Trade dues and other current liabilities (including provisions) | 1173.69 | 1215.52 | 925.52 |
| **Total – A** | **1374.90** | **1619.53** | **1451.17** |
| **B Assets** | | | |
| Gross Block | | | |
| Less depreciation | | | |
| Net fixed assets | 41.60 | 37.00 | 32.00 |
| Capital works in progress (including cost of chassis) | - | - | - |

*Capital employed represents net fixed assets (including Capital Work-in-Progress) plus working capital. While working out working Capital the element of deferred cost and investments are excluded from the current assets.

♦ Figures are as per information provided by the Corporation.

** Excluding depreciation funds.

| | | | |
|---|---|---|---|
| Investments | - | - | - |
| Current Assets, loans and advances | 310.16 | 495.90 | 325.39 |
| Accumulated Losses | 1023.14 | 1086.63 | 1093.78 |
| **Total – B** | **1374.90** | **1619.53** | **1451.17** |
| **C. Capital Employed**[#] | (-)821.93 | (-)682.62 | (-)568.13 |

**3. Bihar State Financial Corporation**

| Particulars | 2008-09 (provisional) | 2009-10 (provisional) | 2010-11 (provisional) |
|---|---|---|---|
| **A Liabilities** | | | |
| Paid-up capital* | 77.84 | 77.84 | 77.84 |
| Reserve fund, other reserves | 10.05 | 10.05 | 10.05 |
| Borrowings | - | - | - |
| Bonds and Debentures | 79.47 | 35.32 | 3.47 |
| Others paid by State Govt. | 232.02 | 228.47 | 228.47 |
| Current liabilities and provisions | 290.94 | 293.27 | 281.85 |
| **Total – A** | **690.32** | **644.94** | **601.67** |
| **B Assets** | | | |
| Cash and Bank balance | 91.82 | 48.76 | 71.16 |
| Investments | 0.04 | 0.04 | 0.04 |
| Loans and advances | 204.82 | 204.86 | 162.60 |
| Net fixed assets | 0.64 | 0.68 | 0.65 |
| Current assets | 9.07 | 7.56 | 8.53 |
| Dividend deficit account | - | - | - |
| Deficit | 383.93 | 383.04 | 358.71 |
| **Total – B** | **690.32** | **644.94** | **601.67** |
| **C. Capital Employed**** | 390.81 | 375.53 | 335.75 |

**4. Bihar State Warehousing Corporation**♠

| Particulars | 2007-08 | 2008-09 (provisional) | 2009-10 (provisional) |
|---|---|---|---|
| **A. Liabilities** | | | |
| Paid-up capital | 5.31 | 5.31 | 6.42 |
| Reserves and surplus | 16.23 | 15.56 | 23.01 |
| Trade dues and other liabilities (including provisions) | 17.89 | 39.76 | 28.09 |
| **Total -A** | **39.43** | **60.63** | **57.52** |
| **B Assets** | | | |
| Gross block | 17.28 | 17.28 | 17.28 |
| Less depreciation | 0.86 | 1.69 | 2.52 |
| Net fixed assets | 16.42 | 15.59 | 14.76 |
| Capital work-in-progress | -- | -- | -- |
| Current assets, loans and advances | 23.01 | 45.04 | 42.76 |
| Profit and loss Account | -- | -- | -- |
| **Total – B** | **39.43** | **60.63** | **57.52** |
| **C. Capital Employed**[#] | **26.22** | **24.94** | **31.82** |

[#] Capital employed represents net fixed assets (including capital work-in-progress) plus working capital.

*Paid-up capital includes share application money.

**Capital employed represents the mean of the aggregate of opening and closing balances of paid-up capital, reserves (Other than those which have bee funded specifically and backed by investment outside) bond, deposits and borrowings (including refinance).

♠Figures are as per information provided by the Corporation.

# Annexure 6

## Statement of working results of Statutory Corporations

(Referred to in paragraph 1.14)

(Amount: ₹ in crore)

| 1. | Bihar State Electricity Board | | | |
|---|---|---|---|---|
| Sl. No | Particulars | 2008-09 | 2009-10 | 2010-11 |
| 1 | (a) Revenue Receipts | 1765.30 | 1955.89 | 2528.55 |
| | (b) Subsidy from the Government | 720.00 | 840.00 | 1080.00 |
| | Total | **2485.30** | **2795.89** | **3608.55** |
| 2 | Revenue Expenditure (net of expenses capitalised) including write off of intangible assets but excluding depreciation and Interest) | 2643.65 | 3249.11 | 3976.68 |
| 3 | Gross Surplus (+)/deficit (-) for the year (1-2) | (-) 158.35 | (-)453.52 | (-)368.13 |
| 4 | Adjustment relating to previous years | 97.71 | 84.29 | 312.20 |
| 5 | Final Gross Surplus (+)/deficit (-) for the year (3+4) | (-) 60.64 | (-)369.23 | (-)55.93 |
| 6 | Appropriation | | | |
| (a) | Depreciation (less capitalised) | 55.55 | 59.72 | 89.00 |
| (b) | Interest on capital loans | 611.23 | 693.94 | 828.59 |
| (c) | Interest on other loans, bonds, advances etc. | 291.40 | 305.00 | 346.46 |
| (d) | Total Interest on loans and finance charges (b+c) | 902.63 | 998.94 | 1175.05 |
| (e) | Less : Interest capitalised | 14.26 | 16.00 | 25.00 |
| (f) | Net Interest Charged to revenue (d-e) | 888.37 | 982.94 | 1150.05 |
| (g) | Total appropriation (a+f) | 943.92 | 1042.66 | 1239.05 |
| 7 | Surplus (+) /deficit (-) before accountal of subsidy from State Government (5-6(g) -1(b)) | (-) 1709.96 | (-)2235.89 | (-)2354.98 |
| 8 | Net surplus (+)/deficit (-) 5-6(g) | (-) 1004.56 | (-)1411.89 | (-)1294.98 |
| 9 | Total return on Capital employed* | (-) 116.19 | (-)428.95 | (-)144.93 |
| 10 | Percentage of return on Capital employed | -- | - | - |
| **2** | **Bihar Road Transport Corporation♦** | | | |
| | **Particulars** | **2008-09** (provisional) | **2009-10** (provisional) | **2010-11** (provisional) |
| | **Operating** | | | |
| (a) | Revenue | 39.85 | 19.50 | 19.56 |
| (b) | Expenditure | 78.77 | 49.54 | 33.53 |
| (c) | Surplus (+)/Deficit (-) | (-) 38.92 | (-) 30.04 | (-)13.97 |
| | **Non-operating** | | | |
| (a) | Revenue | 2.90 | 2.73 | - |
| (b) | Expenditure | 37.70 | 36.18 | 7.18 |
| (c) | Surplus (+)/Deficit (-) | (-)34.80 | (-) 33.45 | (-)7.18 |
| | Revenue | 42.75 | 22.23 | 19.56 |
| | Expenditure | 116.47 | 85.72 | 40.71 |
| | Net Profit (+)/ Loss (-) | (-) 73.72 | (-) 63.42 | (-)21.15 |
| | Interest on capital and loans | 18.80 | 18.53 | - |
| | Total return on Capital employed | (-)54.92 | (-)44.89 | (-)21.15 |

*Total return on capital employed represents Net surplus/deficit plus total interest charged to profit and loss account (less interest capitalised).

♦ Figures are provided by the Corporation.

# Annexure-6

| 3. | Bihar State Financial Corporation▼ | | | |
|---|---|---|---|---|
| | **Particulars** | **2008-09** (provisional) | **2009-10** (provisional) | **2010-11** (provisional) |
| 1 | **Income** | | | |
| i) | Interest on loans | 8.85 | 13.33 | 8.28 |
| ii) | Other income | 23.44 | 6.78 | 44.31 |
| | **Total – 1** | **32.29** | **20.11** | **52.59** |
| 2. | **Expenses*** | | | |
| i) | (a) Interest on long term loans and short term loans | 19.12 | 5.96 | 1.76 |
| | (b) Provision for non-performing assets | -- | 1.72 | - |
| | (c) Other Expenses | 11.78 | 11.54 | 19.34 |
| | **Total - 2** | **30.90** | **19.22** | **21.10** |
| 3. | Profit (+)/Loss (-) before tax (1-2) | 1.39 | 0.89 | 31.50 |
| 4. | Provision for tax | 0.02 | -- | 6.28 |
| 5. | Other appropriations | -- | -- | - |
| 6. | Amount available for dividend# | -- | -- | - |
| 7. | Dividend | -- | -- | - |
| 8. | Total return on capital employed | 20.51 | 6.85 | 33.25 |
| 9. | *Percent*age of return on capital employed | 5.25 | 1.82 | 9.90 |

| 4. | Bihar State Warehousing Corporation▼ | | | |
|---|---|---|---|---|
| | **Particulars** | **2007-08** | **2008-09** (provisional) | **2009-10** (provisional) |
| 1. | **Income** | | | |
| (a) | Ware housing charges | 7.85 | 8.69 | 10.00 |
| (b) | Other income | 34.53 | 47.29 | 55.10 |
| | **Total - 1** | **42.38** | **55.98** | **65.10** |
| 2. | **Expenses** | | | |
| (a) | Establishment Charges | 4.90 | 4.93 | 5.06 |
| (b) | Other Expenses | 36.34 | 45.68 | 53.53 |
| | **Total - 2** | **41.24** | **50.61** | **58.59** |
| 3 | Profit (+)/Loss (-) before tax | 1.14 | 5.37 | 6.51 |
| 4. | Prior period adjustment | -- | -- | -- |
| 5. | Other appropriation | -- | 2.03 | -- |
| 6. | Amount available for dividend | 1.14 | 3.34 | 6.51 |
| 7. | Dividend for the year | 0.19 | 0.60 | 0.60 |
| 8. | Total return on Capital employed | 1.14 | 3.34 | 6.51 |
| 9. | *Percentage* of return on Capital employed | 4.35 | 13.39 | 20.46 |

▼ Figures are provided by the Corporation.
* Provision for Non-Performing Assets for the year may be distinctly shown under the head Expenses.
\# Represents profit of current year available for dividend after considering the specific reserve.

# Annexure 7

# Paddy/ Wheat procured during last five years

(Referred to in paragraph 2.8.1)

*(Figures in M.T.)*

| Sl. No. | Year | Target | | Achievement | |
|---|---|---|---|---|---|
| | | Paddy | Wheat | Paddy (*per cent*) | Wheat (*per cent*) |
| | 2006-07 | 150000 | 0 | EXEMPTED BY STATE GOVERNMENT | |
| | 2007-08 | 100000 | 0 | 11255.18 **(11.25)** | 0 |
| | 2008-09 | 100000 | 100000 | 87201.43 **(87.20)** | 68560.42 **(68.56)** |
| | 2009-10 | 75000 | 125000 | 42287.05 **(56.38)** | 77125.69 **(61.70)** |
| | 2010-11 | 100000 | 150000 | 18744.52 **(18.74)** | 22957.48 **(15.30)** |

## Annexure 8

# Overall allotment and lifting of foodgrains by the Company through its district offices under different Government Schemes

**(Referred to in paragraph 2.11.1)**

**(Figures in M.T.)**

| Sl. No. | Year | BPL | | | | ANTYODAY | | | | APL | | | | MDM | | ANNAPURNA | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Allotment | | Lifting | | Allotment | | Lifting | | Allotment | | Lifting | | Allotment | Lifting | Allotment | | Lifting | |
| | | Wheat | Rice | Wheat | Rice | Wheat | Rice | Wheat | Rice | Wheat | Rice | Wheat | Rice | Rice | Rice | Wheat | Rice | Wheat | Rice |
| 1. | 2006-07 | 475500 | 1197744 | 242638 | 207701 | 407964 | 611664 | 241499 | 319492 | 493568 | 0 | 8540 | 737 | 183755 | 113372 | 11448 | 8100 | 9803 | 6788 |
| 2. | 2007-08 | 475500 | 1197744 | 474570 | 470728 | 407964 | 611664 | 367015 | 503912 | 493568 | 0 | 9498 | 0 | 183755 | 110376 | 11448 | 8100 | 9742 | 6390 |
| 3. | 2008-09 | 475500 | 1197744 | 289762 | 470764 | 407964 | 611664 | 322413 | 461344 | 493568 | 0 | 13690 | 0 | 183755 | 137630 | 11448 | 8100 | 10454 | 6802 |
| 4. | 2009-10 | 447732 | 1197744 | 410893 | 745532 | 407964 | 611664 | 385208 | 541978 | 646008 | 370 | 330624 | 370 | 258525 | 215325 | 11448 | 8100 | 9151 | 6107 |
| 5. | 2010-11 | 440642 | 1261402 | 447046 | 1062519 | 415083 | 622507 | 410646 | 602191 | 646008 | 43440 | 384295 | 13729 | 236080 | 181701 | 10832 | 7421 | 8766 | 5855 |
| | | 2314874 | 6052378 | 1864909 | 2957244 | 2046939 | 3069163 | 1726781 | 2428917 | 2772720 | 43810 | 746647 | 14836 | 1045870 | 758404 | 56624 | 39821 | 47916 | 31942 |

## Lifting of Grains

**(in *per cent*)**

| Year | APL | | Annapurna | | Antyoday | | BPL | | MDM |
|---|---|---|---|---|---|---|---|---|---|
| | Wheat | Rice | Wheat | Rice | Wheat | Rice | Wheat | Rice | Rice |
| 2006-07 | 1.73 | - | 85.63 | 83.80 | 59.20 | 52.23 | 51.03 | 17.34 | 61.70 |
| 2007-08 | 1.92 | - | 85.09 | 78.89 | 89.96 | 82.38 | 99.80 | 39.30 | 60.07 |
| 2008-09 | 2.77 | - | 91.32 | 83.98 | 79.03 | 75.42 | 60.94 | 39.30 | 74.90 |
| 2009-10 | 51.18 | 100 | 79.94 | 75.40 | 94.42 | 88.61 | 91.77 | 62.24 | 83.29 |
| 2010-11 | 59.49 | 31.60 | 80.93 | 78.90 | 98.93 | 96.74 | 101.45 | 84.23 | 76.96 |

# Annexure 9

# Statement of loss of margin money due to non-lifting of grains

(Referred to in paragraph 2.11.1)

| Name of the Scheme | Unlifted Grains (in quintals) | | | | | Total (in quintals) | Rate (in ₹) | Total loss of margin money (in ₹) |
|---|---|---|---|---|---|---|---|---|
| | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | | | |
| BPL(W) | 2328620 | 9300 | 1857380 | 368390 | 0 | 4563690 | 35.00 | 159729150 |
| BPL(R) | 9900430 | 7270160 | 7269800 | 4522120 | 1988830 | 30951340 | 35.00 | 1083296900 |
| AAY(W) | 1664650 | 409490 | 855510 | 227560 | 44370 | 3201580 | 29.00 | 92845820 |
| AAY(R) | 2921720 | 1077520 | 1503200 | 696860 | 203160 | 6402460 | 25.00 | 160061500 |
| APL(W) | 4850280 | 4840700 | 4798780 | 3153840 | 2617130 | 20260730 | 21.00 | 425475330 |
| APL(R) | 0 | 0 | 0 | 0 | 297110 | 297110 | 22.60 | 6714686 |
| MDM(R) | 703830 | 733790 | 461250 | 432000 | 543790 | 2874660 | 35.00 | 100613100 |
| ANP(W) | 16450 | 17060 | 9940 | 22970 | 20660 | 87080 | 35.00 | 3047800 |
| ANP(R) | 13120 | 17100 | 12980 | 19930 | 15660 | 78790 | 35.00 | 2757650 |
| Total | 22399100 | 14375120 | 16768840 | 9443670 | 5730710 | 68717440 | - | 2034541936 |

**₹ 203.45 crore**

# Statement of diversion of foodgrains to different Schemes

**(Referred to in paragraph 2.11.2)**

| Scheme from where excess quantity obtained | Quantity (in quintals) | Selling rate per quintal | Scheme under which excess quantity sold | Recovery rate of Company per quintal | Difference per quintal (Amount in ₹ ) | Extra generation of profit or loss incurred (Amount ₹ in lakh) |
|---|---|---|---|---|---|---|
| **1. DLO Patna** | | | | | | |
| | | | **Wheat** | | | |
| AAY | 43,536.62 | 237.00 | BPL | 466.60 | 229.60 | 99.96 |
| ANP | 346.59 | Free | BPL | 466.60 | 466.60 | 1.62 |
| ANP | 973.01 | Free | AAY | 237.00 | 237.00 | 2.31 |
| | | | | **Total profit** | | **103.89** |
| APL | 5,93,324.70 | 655.40 | BPL | 466.60 | (188.80) | 1120.20 |
| APL | 14881.39 | 655.40 | AAY | 237.00 | (418.40) | 62.26 |
| APL | 4198.62 | 655.40 | ANP | Free | (655.40) | 27.52 |
| | | | | **Total loss** | | **1209.98** |
| | | | **Rice** | | | |
| MDM | 68533.16 | Free | BPL | 622.60 | 622.60 | 426.69 |
| AAY | 22574.99 | 337.00 | BPL | 622.60 | 285.60 | 64.47 |
| AAY | 5338.61 | 337.00 | APL | 849.40 | 512.40 | 27.36 |
| ANP | 2994.45 | Free | AAY | 337.00 | 337.00 | 10.09 |
| MDM | 13979.10 | Free | AAY | 337.00 | 337.00 | 47.11 |
| ANP | 52.55 | Free | MDM | Free | - | - |
| MDM | 585.39 | Free | APL | 849.40 | 849.40 | 4.97 |
| | | | | **Total profit** | | **580.69** |
| BPL | 9108.99 | 622.60 | ANP | Free | (622.60) | 56.71 |
| APL | 20068.26 | 849.40 | BPL | 622.60 | (226.80) | 45.51 |
| APL | 389.68 | 849.40 | ANP | Free | (849.40) | 3.31 |
| | | | | **Total loss** | | **105.53** |
| **2. DLO Nawadah** | | | | | | |
| | | | **Wheat** | | | |
| AAY | 546.70 | 237.00 | APL | 655.40 | 418.40 | 2.29 |
| AAY | 17960.27 | 237.00 | BPL | 466.60 | 229.60 | 41.23 |
| ANP | 444.90 | Free | AAY | 237.00 | 237.00 | 1.05 |
| ANP | 76.80 | Free | APL | 655.40 | 655.40 | 0.50 |
| | | | | **Total profit** | | **45.07** |
| BPL | 666.52 | 466.60 | ANP | Free | (466.60) | 3.11 |
| APL | 238786.32 | 655.40 | BPL | 466.60 | (188.80) | 450.83 |
| | | | | **Total loss** | | **453.94** |
| | | | **Rice** | | | |
| AAY | 11415.73 | 337.00 | BPL | 622.60 | 285.60 | 32.60 |
| MDM | 5699.46 | Free | BPL | 622.60 | 622.60 | 35.48 |
| ANP | 246.24 | Free | AAY | 337.00 | 337.00 | 0.83 |
| MDM | 607.94 | Free | AAY | 337 | 337 | 2.05 |
| ANP | 346.04 | Free | MDM | Free | - | - |

# Annexure-10

| Scheme from where excess quantity obtained | Quantity (in quintals) | Selling rate per quintal | Scheme under which excess quantity sold | Recovery rate of Company per quintal | Difference per quintal (Amount in ₹ ) | Extra generation of profit or loss incurred (Amount ₹ in lakh) |
|---|---|---|---|---|---|---|
| | | | | **Total profit** | | **70.96** |
| BPL | 317.90 | 622.60 | ANP | Free | (622.60) | (1.98) |
| APL | 99.13 | 849.40 | ANP | Free | (849.40) | (0.84) |
| | | | | **Total loss** | | **2.82** |
| **3.** | **DLO Begusarai** | | | | | |
| | | | **Wheat** | | | |
| ANP | 479.19 | Free | BPL | 466.60 | 466.60 | 2.23 |
| | | | | | **Total profit** | **2.23** |
| | | | | | | |
| BPL | 6399.82 | 466.60 | AAY | 237.00 | 229.60 | 14.69 |
| AAY | 939.69 | 237.00 | ANP | Free | 237.00 | 2.23 |
| | | | | | **Total loss** | **16.92** |
| | | | **Rice** | | | |
| AAY | 11999.82 | 337.00 | BPL | 622.60 | 285.60 | 34.27 |
| ANP | 2175.52 | Free | BPL | 622.60 | 622.60 | 13.54 |
| MDM | 1528.13 | Free | BPL | 622.60 | 622.60 | 9.51 |
| SGRY | 2385.16 | Free | BPL | 622.60 | 622.60 | 14.85 |
| MDM | 2238.49 | Free | AAY | 337.00 | 337.00 | 7.54 |
| MDM | 12.88 | Free | ANP | FREE | - | - |
| SGRY | 236.56 | Free | ANP | FREE | - | - |
| | | | | **Total profit** | | **79.71** |
| AAY | 472.48 | 337.00 | ANP | Free | 337.00 | 1.59 |
| AAY | 370.80 | 337.00 | SGRY | Free | 337.00 | 1.25 |
| | | | | **Total loss** | | **2.84** |
| **4.** | **DLO Samastipur** | | | | | |
| | | | **Wheat** | | | |
| AAY | 32854.27 | 237.00 | BPL | 466.60 | 229.60 | 75.43 |
| ANP | 1480.01 | FREE | AAY | 237.00 | **237.00** | **3.51** |
| | | | | **Total profit** | | **78.94** |
| APL | 8204.39 | 655.40 | AAY | 237.00 | 418.40 | 34.33 |
| BPL | 4251.52 | 466.60 | ANP | Free | 466.60 | 19.84 |
| APL | 73.77 | 655.40 | ANP | Free | 655.40 | 0.48 |
| APL | 140830.44 | 655.40 | BPL | 466.60 | 188.80 | 265.89 |
| | | | | **Total loss** | | **320.54** |
| | | | **Rice** | | | |
| AAY | 55806.37 | 337 | BPL | 622.60 | 285.60 | 159.38 |
| ANP | 7550.42 | FREE | BPL | 622.60 | 622.60 | 47.00 |
| MDM | 559.07 | FREE | ANP | Free | - | - |
| | | | | **Total profit** | | **206.38** |
| BPL | 36934.62 | 622.60 | MDM | Free | 622.60 | 229.95 |
| AAY | 10594.61 | 337.00 | MDM | Free | 337.00 | 35.70 |
| AAY | 3449.57 | 337.00 | ANP | Free | 337.00 | 11.62 |
| | | | | **Total loss** | | **277.27** |

# Annexure-10

| Scheme from where excess quantity obtained | Quantity (in quintals) | Selling rate per quintal | Scheme under which excess quantity sold | Recovery rate of Company per quintal | Difference per quintal (Amount in ₹ ) | Extra generation of profit or loss incurred (Amount ₹ in lakh) |
|---|---|---|---|---|---|---|
| **5. DLO Muzaffarpur** | | | | | | |
| | | | **Wheat** | | | |
| AAY | 479316.32 | 237.00 | BPL | 466.60 | 229.60 | 1100.51 |
| BPL | 6681.02 | 466.60 | APL | 655.40 | 188.80 | 12.61 |
| ANP | 781.82 | Free | AAY | 237.00 | 237.00 | 1.85 |
| AAY | 4230.91 | 237.00 | APL | 655.40 | 418.40 | 17.70 |
| ANP | 46.40 | Free | APL | 655.40 | 655.40 | 0.30 |
| | | | | **Total profit** | | **1132.97** |
| BPL | 3957.21 | 466.60 | ANP | Free | 466.60 | 18.46 |
| | | | | | **Total loss** | **18.46** |
| | | | **Rice** | | | |
| AAY | 40697.42 | 337.00 | BPL | 622.60 | 285.60 | 116.23 |
| BPL | 103.40 | 622.60 | APL | 849.40 | 226.80 | 0.23 |
| AAY | 144.09 | 337.00 | APL | 849.40 | 512.40 | 0.73 |
| ANP | 412.62 | Free | AAY | 337.00 | 337.00 | 1.39 |
| MDM | 3202.64 | Free | AAY | 337.00 | 337.00 | 10.79 |
| MDM | 59.38 | Free | ANP | Free | - | - |
| | | | | | **Total profit** | **129.37** |
| BPL | 881.00 | 622.60 | ANP | Free | 622.60 | 5.48 |
| BPL | 365.35 | 622.60 | MDM | Free | 622.60 | 2.27 |
| | | | | **Total loss** | | **7.75** |
| **6. DLO Nalanda** | | | | | | |
| | | | **Wheat** | | | |
| ANP | 1158.67 | FREE | BPL | 466.60 | 466.60 | 5.40 |
| AAY | 30798.20 | 237 | BPL | 466.60 | 229.60 | 70.71 |
| | | | | | **Total profit** | **76.11** |
| APL | 61400.44 | 655.40 | BPL | 466.60 | 188.80 | 115.92 |
| AAY | 1273.83 | 237 | ANP | FREE | 237 | 3.02 |
| APL | 119.70 | 655.40 | AAY | 237.00 | **418.40** | **0.50** |
| | | | | | **Total loss** | **119.44** |
| | | | **Rice** | | | |
| AAY | 20857.87 | 337 | BPL | 622.60 | 285.60 | 59.57 |
| MDM | 360.56 | FREE | BPL | 622.60 | 622.60 | 2.24 |
| ANP | 726.22 | FREE | BPL | 622.60 | 622.60 | 4.52 |
| ANP | 305.41 | FREE | AAY | 337 | 337 | 1.02 |
| MDM | 10.72 | FREE | ANP | FREE | - | - |
| | | | | | **Total profit** | **67.35** |
| AAY | 5068.99 | 337 | MDM | FREE | **337** | **17.08** |
| | | | | | **Total loss** | **17.08** |

# Annexure-10

### Statement of Profit due to diversion of grains in different DLOs of SFC

(₹ in lakh)

| Name of DLO | Wheat | Rice | Total Amount |
|---|---|---|---|
| Patna | 103.89 | 580.69 | 684.58 |
| Nawadah | 45.07 | 70.96 | 116.03 |
| Begusarai | 2.23 | 79.71 | 81.94 |
| Samastipur | 78.94 | 206.38 | 285.32 |
| Muzaffarpur | 1132.97 | 129.37 | 1262.34 |
| Nalanda | 76.11 | 67.35 | 143.46 |
| Total | 1439.21 | 1134.46 | 2573.67 say 25.74 crore |

### Statement of loss due to diversion of grains in different DLOs of SFC

(₹ in lakh)

| Name of DLO | Wheat | Rice | Total Amount |
|---|---|---|---|
| Patna | 1209.98 | 105.53 | 1315.51 |
| Nawadah | 453.94 | 2.82 | 456.76 |
| Begusarai | 16.92 | 2.84 | 19.76 |
| Samastipur | 320.54 | 277.27 | 597.81 |
| Muzaffarpur | 18.46 | 7.75 | 26.21 |
| Nalanda | 119.44 | 17.08 | 136.52 |
| Total | 2139.28 | 413.29 | 2552.57say 25.53 crore |

# Annexure 11

## Statement of loss due to non-revision of margin rate

(Referred to in paragraph 2.12.1)

| Name of the Scheme | Lifted Grains (in quintals) | | Total Qty.(in quintals) | Existing Rate of margin per quintal (in ₹ ) | Proposed rate of margin per quintal (in ₹ ) | Diff. per quintal (in ₹ ) | Avoidable loss (in ₹ ) |
|---|---|---|---|---|---|---|---|
| | 2009-10 | 2010-11 | | | | | |
| BPL(W) | 4108930 | 4470460 | 8579390 | 35.00 | 45.00 | 10.00 | 85793900 |
| BPL(R) | 7455320 | 10625190 | 18080510 | 35.00 | 45.00 | 10.00 | 180805100 |
| AAY(W) | 3852080 | 4106460 | 7958540 | 29.00 | 45.00 | 16.00 | 127336640 |
| AAY(R) | 5419780 | 6021910 | 11441690 | 25.00 | 45.00 | 20.00 | 228833800 |
| APLW) | 3306240 | 3842950 | 7149190 | 21.00 | 45.00 | 24.00 | 171580560 |
| APL(R) | 3700 | 137290 | 140990 | 22.60 | 45.00 | 22.40 | 3158176 |
| MDM(R) | 2153250 | 1817010 | 3970260 | 35.00 | 45.00 | 10.00 | 39702600 |
| ANP(W) | 91510 | 87660 | 179170 | 35.00 | 45.00 | 10.00 | 1791700 |
| ANP(R) | 61070 | 58550 | 119620 | 35.00 | 45.00 | 10.00 | 1196200 |
| Total | 26451880 | 31167480 | 57619360 | | | | 840198676 |

**₹ 84.02 crore**

# Statement showing particulars of distribution network planned vis-à-vis achievement thereagainst in the State as a whole during 2006-07 to 2010-11

**(Referred to in paragraph 3.6.1)**

| Sl. No. | Description | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|---|---|---|---|---|---|---|
| **(A)** | **No. of Substations (of various categories)** | | | | | |
| i | At the beginning of the year | 362 | 391 | 398 | 404 | 431 |
| ii | Additions planned for the year | 131 | 24 | 93 | 43 | Nil |
| iii | Additions made during the year | 29 | 07 | 06 | 27 | 42 |
| iv | At the end of the year | 391 | 398 | 404 | 431 | 473 |
| V | Shortage in addition (ii-iii) | 102 | 17 | 87 | 16 | Nil |
| **(B)** | **HT Lines (in CKM)** | | | | | |
| i | At the beginning of the year | 40814 | 44989 | 49538 | 54703 | 60239 |
| ii | Additions planned for the year | 10394.73 | 10394.73 | 10394.73 | 10394.73 | 10394.73 |
| iii | Additions made during the year | 4175 | 4549 | 5165 | 5536 | 6125 |
| iv | At the end of the year | 44989 | 49538 | 54703 | 60239 | 66364 |
| V | Shortage in addition (ii-iii) | 6219.73 | 5845.73 | 5229.73 | 4858.73 | 4269.73 |
| **(C)** | **LT Lines (in CKM)** | | | | | |
| i | At the beginning of the year | 65860 | 97258 | 106594 | 117634 | 129485 |
| ii | Additions planned for the year[21] | NA | NA | NA | NA | NA |
| iii | Additions made during the year | 31398 | 9336 | 11040 | 11851 | 12981 |
| iv | At the end of the year | 97258 | 106594 | 117634 | 129485 | 142466 |
| V | Shortage in addition (ii-iii) | NA | NA | NA | NA | NA |
| **(D)** | **Transformers Capacity (in MVA)** | | | | | |
| i | At the beginning of the year | 2544.45 | 2770.21 | 3113.69 | 3450.19 | 3939.06 |
| ii | Additions planned for the year[22] | NA | NA | NA | NA | NA |
| iii | Additions made during the year | 225.76 | 343.48 | 336.50 | 488.87 | 518.09 |
| iv | At the end of the year | 2770.21 | 3113.69 | 3450.19 | 3939.06 | 4457.15 |
| V | Shortage in addition (ii-iii) | NA | NA | NA | NA | NA |

21 Data regarding planning of LT lines not made available to Audit.

22 Year wise bifurcated figure with respect of planning for augmentation of Capacity of PSS was not available with Board.

Annexure 13

# Statement showing mismatch in planning of creation of additional infrastructure

(Referred to in paragraph 3.6.1)

(In MVA)

| Name of Circle | Projected load for 2011 | Ideal Capacity of PSS i.e. 133% of Contracted Load | Existing Capacity of PSS as on March 2007 | Total Planned addition during 2007-11 | Capacity of PSS Planned as on 31.03.2011 | Excess (+) Shortfall (-) in Planning | Percentage mismatch |
|---|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6)=(4 + 5) | (7)=(6 - 3) | (8) |
| Ara | 143.34 | 191.12 | 84.15 | 238.85 | 323 | 131.88 | 69 |
| Bhagalpur | 248.56 | 331.41 | 112.4 | 172.2 | 284.6 | -46.81 | -14.01 |
| Chapra | 263.32 | 351.09 | 99.73 | 234.02 | 333.75 | -17.34 | -4.94 |
| Darbhanga | 257.18 | 342.91 | 115.15 | 179.55 | 294.7 | -48.21 | -13.97 |
| Gaya | 350.08 | 466.77 | 387.65 | 228.65 | 616.3 | 149.53 | 32.03 |
| Motihari | 173.45 | 231.27 | 86.6 | 140.75 | 227.35 | -3.92 | 2.63 |
| Munger | 197.11 | 262.81 | 122.07 | 190.98 | 313.05 | 50.24 | 19.11 |
| Muzaffarpur | 414.16 | 552.21 | 215.4 | 368.9 | 584.3 | 32.09 | 5.81 |
| Nalanda | 142.97 | 190.63 | 150.4 | 206.45 | 356.85 | 166.22 | 87.20 |
| Patna | 367.02 | 489.36 | 143.3 | 131.9 | 275.2 | -214.16 | -43.76 |
| PESU[23] | 1043.87 | 1391.83 | 527.94 | 209.11 | 737.05 | -654.78 | -47.04 |
| Purnea | 236.15 | 314.87 | 115.71 | 212.99 | 328.7 | 13.83 | 4.39 |
| Saharsa | 190.17 | 253.56 | 78.3 | 233.05 | 311.35 | 57.79 | 22.79 |
| Samastipur | 227.00 | 302.67 | 107.25 | 170.8 | 278.05 | -24.62 | -8.13 |
| Sasaram | 341.76 | 455.68 | 198.4 | 144.5 | 342.9 | -112.78 | -24.97 |
| | **4596.14** | **6128.19** | **2544.45** | **3062.7** | **5607.15** | | |

[23] Including PESU (East) & (West) circles

# Annexure 14

## Statement showing Cost overrun due to delay in Award of Contract

(Referred to in paragraph 3.7.2)

(Amount: ₹ in crore)

| Sl No. | Name of the District | Date of DPR submitted by BOARD to REC for approval | Date of sanction of DPR | Date of first NIT issued | Amount quoted by L 1 | Sent to REC for approval | Date of approval by REC | Date of second NIT | Amount quoted by L 1 | Increase in Amount |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8. | 9. | 10. | 11=(10 – 6). |
| 1. | Supaul | 08.02.06 | 09.08.06 | 05.10.06 | 84.42 | 17.10.07 | 29.08.08 | 14.11.08 | 108.56 | 24.14 |
| 2. | Kathihar | 04.02.06 | 04.02.06 | 06.12.06 | 226.11 | 17.10.07 | 29.08.08 | 17.11.08 | 254.36 | 28.25 |
| 3. | Sheikhpura | 04.02.06 | 04.02.06 | 06.12.06 | 39.67 | 31.10.07 | 29.08.08 | 12.11.08 | 41.19 | 1.52 |
| 4. | Samastipur | 04.02.06 | 04.02.06 | 06.12.06 | 123.70 | 17.10.07 | 29.08.08 | 17.11.08 | 132.11 | 8.41 |
| 5. | Begusarai | 04.02.06 | 04.02.06 | 06.12.06 | 90.76 | 17.10.07 | 29.08.08 | 14.11.08 | 111.41 | 20.65 |
| 6. | Madhepura | 04.02.06 | 04.02.06 | 06.12.06 | 66.98 | 17.10.07 | 29.08.08 | 12.11.08 | 75.70 | 8.72 |
| 7. | Khagaria | 04.02.06 | 04.02.06 | 06.12.06 | 41.45 | 17.10.07 | 29.08.08 | 12.11.08 | 43.54 | 2.09 |
| 8. | Saharsa | 04.02.06 | 04.02.06 | 06.12.06 | 75.31 | 31.10.07 | 29.08.08 | 14.11.08 | 85.22 | 9.91 |
| | | | | | **748.40** | | | | **852.09** | **103.69** |

Annexure 15

# Statement showing progress of installation of meters

(Referred to in paragraph 3.9.4)

(In numbers)

| Year | Meters installed at the opening of the year | Targeted for metering during the year | Actual meters installed during the year | Meters installed at the close of the year | Percentage of achievement against the target |
|---|---|---|---|---|---|
| 2008-09 | 401126 | 150000 | 54895 | 456021 | 36.6 |
| 2009-10 | 456021 | 150000 | 39887 | 495908 | 26.59 |
| 2010-11 | 495908 | 150000 | 51922 | 547830 | 34.6 |

Note : Information in respect of 2006-07 and 2007-08 were not furnished by the Board

Annexure 16

# Statement showing source-wise purchase of power during 2006-11

(Referred to in paragraph 3.10.1)

**(in Million Units/ Average Cost per Unit)**

| Year | State Generation PSUs | Central Sector | IPPs | Others | Total |
|---|---|---|---|---|---|
| 2006-07 | 46.76 | 7884.59 | 0 | 247.17 | 8178.52 |
| | 199.99 | 177.53 | 0 | 343.215 | 182.66 |
| 2007-08 | 45.23 | 7707.67 | 2.32 | 376.15 | 8131.37 |
| | 200.00 | 185.69 | 297.37 | 493.87 | 200.061 |
| 2008-09 | 41.54 | 8588.71 | 13.12 | 158.74 | 8802.11 |
| | 199.99 | 213.71 | 297.94 | 460.83 | 218.23 |
| 2009-10 | 32.27 | 9349.85 | 11.14 | 548.02 | 9941.28 |
| | 208.31 | 247.91 | 300.07 | 367.70 | 254.44 |
| 2010-11 | 27.37 | 10741.92 | 28.35 | 180.17 | 10977.81 |
| | 243.88 | 290.72 | 426.55 | 528.58 | 294.86 |
| **Total** | **193.17** | **44272.74** | **54.93** | **1510.25** | **46031.09** |

# Annexure 17

## Statement showing loss of revenue with respect to demand charge due to short determination of charge in Gangotri Iron & Steel Company, Bihta, Consumer No. 6771/BT

(Referred to in paragraph 3.12.5)

| Month | Demand charge actually billed (in ₹) (actual M.D. recorded) | Demand charge to be billed as per load of 15946 KVA (in ₹) | Amount short billed (in ₹) |
|---|---|---|---|
| | (A) | (B) | (B) – (A) |
| January' 09 | 72,57,000 (11840) | 78,13,540 | 5,56,540 |
| February' 09 | 1,02,86,200 (12410) | 1,04,18,053 | 13,18,53 |
| March' 09 | 1,01,50,000 (12820) | 1,11,62,200 | 10,12,200 |
| April' 09 | 1,01,50,000 (13250) | 1,11,62,200 | 10,12,200 |
| May' 09 | 1,01,50,000 (13850) | 1,11,62,200 | 10,12,200 |
| June' 09 | 1,01,50,000 (13610) | 1,11,62,200 | 10,12,200 |
| July' 09 | 1,01,50,000 (13660) | 1,11,62,200 | 10,12,200 |
| August' 09 | 1,05,02,400 (14010) | 1,11,62,200 | 6,59,800 |
| September' 09 | 1,01,50,000 (14270) | 1,11,62,200 | 10,12,200 |
| October' 09 | 1,01,50,000 (14000) | 1,11,62,200 | 10,12,200 |
| November' 09 | 1,01,50,000 (14030) | 1,11,62,200 | 10,12,200 |
| December' 09 | 1,04,72,000 (14960) | 1,11,62,200 | 6,90,200 |
| January' 10 | 1,07,66,000 (15380) | 1,11,62,200 | 3,96,200 |
| February' 10 | 1,04,79,000 (14970) | 1,11,62,200 | 6,83,200 |
| March' 10 | 1,03,81,000 (14830) | 1,11,62,200 | 7,81,200 |
| April' 10 | 1,04,16,000 (14880) | 1,11,62,200 | 7,46,200 |
| May' 10 | 1,05,63,000 (15090) | 1,11,62,200 | 5,99,200 |
| June' 10 | 1,01,50,000 (14100) | 1,11,62,200 | 10,12,200 |
| July' 10 | 1,01,50,000 (14220) | 1,11,62,200 | 10,12,200 |
| August' 10 | 1,01,50,000 (13730) | 1,11,62,200 | 10,12,200 |
| September' 10 | 1,01,50,000 (12400) | 1,11,62,200 | 10,12,200 |
| October' 10 | 1,01,50,000 (13410) | 1,11,62,200 | 10,12,200 |
| November' 10 | 1,01,50,000 (13520) | 1,11,62,200 | 10,12,200 |
| December' 10 | 1,01,50,000 (12850) | 1,11,62,200 | 10,12,200 |
| January' 11 | 1,01,50,000 (12600) | 1,11,62,200 | 10,12,200 |
| February' 11 | 1,01,50,000 (12350) | 1,11,62,200 | 10,12,200 |
| March' 11 | 1,01,50,000 (12740) | 1,11,62,200 | 10,12,200 |
| April'11 | 1,01,50,000 (12740) | 1,11,62,200 | 10,12,200 |
| **Total** | | | **24476193** |

**= ₹ 2.45 crore**

## Annexure 18

# Statement showing element of cross subsidy in tariff over the period 2006-07 to 2010-11

**(Referred to in paragraph 3.14.4)**

| Sl. No. | Category | Average unit rate ₹/Unit | ACOS ₹/ unit | Cross subsidy to ACOS *(per cent)* | Average unit rate ₹/unit | ACOS ₹/ unit | Cross subsidy to ACOS *(per cent)* | Average unit rage ₹/ unit | ACOS ₹/unit | Cross subsidy to ACOS *(per cent)* | Average unit rage ₹/ unit | ACOS ₹/unit | Cross subsidy to ACOS *(per cent)* | Average unit rage ₹/ unit | ACOS ₹/unit | Cross subsidy to ACOS *(per cent)* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2006-07 | | | 2007-08 | | | 2008-09 | | | 2009-10 | | | 2010-11 | | |
| 1 | Domestic | 1.65 | 6.34 | 73.97 | 1.82 | 6.33 | 71.25 | 1.82 | 6.63 | 72.55 | 1.82 | 6.97 | 73.89 | 2.14 | 8.38 | 74.46 |
| 2 | Non-Domestic (Commercial) | 4.83 | 6.34 | 23.82 | 4.85 | 6.33 | 23.38 | 4.84 | 6.63 | 27.00 | 4.84 | 6.97 | 30.56 | 6.38 | 8.38 | 23.87 |
| 3 | Public Lighting | 2.31 | 6.34 | 63.56 | 2.4 | 6.33 | 62.09 | 2.41 | 6.63 | 63.65 | 2.41 | 6.97 | 65.42 | 3.64 | 8.38 | 56.56 |
| 4 | Irrigation | 0.56 | 6.34 | 91.17 | 0.64 | 6.33 | 89.89 | 0.64 | 6.63 | 90.35 | 0.68 | 6.97 | 90.24 | 2.24 | 8.38 | 73.27 |
| 5 | Pub Water Works | 2.95 | 6.34 | 53.47 | 3.17 | 6.33 | 49.92 | 3.37 | 6.63 | 49.17 | 3.37 | 6.97 | 51.65 | 4.33 | 8.38 | 48.33 |
| 6 | Industrial LT | 4.92 | 6.34 | 22.40 | 4.95 | 6.33 | 21.80 | 4.95 | 6.63 | 25.34 | 4.47 | 6.97 | 35.87 | 4.61 | 8.38 | 44.99 |
| 7 | Industrial HT | 4.48 | 6.34 | 29.34 | 4.39 | 6.33 | 30.65 | 4.28 | 6.63 | 35.44 | 4.28 | 6.97 | 38.59 | 5.11 | 8.38 | 39.02 |
| 8 | Railway traction | 4.86 | 6.34 | 23.34 | 5.02 | 6.33 | 20.70 | 5.03 | 6.63 | 24.13 | 4.89 | 6.97 | 29.84 | 5.69 | 8.38 | 32.10 |
| 9 | Inter State | 2.97 | 6.34 | 53.15 | 3.68 | 6.33 | 41.86 | 5.82 | 6.63 | 12.22 | 3.84 | 6.97 | 44.91 | 4.12 | 8.38 | 50.84 |

# Annexure 19

## Statement showing liability on account of labour cess and penal interest thereon

(Referred to in paragraph 4.5)

| MONTH | DIVISIONS | | | | TOTAL | LABOUR CESS DUE | No. of MONTHS | INTEREST | Labour Cess and Interest |
|---|---|---|---|---|---|---|---|---|---|
| | BPBCCL Patna | BRPNN Patna-I | BRPNN Patna-II | BRPNN Road | | | | | |
| Apr-08 | 1849737 | 83784656 | 77367144 | 64192716 | 227194253 | 2271943 | 35 | 1590360 | 3862302 |
| May-08 | 2102978 | 71219051 | 87170760 | 83469370 | 243962159 | 2439622 | 34 | 1658943 | 4098564 |
| Jun-08 | 3638904 | 69837477 | 91933667 | 87345444 | 252755492 | 2527555 | 33 | 1668186 | 4195741 |
| Jul-08 | 2085392 | 56684205 | 57992037 | 88873057 | 205634691 | 2056347 | 32 | 1316062 | 3372409 |
| Aug-08 | 1664347 | 63199802 | 21711814 | 39670465 | 126246428 | 1262464 | 31 | 782728 | 2045192 |
| Sep-08 | 3332599 | 29137648 | 25533530 | 34314267 | 92318044 | 923180 | 30 | 553908 | 1477089 |
| Oct-08 | 1287913 | 128685897 | 11220830 | 63464414 | 204659054 | 2046591 | 29 | 1187023 | 3233613 |
| Nov-08 | 1582466 | 25911331 | 31929014 | 121132149 | 180554960 | 1805550 | 28 | 1011108 | 2816657 |
| Dec-08 | 1982486 | 55358891 | 79316450 | 91958171 | 228615998 | 2286160 | 27 | 1234526 | 3520686 |
| Jan-09 | 2418013 | 159719479 | 56719598 | 167733586 | 386590676 | 3865907 | 26 | 2010272 | 5876178 |
| Feb-09 | 6610329 | 35713563 | 44843642 | 160705304 | 247872838 | 2478728 | 25 | 1239364 | 3718093 |
| Mar-09 | 7980251 | 248969653 | 59091028 | 191031202 | 507072134 | 5070721 | 24 | 2433946 | 7504668 |
| Apr-09 | 9715059 | 51069272 | 43099308 | 122651402 | 226535041 | 2265350 | 23 | 1042061 | 3307412 |
| May-09 | 7280835 | 90501031 | 35749403 | 85093637 | 218624906 | 2186249 | 22 | 961950 | 3148199 |
| Jun-09 | 16828875 | 74161821 | 35236299 | 159176598 | 285403593 | 2854036 | 21 | 1198695 | 4052731 |
| Jul-09 | 22444981 | 168084666 | 32843281 | 47057258 | 270430186 | 2704302 | 20 | 1081721 | 3786023 |
| Aug-09 | 16294746 | 61750940 | 30667581 | 78510521 | 187223788 | 1872238 | 19 | 711450 | 2583688 |
| Sep-09 | 21360013 | 81250513 | 38717305 | 133277106 | 274604937 | 2746049 | 18 | 988578 | 3734627 |
| Oct-09 | 26090416 | 9447066 | 28261072 | 53871318 | 117669872 | 1176699 | 17 | 400078 | 1576776 |
| Nov-09 | 14101757 | 57169233 | 34566183 | 149032328 | 254869501 | 2548695 | 16 | 815582 | 3364277 |
| Dec-09 | 18122181 | 87070914 | 55527929 | 193938925 | 354659949 | 3546599 | 15 | 1063980 | 4610579 |
| Jan-10 | 12917776 | 53997111 | 46569750 | 103369536 | 216854173 | 2168542 | 14 | 607192 | 2775733 |
| Feb-10 | 20025562 | 0 | 0 | 0 | 20025562 | 200256 | 13 | 52066 | 252322 |
| Mar-10 | 30620475 | 0 | 0 | 0 | 30620475 | 306205 | 12 | 73489 | 379694 |

# Annexure-19

| MONTH | DIVISIONS | | | | TOTAL | LABOUR CESS DUE | No. of MONTHS | INTEREST | Labour Cess and Interest |
|---|---|---|---|---|---|---|---|---|---|
| | BPBCCL Patna | BRPNN Patna-I | BRPNN Patna-II | BRPNN Road | | | | | |
| Apr-10 | 3675027 | 0 | 0 | 0 | 3675027 | 36750 | 11 | 8085 | 44835 |
| May-10 | 12667211 | 0 | 0 | 0 | 12667211 | 126672 | 10 | 25334 | 152007 |
| Jun-10 | 13105196 | 0 | 0 | 0 | 13105196 | 131052 | 9 | 23589 | 154641 |
| Jul-10 | 11467976 | 0 | 0 | 0 | 11467976 | 114680 | 8 | 18349 | 133029 |
| Aug-10 | 9067168 | 0 | 0 | 0 | 9067168 | 90672 | 7 | 12694 | 103366 |
| Sep-10 | 16924196 | 0 | 0 | 0 | 16924196 | 169242 | 6 | 20309 | 189551 |
| Oct-10 | 24481513 | 0 | 0 | 0 | 24481513 | 244815 | 5 | 24482 | 269297 |
| Nov-10 | 14464308 | 0 | 0 | 0 | 14464308 | 144643 | 4 | 11571 | 156215 |
| Dec-10 | 27340429 | 0 | 0 | 0 | 27340429 | 273404 | 3 | 16404 | 289809 |
| Jan-11 | 19978713 | 0 | 0 | 0 | 19978713 | 199787 | 2 | 7991 | 207779 |
| Feb-11 | 22243813 | 0 | 0 | 0 | 22243813 | 222438 | 1 | 4449 | 226887 |
| Mar-11 | 63159221 | 0 | 0 | 0 | 63159221 | 631592 | 0 | 0 | 631592 |
| | | | | **TOTAL** | **5599573481** | **55995735** | | **25856525** | **81852260** |

# Company wise excess payment towards EPF contributions

**(Referred to in paragraph 4.7)**

| Sl. No. | Name of the company | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | Total |
|---|---|---|---|---|---|---|---|
| 1. | Bihar State Beverages Corporation Limited | Nil | 62,814 | 97,114 | 2,11,146 | 18,42,591 | 22,13,665 |
| 2. | Bihar State Tourism Development Corporation Limited | 99,345 | 1,58,086 | 2,37,008 | 4,79,309 | Not available | 9,73,748 |
| 3. | Bihar Rajya Beej Nigam Limited | Not available | Not available | 44,8461 | 6,33,482 | 14,14,568 | 24,96,511 |
| 4. | Bihar State Credit & Investment Corporation Limited | 2,28,468 | 3,17,771 | 2,98,476 | 281,526 | Not available | 11,26,241 |
| 5. | Bihar State Hydro Electric Power Corporation Limited | 9,93,146 | 11,63,427 | 14,23,853 | 1779,556 | Not available | 53,59,982 |
| 6. | Bihar State Food & Civil Supplies Corporation Limited | 7,59,595 | 14,76,585 | 16,25,336 | Not available | Not available | 38,61,516 |
| 7. | Bihar State Minorities Finance Corporation Limited | 1,56,318 | 1,56,110 | 2,29,428 | 2,87,473 | 8,26,671 | 16,56,000 |
| 8. | Bihar Rajya Pul Nirman Nigam Limited | 5,94,646 | 4,47,628 | 6,37,369 | 10,09,484 | 11,60,940 | 38,50,067 |
| 9. | Bihar Police Building Construction Corporation limited | 12,29,399 | 8,98,981 | 28,65,206 | 59,96,959 | 89,97,794 | 1,99,88,339 |
| | | | | | | | 4,15,26,069 |

# Annexure 21

## Statement showing excess payment to the supplier

**(Referred to in paragraph 4.8)**

| **NIT No. 185/PR/BSEB/2007** | | | | | |
|---|---|---|---|---|---|
| Purchase order no. 37 dated 12.06.2008 | | | Price variation as per IEEMA PV circular with base date 01.08.07<br>Ex works price – 18122752.54 last date of delivery – 11.07.08 | | |
| 41 dated 20.06.2008 | | | Price variation as per IEEMA PV circular with base date 01.08.07<br>Ex works price – 1799900.00 last date of delivery – 19.10.08 | | |
| **Sl. No.** | **Transformer Sl. No.** | **S.R.V. & Date** | **Price paid to supplier** | **Price should be paid as per actual date of supply** | **Excess price paid** |
| 1. | 2045/24<br>1 nos. | 16751 dt. 15.01.09 | 2271323.50 | 2177268.77 | 94054.23 |
| 2. | 2045/25&26<br>2 nos. | 16773 dt. 7/5.03.09 | 4379196.00 | 3804320.00 | 574876.00 |
| 3. | 2045/27 to 31<br>5 nos. | 11746 dt. 21.04.09 | 10684588.00 | 9142919.00 | 1541669.00 |
| 4. | 2045/32 to 34<br>3 nos. | 11795 dt. 30.05.09 | 5778588.00 | 5501679.00 | 276910.00 |
| 5. | 2045/35<br>1 nos. | 16234 dt. 14.07.09 | 1926196.00 | 1787812.00 | 138384.00 |
| Purchase Order No. 41 dated 20.06.08 | | | | | |
| 6. | 5000A/16, 17 &18<br>3 nos. | 16922 dt. 13.01.09 | 11825780.00 | 9549615.00 | 2276165.00 |
| 7. | 500A/19&20<br>2 nos. | 16942 dt. 17.01.09 | | | |
| | | | | Total | 4902055.23 |
| | | | | Excess Entry Tax paid | 440639.00 |
| | | | | **Total excess amount paid** | **53,42,694.23** |

# Annexure 22

# Statement showing details of purchase order and rates of single phase electronic energy meters

**(Referred to in paragraph 4.9(A))**

| Sl.No. | Name of Firm | P.O.No/Date | Qty. | Rates/unit (₹) |
|---|---|---|---|---|
| 1 | M/s Maxwell India , Jaipur | 37/29.09.2010 | 36000 | 350 |
| 2 | M/s Allied Engineering Works, Delhi | 41/29.09.2010 | 36000 | 450 |
| 3 | M/s Indotech Switch gear & Control Pvt. Limited, Gaziabad | 39/29.09.2010 | 36000 | 450 |
| 4 | Capital Power system Limited, Noida | 38/29.09.2010 | 36000 | 439 |
| 5 | Nakoda Meters, M.P | 40/29.09.2010 | 36000 | 450 |

# Annexure 23

## Statement showing details of purchase order and rates and quantity supplied in respect of single phase electronic energy meters

**(Referred to in paragraph 4.9(B))**

| Sl. No | Name of Firm | P.O No./Date | Qty. | Rates/unit in (₹) | Quantity Supplied (numbers) |
|---|---|---|---|---|---|
| 1 | M/s Bentex control & Switch gear Co., New Delhi | 46/27.12.2010 | 50000 | 405 | 50.000 |
| 2 | M/s Allied Engineering Works, Delhi | 17/23.02.2011 | 1,25,000 | 405 | 82,000 |
| 2 | M/s Bentex control & Switch gear co., New Delhi | 28/10.05.2011 | 60000 | 405 | 18,000 |
| 3 | M/s Indotech Switch gear & Controls (Delhi) Pvt. Ltd., Gaziabad | 29/10.05.2011 | 60000 | 405 | Nil |
| 4 | M/s Nakoda Meters M.P | 30/10.05.2011 | 60000 | 405 | Nil |

# Annexure 24

# Statement of department wise outstanding Inspection Reports (IRs)

**(Referred to in paragraph 4.10)**

| Sl. No. | Name of Department | No. of PSUs | No. of outstanding IRs | No. of outstanding paragraphs | Year from which paragraphs outstanding |
|---|---|---|---|---|---|
| 1. | Industry | 4 | 11 | 48 | 2004-05 |
| 2 | Information Technology | 1 | 3 | 13 | 2007-08 |
| 3. | Environment & Forest | 1 | 4 | 22 | 2004-05 |
| 4. | Agriculture | 1 | 3 | 5 | 2004-05 |
| 5. | Energy | 2 | 533 | 1193 | 2004-05 |
| 6. | Animal & Fish Resources | 1 | 1 | 5 | 2006-07 |
| 7. | Food & Civil Supplies | 1 | 8 | 52 | 2004-05 |
| 8. | Tourism | 1 | 3 | 20 | 2005-06 |
| 9. | Education | 1 | 3 | 14 | 2004-05 |
| 10. | Road Construction | 2 | 2 | 8 | 2007-08 |
| 11. | Home | 1 | 4 | 23 | 2004-05 |
| 12. | Mines and Geology | 1 | 1 | 6 | 2004-05 |
| 13. | Transport | 1 | 2 | 12 | 2004-05 |
| 14. | Co-operative | 1 | 6 | 22 | 2004-05 |
| 15. | Registration, Excise & Prohibition | 1 | 3 | 10 | 2008-09 |
| 16. | Minority welfare | 1 | 1 | 4 | 2010-11 |
| 17. | Social Welfare | 1 | 1 | 5 | 2010-11 |
| | **Total** | **22** | **589** | **1462** | |

# Annexure 25

# Statement of department wise draft paragraphs/reviews, reply to which are awaited

(Referred to in paragraph 4.10)

| Sl. No. | Name of Department | No. of draft paragraphs | No. of reviews | Periods of issue |
|---|---|---|---|---|
| 1. | Energy | 3 | 1 | May to December 2011 |
| 2. | Food and Consumer Protection | 2 | 1 | June to December 2011 |
| 3. | Road Construction | 2 | - | June to December 2011 |
| 4. | Education | 2 | - | May to December 2011 |
| 5. | Industry | 6 | - | August to December 2011 |
| 6. | Home | 2 | - | June to December 2011 |
| 7. | Registration, Prohibition & Excise | 1 | - | August to December 2011 |
| 8. | Tourism | 1 | - | August to December 2011 |
| 9. | Agriculture | 1 | - | August to December 2011 |
| 10. | Minority Welfare | 1 | - | August to December 2011 |