REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 2001

COMMERCIAL

GOVERNMENT OF HARYANA

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Preface

Government commercial enterprises, 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 and has been prepared for submission to the Government of Haryana under Section 19A of the Comptroller and 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 (Civil)- Government of Haryana.

3. Audit of the accounts of Government companies is conducted by Comptroller and Auditor General of India under the provisions of Section 619 of the Companies Act, 1956.

4. In respect of Haryana Warehousing Corporation, CAG has the right to conduct the audit of accounts in addition to the audit conducted by the Chartered Accountants appointed by the State Government in consultation with CAG. As per State Financial Corporations (Amendment) Act, 2000 CAG has the right to conduct the audit of accounts of Haryana Financial Corporation in addition to the audit conducted by Chartered Accountants appointed by the Corporation out of the panel of auditors appointed by the Reserve Bank of India. The Audit Reports on the annual accounts of all these corporations are forwarded separatetly 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 2000-01 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 2000-01 have also been included, wherever necessary.

OVERVIEW

1. General view of Government companies and Statutory corporations

- As on 31 March 2001, there were 26 Government companies (22 working companies and four non-working companies) and two Statutory corporations under the control of State Government.

  (Paragraph 1.1)

- The total investment in 24 working Public Sector Undertakings (22 Government companies and two Statutory corporations) as on 31 March 2001 was Rs 7888.03 crore (equity: Rs 1060.06 crore, long term loans: Rs 5729.91 crore and share application money: Rs 1098.06 crore) as against 25 working PSUs (23 Government companies and two Statutory corporations) with the total investment of Rs 4738.83 crore (equity: Rs 1047.52 crore, long term loans: Rs 3252.43 crore and share application money: Rs 438.88 crore) as on 31 March 2000.

  (Paragraph 1.2.1)

- During the year 2000-01, the State Government guaranteed loans of Rs 3842.03 crore obtained by eight working Government companies (Rs 3481.78 crore) and two working Statutory corporations (Rs 360.25 crore). At the end of 2000-01, guarantees amounting to Rs 5583.02 crore against 12 working Government companies (Rs 5068.31 crore) and two working Statutory corporations (Rs 514.71 crore) were outstanding.

  (Paragraph 1.2.2)

- Out of 22 working Government companies, and two working Statutory corporations, only five working Government companies and one working Statutory corporation had finalised their accounts for the year 2000-01 within the stipulated period. The accounts of other 17 working Government companies and one working Statutory corporation were in arrears for period ranging from one to five years.

  (Paragraph 1.2.3)

- Four profit earning working Government companies, which finalised their accounts for 2000-01, earned profit of Rs 0.69 crore but did not declare dividend.

(Paragraph 1.2.4.1.1)

- Of the 10 loss incurring working companies, two companies had accumulated losses aggregating to Rs 79.64 crore which exceeded their aggregate paid-up capital of Rs 13.84 crore.

(Paragraph 1.2.4.1.2)

2. Reviews relating to Government companies

2A. Haryana Vidyut Prasaran Nigam Limited

Power Sector Reforms and Restructuring of erstwhile Haryana State Electricity Board

The Haryana State Electricity Board (HSEB) was reorganised in August 1998 by transferring functions of generation, transmission and distribution to separate companies with the main objective of restoring financial viability of power utilities so that the State Government is relieved of the burden of providing subsidies.

(Paragraphs 2A.1 and 2A.2)

- Fixed assets of transmission and distribution system of erstwhile HSEB were transferred to Haryana Vidyut Prasaran Nigam Limited (HVPNL) at Rs 2255.34 crore, as compared to its estimated value of Rs 3293.24 crore, which resulted in under valuation of fixed assets by Rs 1037.90 crore.

(Paragraph 2A.6.3.1)

- The HVPNL suffered loss of Rs 329.10 crore due to short recovery of depreciation charges and return on capital base on account of under valuation of fixed assets during 2000-01 (Rs 242.97 crore) and transfer of shared generating assets to transmission company instead of to generating company during 1999-2000 and 2000-01 (Rs 86.13 crore).

(Paragraphs 2A.6.3.1 and 2A.6.3.2)

- The Company lost revenue of Rs 614.95 crore due to delay/non-revision of tariff during 1998-99 to 2000-01 (Rs 397.17 crore); non-recovery of fuel surcharge adjustment during August 1998 to March 1999 (Rs 178.53 crore) and incorrect computation of return on capital base for 2000-01 (Rs 39.25 crore).

(Paragraphs 2A.8.1, 2A.8.1.1, 2A.8.2, 2A.8.3, 2A.8.4)

- The World Bank committed to provide a loan of US $ 410 million for reform and development programme during 1997-98 to 2000-01 and sanctioned loan of US $ 60 million during January 1998. The HVPNL could utilise US $ 52.37 million (Rs 227.88 crore) up to April 2001. The World Bank did not sanction balance loan of US $ 350 million as the HVPNL did not increase the tariff as per its stipulation and privatise distribution companies. As such, the HVPNL had not been able to implement reform and development programme.

(Paragraph 2A.9.1)

- Despite reforms, T&D losses during 1999-2000 worked out to 36.56 *per cent* as against the target of 31 *per cent*. The Haryana Electricity Regulatory Commission allowed the T&D losses of 29.75 *per cent* only leaving a gap of Rs 250.99 crore on account of excessive losses.

(Paragraph 2A.11.2)

2B Haryana Power Generation Corporation Limited

Performance of Units I to V and construction of Unit VI of Panipat Thermal Power Station

Panipat Thermal Power Station (PTPS) has six generating units with a total designed capacity of 860 MW.

(Paragraph 2B.1)

- The Plant Load Factor (PLF) of Units I to IV during the five years up to 2000-01 varied between 21.90 and 57.25 *per cent* (except for Unit IV in 2000-01) which was below the All India average of 64.40 *per cent* (1996-97) and 64.70 *per cent* (1997-98). The percentage of actual generation to possible generation of Units I to IV with reference to hours actually run during the five years up to 2000-01 ranged between 51.12 and 74.54 resulting in shortfall in generation of 4050.63 MUs of power valued at Rs 789.58 crore.

(Paragraph 2B.4.1 (iv) and v))

- There was frequent tripping in Units due to failure to effect planned annual overhauling leading to excessive forced shutdowns (21.34 *per cent* of total available hours for generation) entailing a loss of 2828 MUs of power valued at Rs 553.11 crore.

  (Paragraph 2B.4.2.2)

- Unit II was shutdown on 21 January 1999 for refurbishment works undertaken by ABB Alstom Power, Germany. The Unit could not be recommissioned up to 30 June 2001 due to stalemate caused in the execution of the contract resulting in loss of potential generation of 897.68 MUs valued at Rs 179 crore. Besides, the investment of Rs 115.78 crore remained locked up.

  (Paragraph 2B.8.1)

- Due to termination of the contract for refurbishment works, the PTPS could not fully utilise the foreign loan of Deutsche Mark (DEM) 138 million and paid commitment charges of Rs 2.08 crore. Besides, Rs 3.10 crore were paid to Power Finance Corporation towards guarantee fee.

  (Paragraph 2B.8.1(ii & iii))

- The erstwhile Board/Company revived (March 1998) the contracts which were put on hold in May 1995 to complete Unit VI by March 2000 at an estimated cost of Rs 854.36 crore. The unit was actually synchronised on 31 March 2001 with a revised estimated cost of Rs 874.74 crore entailing an increase of Rs 57.82 crore towards interest during construction due to delay in completion of the Unit by one year.

  (Paragraph 2B.9)

2C. Haryana State Industrial Development Corporation Limited

Setting up of industrial estates

The Haryana State Industrial Development Corporation Limited, incorporated in 1967 was entrusted (1971) with the function of developing industrial estates. It was declared (August 1997) as a nodal agency for development of industrial infrastructure in the State.

(Paragraph 2C. 1)

- The Company had not fixed any physical targets for development of industrial estates. As regards financial targets, the total inflow was less than budgeted figures by Rs 515.99 crore during the five years up to 1999-2000 mainly due to shortfall in recovery from allottees, raising of loans and short receipt of grants due to non-execution of works as envisaged.

(Paragraph 2C.4)

- The Company did not prepare a time schedule for development of estates after acquisition of land. Out of total acquired land measuring 6249.59 acres, the Company had so far developed 1590.30 acres of land in 25 industrial estates, work on 4270.29 acres of land was in progress and work on 389 acres of land at Saha was not started (February 2001).

(Paragraph 2C.8)

- Investment of Rs 10.29 crore on setting up of two integrated infrastructure development centres at Sirsa and Manakpur despite apprehension of poor sale and without proper survey had proved unfruitful as the Company could allot only 35 out of 338 plots available for allotment.

(Paragraph 2C.8.1)

- Despite the decision of the Board (July 1997) to fix the rates for allotment of plots/sheds on actual cost basis, the Company continued to fix rates on estimated expenditure basis. Audit analysis of seven completed estates revealed that the Company had overcharged the allottees between Rs 47 and Rs 354 per square metre.

(Paragraph 2C.9(a))

- The Company extended undue favour by allotting a plot measuring 17.75 acres at Udyog Vihar Phase-V, Gurgaon at a concessional rate for setting up a holiday health resort, which was not only ultra vires of the objects of the Company, but also violated the industrial policy of the State.

(Paragraph 2C.10.1)

2D. Haryana State Small Industries and Export Corporation Limited

The Company was incorporated on 19 July 1967 with the objective of assisting small and medium scale industries in the State.

(Paragraph 2D.1)

- During the last five years up to 2000-01, of the 16 raw material depots, two earned profits and 10 incurred losses every year whereas the remaining four depots incurred losses in four out of five years.

(Paragraph 2D.7.1.2)

- Decrease in counter sales and increase in expenditure on manpower led to losses in operation of emporia, which aggregated to Rs 1.95 crore during five years up to 2000-01.

(Paragraph 2D.7.2.1)

- In spite of increase in the number of registered and assisted SSI units with the Company under Marketing Assistance Scheme, the value of assistance provided to them decreased from Rs 7.10 crore in 1995-96 to Rs 2.49 crore in 1999-2000.

(Paragraph 2D.7.4.1)

- Of the 15 District Marketing Offices (DMOs), only one DMO earned profit (Rs 0.24 crore) continuously since its inception in 1997-98 and 13 DMOs suffered loss of Rs 1.92 crore during five years up to 1999-2000. One DMO earned meagre profits.

(Paragraph 2D.7.4.2)

3. Miscellaneous topics of interest

Besides the reviews mentioned above, test-check of records of Government companies and Statutory corporations in general disclosed the following points:

Haryana State Industrial Development Corporation Limited

- The Company disbursed bridge loans of Rs 1.70 crore to clear the defaults of existing term loans, which had become irrecoverable due to declaration of the unit as sick by the Board for Industrial and Financial Reconstruction.

(Paragraph 3A.5.1)

Haryana Seeds Development Corporation Limited

- The Company fixed unrealistic price for selling WH 542 variety of wheat seed and later did not reduce it in time, which resulted in carry over of stock and extra burden of Rs 0.54 crore as carry over cost.

(Paragraph 3A.6.1)

Haryana Financial Corporation

- The Corporation disbursed loan of Rs 0.38 crore ignoring the terms and conditions of disbursement, which facilitated the loance to misutilise the funds.

(Paragraph 3B.1.1)

Haryana Warehousing Corporation

- Engagement of an inexperienced firm for computerisation of Corporation's activities without ascertaining its credentials resulted in infructuous expenditure of Rs 0.61 crore.

(Paragraph 3B.2.1)

Chapter-1

General view of Government companies and Statutory corporations

1.1 Introduction

As on 31 March 2001, there were 26 Government companies (22 working companies and four non-working companies*) and two working Statutory corporations as against 25 Government companies (23 working companies and two non-working companies) and two working Statutory corporations as on 31 March 2000 under the control of the State Government. The accounts of the Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors who are appointed by the Comptroller and Auditor General of India (CAG) as per provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provisions of Section 619 of the Companies Act, 1956. The audit arrangements of the Statutory corporations are as shown below:

Sl. No.	Name of the Corporation	Authority for the audit by the CAG	Audit arrangement
1.	Haryana Financial Corporation	Section 37(6) of the State Financial Corporations Act, 1951	Chartered Accountants and supplementary audit by CAG
2.	Haryana Warehousing Corporation	Section 31(8) of the State Warehousing Corporations Act, 1962	Chartered Accountants and supplementary audit by CAG

1.2 Working Public Sector Undertakings (PSUs)

1.2.1 Investment in working PSUs

As on 31 March 2001, the total investment in 24 working Public Sector Undertakings (22 Government companies and two Statutory corporations) was Rs 7888.03 crore (equity: Rs 1060.06 crore; long term** loans; Rs 5729.91 crore and share application money: Rs 1098.06 crore) as against 25 working PSUs (23 Government companies and two Statutory corporations) with a total investment of Rs 4738.83 crore (equity Rs 1047.52 crore, long-term loans Rs 3252.43 crore and share application money: Rs 438.88 crore) as on

* Non-working companies/corporations are those, which are under process of liquidation/closure/merger etc.

** Long-term loans mentioned in para 1.2.1, 1.2.1.1 and 1.2.1.2 are excluding interest accrued and due on such loans.

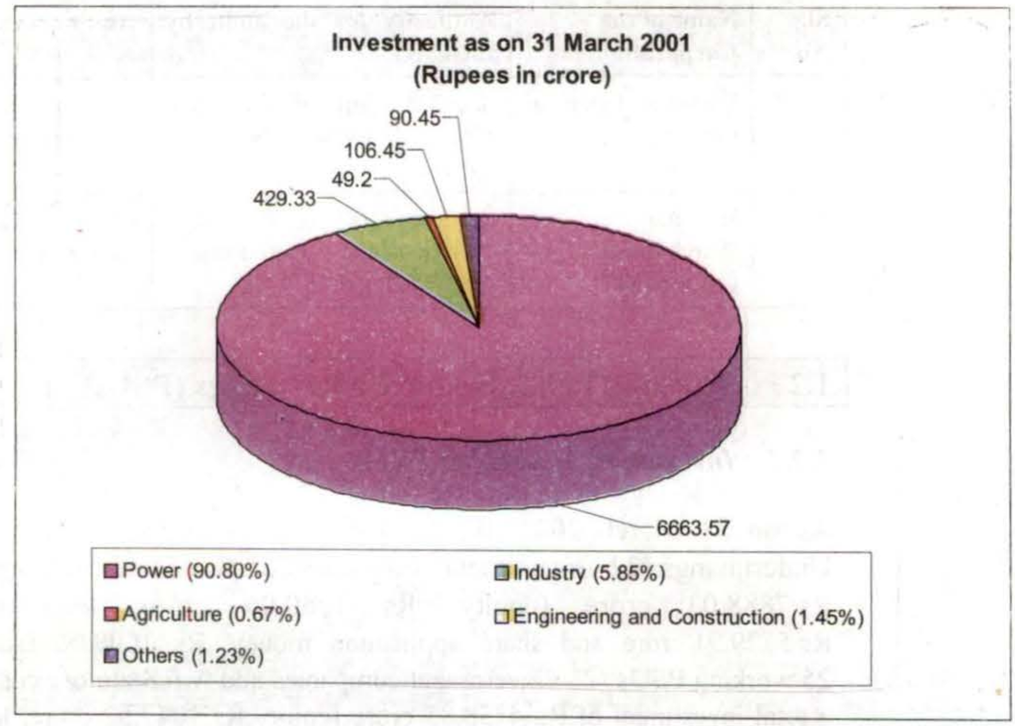
31 March 2000. The analysis of investment in working PSUs is given in the following paragraphs.

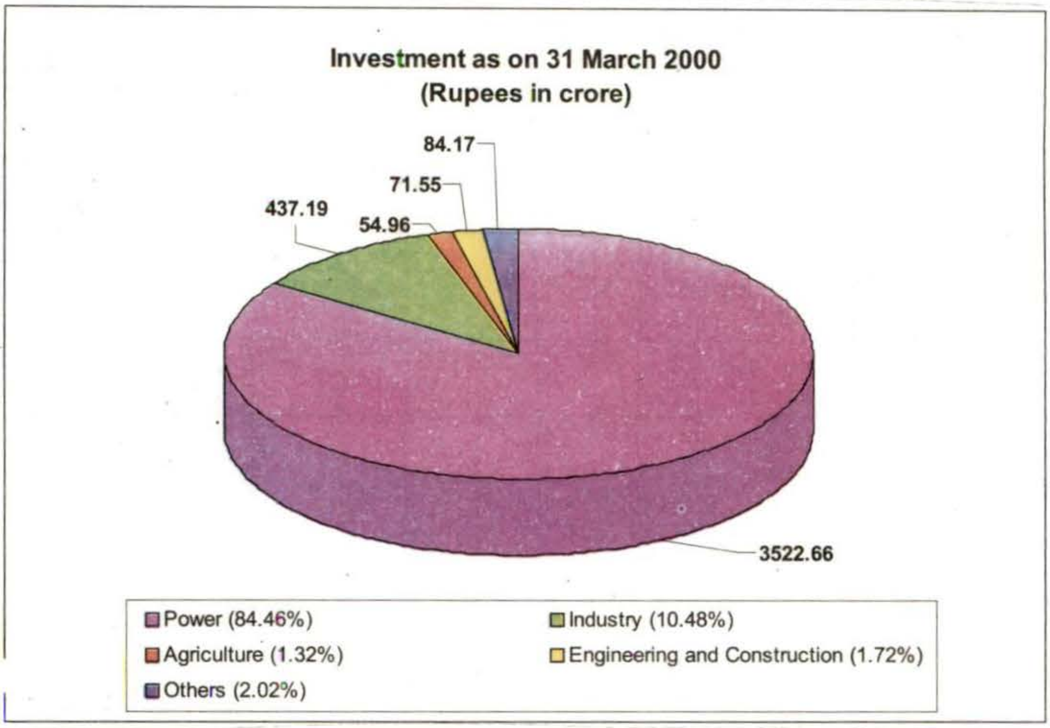
1.2.1.1 Working Government companies

Total investment in 22 working companies as on 31 March 2001 was Rs 7339.00 crore (equity: Rs 1020.35 crore; long term loans: Rs 5220.59 crore, share application money: Rs 1098.06 crore) as against total investment of Rs 4170.53 crore (equity: Rs 1007.81 crore; long term loans: Rs 2723.84 crore, share application money: Rs 438.88 crore) as on 31 March 2000 in 23 working Government companies. The summarised statement of Government investment in working Government companies in the form of equity and loans is detailed in Annexure-1.

Sector-wise investment in working Government companies

As on 31 March 2001, the total investment of working Government companies, comprised 28.87 *per cent* equity capital and 71.13 *per cent* as loans compared to 34.69 *per cent* and 65.31 *per cent* respectively as on 31 March 2000. The investment (equity and long term loans) in various sectors and percentage thereof at the end of 31 March 2001 and 31 March 2000 are indicated below in the pie charts.





Due to significant increase in long term loans of engineering and power sector, the debt equity ratio increased from 1.88:1 in 1999-2000 to 2.46:1 in 2000-01.

1.2.1.2 Working Statutory corporations

The total investment in two working Statutory corporations at the end of March 2001 and March 2000 was as follows:

Name of corporation	1999-2000		2000-01	
	Capital	Loan	Capital	Loan
	(Rupees in crore)			
Haryana Financial Corporation	33.87	528.59	33.87	508.49
Haryana Warehousing Corporation	5.84	-	5.84	0.83
Total	**39.71**	**528.59**	**39.71**	**509.32**

The summarised statement of Government investment in working Statutory corporations in the form of equity and loans is detailed in Annexure-1.

1.2.2 Budgetary outgo, subsidies, guarantees, waiver of dues and conversion of loans into equity

The details regarding budgetary outgo, grants/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by State Government to working Government companies and working Statutory corporations are given in Annexures-1 and 3.

The budgetary outgo (in the form of equity capital and loans) and grants/subsidies from the State Government to 22 working Government companies and two working Statutory corporations for the three years up to

2000-01 are given below:

(Amount Rupees in crore)

	1998-99				1999-2000				2000-01			
	Companies		Corporations		Companies		Corporations		Companies		Corporations	
Particulars	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
Equity capital out go from budget	9	353.48	-	-	6	351.28	-	-	9	273.49	-	-
Loans given from budget	2	20.05	-	-	2	27.55	-	-	2	90.26	-	-
Grant /Subsidy towards												
i)Projects/ Programmes/ Schemes	6	9.93	-	-	7	57.16	-	-	9	73.18	-	-
ii) Other	9	309.74	1	1.26	4	412.32	-	-	3	769.62	-	-
iii) Total	9	319.67	1	1.26	9	469.48	-	-	12	842.80	-	-
Total outgo	14[x]	693.20	1[x]	1.26	15[x]	848.31	--	--	17[x]	1206.55	-	-

During the year 2000-01, the Government had guaranteed loans aggregating Rs 3842.03 crore obtained by eight Working Government companies (Rs 3481.78 crore) and two Working Statutory corporations (Rs 360.25 crore). At the end of the year, guarantees amounting to Rs 5583.02 crore against 12 Government companies (Rs 5068.31 crore) and two Working Statutory corporations (Rs 514.71 crore) were outstanding. One Company had defaulted in repayment of guaranteed loans during the year. The Government had allowed moratorium on loan repayment of Rs 83.25 crore to two Companies during the year. The guarantee commission paid/payable to Government by one Government company and by one Statutory corporation during the year was Rs 41 lakh and Rs 40.62 lakh respectively.

1.2.3 Finalisation of accounts by working PSUs

The accounts of the companies for every financial year are required to be finalised within six months from the end of relevant financial year under Section 166, 210, 230, 619 and 619-B of the Companies Act, 1956 read with Section 19 of Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. They are also to be laid before the Legislature within nine months from the end of financial year. Similarly, in case of Statutory corporations their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

However, as could be noticed from Annexure-2, out of 22 Working Government companies, only five working companies and one working

[x] Actual number of companies/corporations which received equity/loans/subsidy from State Government.

Statutory corporation finalised their accounts for the year 2000-01, within the stipulated period. During the period from October 2000 to September 2001, 18 working Government companies finalised 21 accounts for previous years. Similarly, during this period, one Statutory corporation finalised one account for previous year. The accounts of other 17 working Government companies and one Statutory corporation were in arrears for period ranging from one to five years as on 30 September 2001 as detailed below:

Sl. No.	Year from which accounts are in arrears	Number of Years for which accounts are in arrears	No. of working companies/ corporations		Reference to serial no. of Annexure-3	
			Government companies	Statutory corporations	Government companies	Statutory corporations
1.	2000-01	1	8	1	5,6,8,10,13,19,21, 22	B 1
2.	1999-2000	2	4	-	7,12,17,20	-
3.	1998-99	3	2	-	15, 16	-
4.	1997-98	4	1	-	18	-
5.	1996-97	5	2		1,11	-

The administrative departments have to oversee and ensure that the accounts are finalised and adopted by the PSUs within prescribed period. Though the concerned administrative departments and officials of the Government were apprised quarterly by the Audit regarding arrears in finalisation of accounts, no effective measures had been taken by the Government and as a result, the investments made in these PSUs could not be assessed in audit.

1.2.4 Financial position and working results of working PSUs

The summarised financial results of working PSUs (Working Government companies and working Statutory corporations) as per latest finalised accounts are given in Annexure-2. Financial position, working results and operational performance of power sector companies are also given in Annexure-4. Besides, statement showing financial position and working results of individual working statutory corporations for the latest three years for which accounts are finalised are given in Annexure 5 and 6.

According to latest finalised accounts of 22 working Government companies and two working Statutory corporations, 10 companies and one Corporation had incurred loss for the respective year aggregating to Rs 462.95 crore and Rs 5.27 crore respectively and 10 companies and one Corporation earned profit for the respective year aggregating to Rs 5.73 crore and Rs 19.12 crore respectively. One Company did not prepare profit and loss account as it capitalised excess of expenditure over income and another Company neither showed profit nor loss as its total income was equal to expenditure.

1.2.4.1 Working Government companies

1.2.4.1.1 Profit earning working companies and dividend

Four profit earning working Government companies which finalised their accounts for 2000-01 by September 2001, earned profit of Rs 68.78 lakh but did not declare dividend. The State Government had not formulated any dividend policy for payment of minimum dividend.

Six profit earning working Government companies which finalised their accounts for previous years by September 2001, earned profit aggregating to Rs 5.05 crore and all six companies were earning profit for two or more successive years.

1.2.4.1.2 Loss incurring working Government companies

Of the 10 loss incurring working Government companies, two companies had accumulated losses aggregating to Rs 79.64 crore which exceeded their aggregate paid-up capital of Rs 13.84 crore.

Despite poor performance and complete erosion of paid-up capital, the State Government continued to provide financial support to these companies in the form of contribution towards equity, further grant of loans and subsidy, etc. According to available information, the total financial support so provided by the State Government by way of subsidy during 2000-01 to two out of these 10 companies amounted to Rs 64.08 crore.

1.2.4.2 Working Statutory corporations

1.2.4.2.1 Profit earning Statutory corporation and dividend

Haryana Warehousing Corporation finalised its accounts for 2000-01 by September 2001 and earned profit of Rs 19.12 crore and declared dividend of Rs 58.41 lakh. The dividend as percentage of share capital in the above profit making corporation worked out to 10. The return by way of dividend of Rs 58.41 lakh, worked out to 2.07 *per cent* in 2000-01 on total equity investment of Rs 28.20 crore by the State Government in all Statutory corporations. Dividend declared as per cent of share capital was same in the previous year.

1.2.4.2.2 Loss incurring Statutory corporation

Haryana Financial Corporation finalised its accounts for 1999-2000 by September 2001 and suffered a loss of Rs 5.27 crore. The Corporation had to pay the minimum guaranteed dividend of Rs 1.94 crore for the year 1999-2000, of which, Rs 1.79 crore payable to the State Government and IDBI had not been released (September 2001). The Corporation had accumulated loss of Rs 48.86 crore which exceeded its paid-up capital of Rs 33.87 crore.

1.2.4.2.3 Operational performance of Working Statutory corporations

The operational performance of the Working Statutory corporations is given in Annexure-7.

Performance of Haryana Financial Corporation started declining gradually from 1998-99 as the disbursements had come down from Rs 78.89 crore in 1998-99 to Rs 54.56 crore in 2000-01 and the overdue amount had risen steeply from Rs 445.07 crore in 1998-99 to Rs 724.51 crore in 2000-01.

1.2.5 Return on capital employed

As per latest finalised accounts (up to September 2001), the capital employed* worked out to Rs 4461.87 crore in 22 working companies and total return** thereon amounted to (-) Rs 169.95 crore compared to total return of Rs 59.91 crore (3.3 *per cent*) in previous year (accounts finalised up to September 2000). Similarly, the capital employed and total return thereon in case of working Statutory corporations as per latest finalised accounts (up to September 2001) worked out to Rs 1053.75 crore and Rs 89.96 crore (8.54 *per cent*) respectively against the total return of Rs 94.91 crore (10.24 *per cent*) for previous year (accounts finalised up to September 2000). The details of capital employed and total return on capital employed in case of working Government companies and Statutory corporations are given in Annexure-2.

1.3 Non-Working PSUs

1.3.1 Investment in non-working PSUs

As on 31 March 2001, the total investment in four non-working PSUs (all Government companies) was Rs 21.11 crore (equity Rs 13.79 crore long term loans Rs 7.25 crore and share application money Rs 0.07 crore) as against total investment in two non-working Government companies of Rs 4.99 crore (equity Rs 1.36 crore, long term loans Rs 3.56 crore and share application money Rs 0.07 crore) as on 31 March 2000. During the year 2000-01, two more companies became non-working which are under liquidation.

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* Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in finance companies and corporations where it represents a mean of aggregate of opening and closing balances of paid-up capital, free reserves, bonds, deposits and borrowings (including refinance).

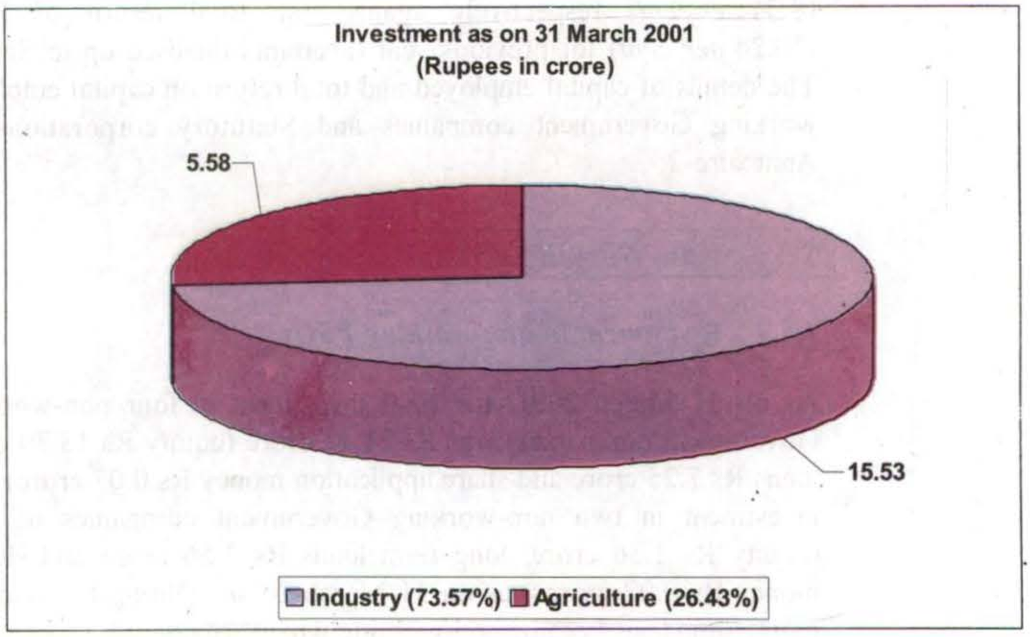
** For calculating total return on capital employed, interest on borrowed funds is added to net profit/ subtracted from the loss as disclosed in the profit and loss account.

The classification of the non-working PSUs was as under:

Sl.No.	Status of non-working PSUs	Number of companies	Number of corporations	Investment in companies	
				Equity	Long term loans
				(Rupees in crore)	
(i)	Under liquidation	2	--	12.43	3.69
(ii)	Under closure	-	--	-	-
(iii)	Under merger	-	--	-	-
(iv)	Others*	2	--	1.43	3.56
	Total	**4**	**--**	**13.86**	**7.25**

Of the above non-working PSUs, two Government companies were under liquidation or closure under section 560 of the Companies Act, 1956 for six months to about two years and substantial investment of Rs 16.12 crore was involved in these companies. Effective steps need to be taken for their expeditious liquidation or revival.

The investment (equity and long term loans) in various sectors and percentage thereof at the end of 31 March 2001 is indicated below in the pie chart.



1.3.2 Budgetary outgo

The State Government did not extend any budgetary support to the non-working companies during the year 2000-01.

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* Two companies viz. Haryana Tanneries Limited and Punjab State Iron Limited are non-functional.

1.3.3 Total establishment expenditure of non-working PSUs

The year wise details of total expenditure of non-working PSUs and the sources of financing them during last three years up to 2000-01 are below:

(Amount Rupees in lakh)

Year	Number of PSUs	Total establish-ment expenditure	Financed by				
			Disposal of investment/assets	Loans from private parties	Government by way of		Others
					Loans	Grants	
Government companies							
1998-99	3*	4.26	-	-	-	-	14.04
1999-2000	3*	0.96	131.94	-	-	-	12.53
2000-01	2*	0.21	-	-	-	-	0.21

Note: There is no non-working Statutory corporation.

During the year 1998-99, the source of other finance (Rs 14.04 lakh) include Rs 0.38 lakh as interest on fixed deposits, Rs 13.54 lakh as lease money and Rs 0.12 lakh as loan from holding company. Similarly, the other finances (Rs 12.53 lakh) during 1999-2000 include Rs 0.39 lakh as interest on fixed deposits and Rs 12.14 lakh as lease money and for 2000-01 represents loan from holding company.

1.3.4 Finalisation of accounts by non-working PSUs

The accounts of four non-working companies were in arrears for periods ranging from one to three years as on 30 September 2001 as could be noticed from Annexure-2.

1.3.5 Financial position and working results of non-working PSUs

The summarised financial results of non-working Government companies as per latest finalised accounts are given in Annexure-2. The year wise details of paid-up capital, net worth, cash loss/cash profit and accumulated loss/accumulated profit of non-working companies as per their latest finalised

* One Company viz. Haryana Concast Limited had not prepared its accounts after 1997-98 as the records have been seized by the liquidator and another Company viz. Punjab State Irons Limited has not prepared its accounts for 2000-01.

accounts are given below:

Sl. No.	Name of PSUs	Year	Paid-up capital	Net worth	Cash loss (-)/cash profit (+)	Accumulated loss (-)/ accumulated profit (+)
			(Rupees in crore)			
Non working companies						
1	Haryana Concast Limited	1997-98	6.86	(-)20.32	(-)7.25	(-)27.18
2	Punjab State Irons Limited	1999-2000	0.07	(+)0.05	-	(-)0.02
3	Haryana Tanneries Limited	1999-2000	1.35	(-)9.20	(+)1.06	(-)10.55
4	Haryana Dairy Development Corporation Limited	1999-2000	5.57	(-)1.16	(+)0.12	(-)6.73

Note: Net worth, cash loss/profit and accumulated losses/profit calculated are as per last certified accounts. Four non-working companies have not finalised their accounts for one to three years as indicated in Annexure-2.

1.4 Status of placement of Separate Audit Reports of Statutory corporations in Legislature

The following table indicates the status of placement of various Separate Audit Reports (SARs) on the accounts of Statutory corporations issued by the CAG 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.	Haryana Financial Corporation	1998-99	1999-2000	23 November 2001	Assembly session yet to held (December 2001)
2.	Haryana Warehousing Corporation	1998-99	1999-2000	20 March 2001	Annual report under printing

1.5 Disinvestment, Privatisation and Restructuring of Public Sector Undertakings

State Government did not undertake the exercise of disinvestment, privatisation and restructuring of any of its public sector undertakings during the year 2000-01.

1.6 Results of Audit by Comptroller and Auditor General of India

During the period from October 2000 to August 2001, the audit of accounts of 17 Government companies (16 working and one non-working) and one

Statutory corporation were selected for review. The net impact of important audit observations as a result of review of the PSUs were as follows:

Sl No.	Details	No. of Accounts		Rupees in lakh	
		Government companies	Statutory corporations	Government companies	Statutory corporations
(i)	Decrease in profit	1	1	25.26	1877.48
(ii)	Increase in profit	-	-	-	-
(iii)	Increase in loss	2	-	194.18	-
(iv)	Decrease in loss	-	-	-	-
(v)	Non disclosure of material facts	1	-	12.18	-
(vi)	Errors of classification	2	-	6.76	-

Some of the major errors and omissions noticed in the course of review of annual accounts of the above companies and one corporation are mentioned below:

1.6.1 Errors and omissions in case of Government companies

(a) Haryana Roadways Engineering Corporation Limited (1997-98 and 1998-1999)

(i) Non-provision of gratuity on accrual basis resulted in understatement of current liabilities and overstatement of profit by Rs 18.24 lakh.

(ii) Short provision of production incentive resulted in understatement of expenditure and overstatement of profit by Rs 7.02 lakh.

(b) Haryana State Minor Irrigation and Tubewells Corporation Limited (1994-95)

(i) Fixed assets and current liabilities had been understated by Rs 67.87 lakh due to non-provision for enhancement in cost of land.

(ii) Current Assets included Rs 185.59 lakh recoverable from Government (Rs 60.73 lakh), HSEB (Rs 57.68 lakh) and suppliers (Rs 67.18 lakh) which had become irrecoverable. Accordingly, current assets had been overstated by Rs 185.59 lakh and loss had been understated by Rs 170.18 lakh, fixed assets by Rs 13.06 lakh and current liabilities had been overstated by Rs 2.35 lakh.

(c) Haryana Power Generation Corporation Limited (1998-99)

(i) Current Assets did not include material valued at Rs 31.11 lakh purchased and received at Faridabad Thermal Power Station during the year resulting in understatement of stores and spares and liabilities.

(ii) The loss had been understated to the extent of Rs 24 lakh due to short provision of cost of coal (Rs 20.14 lakh), short provision of incentive (Rs 3.03 lakh) and non-provision of consultancy charges (Rs 0.83 lakh).

1.6.2 Errors and omission in case of Statutory corporations

(a) Haryana Warehousing Corporation (1999-2000)

(i) Current Assets (Recoverable from Food Corporation of India) and profit had been overstated by Rs 58 lakh due to rejection of claim by FCI.

(ii) Profit had been overstated by Rs 343.80 lakh due to inclusion of incidentals recoverable from FCI as per provisional rate (Rs 98.45 per quintal) against the actual expenditure (Rs 75 per quintal).

(iii) Sale and profit had been overstated by Rs 77.18 lakh due to inclusion of value of 1192 MT being moisture gain on the wheat stock of 170390 MT at the rate of 0.7 *per cent* delivered to the FCI.

(iv) Profit had been overstated by Rs 1398.50 lakh due to storage charges (Rs 174.10 lakh) and interest (Rs 1224.40 lakh) taken as income on undelivered stock.

1.6.3 Persistent Irregularities and system deficiencies in financial matter of PSUs

The following persistent irregularities and system deficiencies in financial matters of PSUs had been repeatedly pointed out during the course of audit of their accounts but no corrective action had been taken by these PSUs so far.

1.6.3.1 Government Companies

Haryana State Minor Irrigation and Tubewells Corporation Limited (1994-95)

Despite being pointed out in the comments on the accounts of the company for the years ended 1983 to 1994, adjustments have not been made in the accounts in respect of followings:

(a) Cost of obsolete and unserviceable stores written off by the Board of Directors in November 1979 (Rs 3.25 lakh).

(b) Provision of energy charges (Rs 6.88 lakh).

(c) Non adjustment of losses on account of fire in company store at Tohana (Rs 0.36 lakh).

(d) Tubewells not in operation (Rs 0.59 lakh).

(e) Tubewells written off during previous years (Rs 12.35 lakh).

(f) Non-provision of capital loss (Rs 18.13 lakh) on abandonment of tubewells.

1.7 Recommendations for closure of PSUs

Even after completion of six to 36 years of their existence, the turnover of seven Government companies (four working and three non-working) had been less than five crore in each of the preceding five years of latest finalised accounts. Similarly, two Government companies (both working) had been incurring losses for five consecutive years (as per latest finalised accounts) leading to negative net worth. In view of poor turnover and continuous losses, the Government may either improve the performance of above nine Government companies or consider their closure.

1.8 Response to Inspection Reports, Draft paragraphs and reviews

Audit observations noticed during audit and not settled on the spot are communicated to the heads of PSUs and concerned departments of State Government through Inspection Reports. The heads of PSUs are required to furnish replies to the Inspection Reports through respective heads of departments within a period of six weeks. Inspection Reports issued up to March 2001 pertaining to 24 PSUs disclosed that 1086 paragraphs relating to 559 Inspection Reports remained outstanding at the end of September 2001. Department-wise break up of Inspection Reports and audit observations outstanding as on 30 September 2001 is given in Annexure-8.

Similarly, draft paragraphs and reviews on the working of PSUs are forwarded to the 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 12 draft paragraphs and four draft reviews forwarded to the various departments during February 2001 to May 2001 as detailed in Annexure-9 had not been replied to so far (September 2001).

It is recommended that (a) the Government should ensure that procedure exists for action against the officials who failed to send replies to Inspection Reports/draft paragraphs/reviews as per the prescribed time schedule (b) action to recover loss/outstanding advances/overpayment in a time bound schedule and (c) revamping the system of responding to the audit observations.

1.9 Position of discussion of Audit Reports (Commercial) by Committee on Public Undertakings (COPU)

The position of discussion of Audit Reports, reviews and paragraphs pending in the COPU as on 31 March 2001 is shown below:

Period of Audit Report	Number of reviews/paragraphs appeared in Audit Report		Number of reviews/paragraphs pending for discussion	
	Reviews	**Paragraphs**	**Reviews**	**Paragraphs**
1996-97	3	18	1	-
1997-98	3	16	-	7
1998-99	6	18	6	18

During the year 2000-01, the COPU discussed two reviews and 10 paragraphs out of remaining three reviews and 10 paragraphs pending for discussion in respect of Audit Report 1996-97 and discussed three reviews and nine paragraphs out of three reviews and 16 paragraphs of Audit Report 1997-98.

Report of the Comptroller and Auditor General of India for the year 1999-2000 was placed before the State Legislature on 5 March 2001.

1.10 619-B companies

There was no company under Section 619-B of the Companies Act, 1956.

Chapter-II

Section-2A

2A Haryana Vidyut Prasaran Nigam Limited

Power Sector Reforms and Restructuring in erstwhile Haryana State Electricity Board

Highlights

The Haryana State Electricity Board (HSEB) was reorganised in August 1998 by transferring functions of generation, transmission and distribution to separate companies with the main objective of restoring financial viability of power utilities so that the State Government is relieved of the burden of providing subsidies.

(Paragraphs 2A.1 and 2A.2)

Two distribution companies planned to be divested by December 1998 and March 2001 have not been divested so far.

(Paragraph 2A.6.2)

Fixed assets of transmission and distribution system of erstwhile HSEB were transferred to Haryana Vidyut Prasaran Nigam Limited (HVPNL) at Rs 2255.34 crore, as compared to its estimated value of Rs 3293.24 crore, which resulted in under valuation of fixed assets by Rs 1037.90 crore.

(Paragraph 2A.6.3.1)

The HVPNL suffered loss of Rs 329.10 crore due to short recovery of depreciation charges and return on capital base on account of under valuation of fixed assets during 2000-01 (Rs 242.97 crore) and transfer of shared generating assets to transmission company instead of to generating company during 1999-2000 and 2000-01 (Rs 86.13 crore).

(Paragraphs 2A.6.3.1 and 2A.6.3.2)

The Company lost revenue of Rs 614.95 crore due to delay/non-revision of tariff during 1998-99 to 2000-01 (Rs 397.17 crore), non-recovery of fuel surcharge adjustment during August 1998 to March 1999 (Rs 178.53 crore) and incorrect computation of return on capital base for 2000-01 (Rs 39.25 crore).

(Paragraphs 2A.8.1, 2A.8.1.1, 2A.8.2, 2A. 8.3, 2A.8.4)

Against the investment plan of Rs 1783.50 crore, during 1997-98 to 1999-2000 for development of generation, transmission and distribution system, an amount of Rs 900.70 crore was spent. The shortfall of Rs 882.80 crore was attributed to shortage of funds.

(Paragraph 2A. 9)

The World Bank committed to provide a loan of US $ 410 million for reform and development programme during 1997-98 to 2000-01 and sanctioned loan of US $ 60 million during January 1998. The HVPNL could utilise only US $ 52.37 million (Rs 227.88 crore) up to April 2001. The World Bank did not sanction balance loan of US $ 350 million as the HVPNL did not increase the tariff as per its stipulation and privatise distribution companies. As such, the HVPNL had not been able to implement reform and development programme.

(Paragraph 2A.9.1)

Despite reforms, T&D losses during 1999-2000 worked out to 36.56 *per cent* as against the target of 31 *per cent*. The Haryana Electricity Regulatory Commission allowed the T&D losses of 29.75 *per cent* only leaving a gap of Rs 250.99 crore on account of excessive losses.

(Paragraph 2A.11.2)

HVPNL could not generate revenue to cover operating cost during 1998-99 and earn rate of return at 10 *per cent* on net worth during 1999-2000 and suffered commercial losses (excluding subsidy from State Government) of Rs 300.65 crore and Rs 858.06 crore during 14 August 1998 to March 1999 and 1999-2000 respectively.

(Paragraph 2A.11.6)

Due to non-classification of receivables into good, bad and doubtful debts by HVPNL, HERC disallowed claim for additional provision of Rs 19.36 crore for bad debts in ARR for 2000-01.

(Paragraph 2A.11.8)

2A.1 Introduction

The erstwhile Haryana State Electricity Board (Board) was constituted on 3 May 1967 under Section 5(1) of the Electricity (Supply) Act, 1948. The erstwhile Board was responsible for generation, transmission and distribution of power in the State. The erstwhile Board had been incurring losses since 1986-87 and the accumulated losses went up to Rs 1358.67 crore as on 31 March 1993. Section 59 of the Electricity Act 1948, stipulated a minimum rate of return (ROR) of 3 *per cent* on the capital base. Against this, the actual ROR (excluding subsidy from State Government) was negative. The main reasons for losses were unremunerative tariff, supply of power to agriculture at subsidised rates, low plant load factor in its thermal power stations, excessive transmission and distribution losses etc. Continued negative ROR besides adversely affecting the ways and means position of the erstwhile Board, also jeopardised the developmental activities of the Board. In spite of power shortage to the extent of 25 *per cent*, the State could not add much to its generating capacity which remained at 863 MW during 1990-91 to 1999-2000 and increased to 1073 MW in 2000-01 with the synchronization of Unit VI of Panipat Thermal Power Station in March 2001.

To overcome the bottlenecks, the State Government decided (1993) to restructure the Board and appointed consultants for Power Sector Restructuring Project Study. On the basis of consultants' Reports (July 1995), the erstwhile Board was finally restructured on 14 August 1998 by transferring generation function to Haryana Power Generation Corporation Limited (HPGCL) and transmission and distribution functions to Haryana Vidyut Prasaran Nigam Limited (HVPNL). The distribution function was later on transferred to Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) and Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL). The transmission function was retained by HVPNL. The accumulated losses of the erstwhile Board as on date of restructuring were Rs 1879.45 crore against an equity capital of Rs 1500 crore.

2A.2 Objectives of reforms and restructuring

Reform and restructuring programme aimed at restoring financial viability of power utilities and relieving the State Government of the burden of providing subsidies

The goal of power sector reforms in the State was to restore and ensure the sustainable creditworthiness of the power industry and to create an environment which would attract investments needed to meet the growing power demand, promote competition, efficiency and economy, and facilitate development of power sector. The restructuring programme aimed at restoring financial viability of power utilities so that the State Government is relieved of the burden of providing subsidies to cover their losses and to make the power sector a generator of net resources for the State and capable of arranging its investment requirements on its own strength.

2A.3 Organisational set-up

Reform and Restructuring Division of the erstwhile Board headed by a Chief Engineer was set up in April 1998 and was responsible for preparing and coordinating the implementation of reform measures and the investment programme. The division is now under HVPNL. Programme Implementation Committee headed by Secretary, Department of Power of the State Government and comprising Chairpersons of generation, transmission and distribution companies was responsible for monitoring the reforms and restructuring programme.

2A.4 Scope of Audit

The present review conducted during November 2000 to March 2001 covers matters relating to formulation of reform and restructuring programme and its implementation as a result of test check of records of erstwhile Board and new entities (HPGCL, HVPNL, UHBVNL and DHBVNL) up to the financial year 2000-01.

2A.5 Reform and restructuring programme

Consultants appointed (1993) by the State Government for Power Sector Restructuring Project Study and for Power Sector Development and Investment Planning Study submitted (July 1995) their reports on the basis of which the State Government declared (January 1996) its restructuring policy. The main components of the reform programme as outlined in the policy statement are:

(i) creation of an independent power regulatory body;

(ii) segregation of power generation, transmission and distribution functions to be discharged by different companies;

(iii) private sector participation in power generation, transmission and distribution;

(iv) financial restructuring and tariff rationalization; and

(v) reduction in transmission and distribution losses.

The erstwhile Board approved (November 1997) power sector reform investment programme for Rs 8023 crore over the next 10 years from 1997-98 onwards.

2A.6 Implementation of reforms programme

2A.6.1 Creation of Power Regulatory Commission

Haryana State Electricity Reform Act, 1997 notified by the State Government on 10 March 1998 and made effective from 14 August 1998, *inter alia*, provided for constitution of an Electricity Regulatory Commission. Accordingly, the Haryana Electricity Regulatory Commission (HERC) was constituted in August 1998. The main functions of the HERC are as under:

(i) To regulate purchase, distribution and supply of electricity, quality of service, the tariff charges.

(ii) To issue licences for power transmission, and distribution in the State.

(iii) To regulate the working of licences and to promote their working in an efficient, economical and equitable manner.

(iv) To act as an arbitrator or adjudicator to settle disputes arising between the licencees.

The HERC granted (February 1999) two licences to the HVPNL viz. Transmission and Bulk Supply Licence to carry on transmission and bulk supply business in the State and another licence for Distribution and Retail Supply of electricity in the State. The HERC permitted (April 1999) the HVPNL to carry on the Distribution and Retail Supply of electricity through its two subsidiary distribution companies.

2A.6.2 Reorganisation of the State Electricity Board

The erstwhile Haryana State Electricity Board was reorganised by framing two transfer schemes notified on 14 August 1998 and 1 July 1999. In the first transfer scheme, the generation function was transferred to HPGCL (incorporated in March 1997) and transmission and distribution functions were transferred to HVPNL (incorporated in August 1997). Both the companies, wholly owned by State Government, commenced their activities from 14 August 1998. In the second transfer scheme, the distribution function was transferred from HVPNL to UHBVNL and DHBVNL (both incorporated in March 1999) dividing distribution business in the State into two regions. The distribution companies (wholly owned subsidiaries of the HVPNL) commenced their business from 1 July 1999.

Two distribution companies were not divested as planned

As per reforms and restructuring plan, one distribution company was to be divested (51 *per cent*) to form a joint venture company by December 1998 and other distribution company was to be divested by March 2001. None of the companies were divested as of March 2001.

2A.6.3 Transfer of Assets and Liabilities

In the Haryana Electricity Reform (Transfer of Undertakings, Assets, Liabilities, Proceedings and Personnel) Scheme Rules, 1998 notified on 14 August 1998 (as amended by notification dated 13 August 1999), it was provided that on the effective date, all the assets and liabilities, which the erstwhile Board owned or possessed shall stand transferred to the State Government and in consideration thereof all loans, subventions and obligations of the Board to the State Government shall stand extinguished and cancelled. Further, the assets and liabilities vested in the State Government shall be transferred to HPGCL and HVPNL at a cost determined by the Government.

Accumulated loss of erstwhile Board (Rs 3597 crore) was adjusted by writing off Rs 2245.85 crore of State Government share capital, loans, interest, and by increasing the value of fixed assets by Rs 1124.25 crore

As per annual accounts of the Board, the accumulated loss of the Board as on 14 August 1998 was to the tune of Rs 1879.45 crore, which increased to Rs 3597 crore after carrying out restructuring adjustments. After writing off Rs 2245.85* crore on account of share capital (Rs 1500 crore), loans and interest (Rs 703.19 crore) and electricity duty (Rs 42.66 crore) of the State Government, the balance loss of Rs 1351.15 crore was adjusted by the State Government in the following manner:

(i) Upward valuation of assets of HPGCL and HVPNL by Rs 1124.25 crore.

(ii) Acquisition of equity of Rs 2.50 crore each from HPGCL and HVPNL.

(iii) Transfer of residual loss of Rs 231.90 crore to both the companies.

The State Government retained Board's contingent liability of surcharge on delayed payment of power bills of Power Grid Corporation of India, National Thermal Power Corporation and Nuclear Power Corporation aggregating Rs 730.48 crore. Reasons for retaining the contingent liability by the State Government were not on records.

In the second transfer scheme notified by the State Government on 1 July 1999 (as amended by notification dated 30 November 1999), assets (Rs 1756.60 crore) relating to distribution function were transferred from HVPNL to UHBVNL (Rs 851.70 crore) and DHBVNL (Rs 904.90 crore).

2A.6.3.1 Non-revaluation of assets

Under valuation of fixed assets resulted in non-recovery of Rs 242.97 crore on account of depreciation and return on capital base

The State Government while transferring (14 August 1998) assets to HPGCL/HVPNL did not get the fair value of fixed assets determined. However, the State Government increased the value of assets to adjust the loss and transferred these to HPGCL at Rs 496.99 crore (book value Rs 408.36 crore) which worked out to 122 *per cent* of book value and to HVPNL at Rs 2255.34 crore (book value Rs 1219.72 crore) which worked out to 185 *per cent* of book value. In order to arrive at fair value of assets so as to work out cost of supply and to transfer assets at real value on privatisation, the assets of HVPNL as on 31 March 1998 were subsequently (March 2000) got revalued by a Chartered Valuer (Price Water House, Calcutta). The valuer's report revealed that real value of assets transferred to HVPNL was 270 *per cent* of estimated net book value which worked out to Rs 3293.24 crore. Action was not taken for revaluation of the assets as per

* The adjustment of share capital and outstanding loans have not been made in finance accounts of the State Government up to 2000-01.

reports of the valuers. Based on valuer's report, under valuation of assets worked out to Rs 1037.90 crore (HVPNL: Rs 577.10 crore; UHBVNL: Rs 232.26 crore and DHBVNL: Rs 228.54 crore). Under valuation of assets would result in:

- unintended benefit to the private parties at the time of privatisation of distribution function as they would be procuring the assets at a cheaper price; and

- under calculation of cost of supply due to non-recovery of Rs 242.97 crore on account of depreciation (Rs 76.91 crore worked out on an average rate of depreciation of 7.41 *per cent*) and return on capital base (Rs 166.06 crore at 16 *per cent*) during 2000-01 alone.

The generating assets have not been revalued by HPGCL.

Transfer of shared generating assets to transmission company instead of generating company resulted in loss of Rs 86.13 crore on account of non-recovery of depreciation and return on capital base

2A.6.3.2 Shared generating assets

The State Government had a share in fixed assets of Indraparastha Thermal Power Station (33 *per cent*) of Delhi Vidyut Board, Hydro Power Stations of Bhakra Project (34 *per cent*), Dehar Project (32 *per cent*) and Pong project (16.66 *per cent*). The erstwhile Board was charging depreciation for these assets in its accounts. As on 31 March 1999, the value of assets in these shared projects was Rs 286.54 crore. Since the shared projects discharged function of generation, assets of these shared projects were required to be transferred to generating company i.e. HPGCL. Contrary to this, the State Government transferred the assets of these generation projects to HVPNL reasons for which were not available on record. The HERC in their orders of November 1999 (as amended on 29 May 2000) on Annual Revenue Requirements (ARRs) for transmission and bulk supply business for 1999-2000 and orders of 14 December 2000 on ARR for 2000-01 observed that assets of shared generation projects were neither relevant nor necessary for the purpose of transmission and bulk supply business of the HVPNL and disallowed claim of the HVPNL for recovery of depreciation charges of Rs 11.63 crore claimed in ARRs for 1999-2000 (Rs 5.56 crore) and 2000-01 (Rs 6.07 crore). The HERC further disallowed return on capital base to the extent of Rs 74.50 crore during 1999-2000 and 2000-01 on the assets of shared projects. Had the assets been transferred to HPGCL, depreciation as well as return on capital base to the extent of Rs 86.13 crore could have been recovered through cost of power supplied to the HVPNL.

2A.7 Procedure for purchase and sale of power

The HVPNL purchases power from Central Power Sector Projects, HPGCL, Shared Utilities and Independent Power Producers. After adjusting transmission losses, the net energy is supplied and billed by HVPNL to UHBVNL/DHBVNL on month-to-month basis at Bulk Supply tariff approved by the HERC.

2A.8 Tariff revision

In terms of Section 26(5) of the Haryana Electricity Reform Act, 1997, a licensee shall provide to the HERC at least three months before the ensuing financial year, Annual Revenue Requirement (ARR) giving full details of its calculations for revision of tariff for that financial year along with a proposal to deal with any significant gap between revenue and cost figures. After restructuring, the revision in tariff was to be made with the approval of the HERC.

An audit analysis revealed the following points in tariff revision.

2A.8.1 Tariff fixation for 1998-99

Tariff for 1998-99 was revised by the erstwhile Board from 15 June 1998 instead of from 1 April 1998. Delay in revision of tariff resulted in loss of Rs 41.49 crore on sale of 881.99 MUs of power during 1 April 1998 to 14 June 1998 as pointed out in para 2A.5.1 of the Report of the Comptroller and Auditor General of India for the year 1999-2000 (Commercial)-Government of Haryana.

2A.8.1.1 Fuel surcharge adjustment

The HVPNL did not file application for recovery of increased cost of purchase of power for the period from 14 August 1998 to March 1999, which resulted in loss of Rs 178.53 crore

Section 26 (7) of the Haryana Electricity Reform Act, 1997 provided for recovery of actual increase in fuel cost over and above the basic fuel cost taken in tariff fixation. Haryana Electricity Regulatory Commission (Tariff) Regulations, 1999 provided for recovery of this increase through quarterly fuel surcharge adjustment.

It was noticed that the HVPNL did not file application with HERC for recovery of increased cost of purchase of power of Rs 178.53 crore for the period from 14 August 1998 to 31 March 1999. Failure of the HVPNL to recover increased cost of purchase of power resulted in loss of Rs 178.53 crore to the HVPNL.

2A.8.2 Tariff fixation for 1999-2000

Due to non-filing of any tariff proposal for 1999-2000 with HERC and lesser receipt of subsidy from the Government, the HVPNL failed to bridge the revenue gap of Rs 182.88 crore

The HVPNL submitted in December 1998 its ARR for distribution and retail supply business for 1999-2000 at Rs 2392.41 crore (after adjusting subsidy of Rs 531.15 crore committed by the State Government) to HERC. After adjusting revenue from existing tariff (Rs 2030.48 crore), revenue gap worked out to Rs 361.93 crore. However, the HERC in their orders of 29 November 1999 (as amended on 29 May 2000) assessed the gap at Rs 63.73 crore for which the HVPNL did not file any proposal to deal with the gap. Further, receipt of subsidy amounting to Rs 412 crore from the State Government against commitment of Rs 531.15 crore increased the gap by Rs 119.15 crore. Thus, the HVPNL failed to bridge revenue gap of Rs 182.88 crore.

2A.8.3 Tariff fixation for 2000-01

Due to furnishing incomplete information in ARR for 2000-01 to HERC, the HVPNL suffered a loss of Rs 172.80 crore

For the year 2000-01, the HVPNL submitted (December 1999) its ARR for distribution and retail supply business at Rs 3610.23 crore without furnishing necessary data to HERC to enable it to properly analyse and give its orders on the ARR. The HVPNL revised its ARR at Rs 3406.23 crore in July 2000 and at Rs 3851.77 crore in October 2000. The HVPNL failed to file an embedded cost study detailing functionalisation, classification and allocation of the revenue requirements. Despite incomplete information provided by HVPNL, the HERC assessed (December 2000) the ARR at Rs 3730.45 crore with revenue recovery of Rs 2738.11 crore through tariff revision leaving a revenue gap of Rs 992.34 crore. After considering the subsidy of Rs 769.30 crore to be received from State Government, the HVPNL was left with a gap of Rs 223.04 crore. The tariff scheduled to be revised from 1 April 2000 was finally revised from 1 January 2001. Due to delay in revision of tariff, the revenue gap of Rs 223.04 crore increased to Rs 432 crore. Of this, the HERC allowed HVPNL to carry forward the gap to the extent of Rs 259.20 crore as a deferred cost to be recovered along with interest from the consumers during succeeding years leaving an uncovered gap of Rs 172.80 crore to be made up by efficiency gain. Thus, supply of incomplete information and delay in furnishing necessary details to the HERC resulted in delay in revision of tariff and consequential loss of Rs 172.80 crore to HVPNL.

2A.8.4 Return on capital base

HVPNL claimed 10 *per cent* return on capital base instead of the permissible 16 *per cent* for 2000-01, resulting in loss of Rs 39.25 crore

According to the provisions of the Sixth Schedule of Electricity (Supply) Act 1948, the HVPNL was required to claim 16 *per cent* return on its capital base* for 2000-01. Contrary to this, the HVPNL in its ARR filed (December 1999) for Distribution and Retail Supply Business for 2000-01, claimed return of Rs 40.72 crore calculated at 10 *per cent* on its net worth** of Rs 407.20 crore instead of claiming Rs 79.97 crore calculated at 16 *per cent* on its capital base (Rs 499.80 crore). The HERC approved the return of Rs 40.72 crore claimed by HVPNL. Thus, incorrect claim of return on net worth instead of on capital base at a lower rate resulted in loss of revenue to the extent of Rs 39.25 crore.

2A.9 Investment plan for development activities

Against planned investment of Rs 1783.50 crore during 1997-98 to 1999-2000 an investment of Rs 900.70 crore was made in development activities

In order to expand generation, transmission and distribution system to meet the growing demand for power, improve operational efficiency of the existing assets and reduce system losses, the erstwhile Board approved (November 1997) power sector reform investment programme for Rs 8023 crore over the next 10 years from 1997-98 onwards. As per financial restructuring plan, the resources planned to be mobilised were from World Bank (33 *per cent*); joint venture distribution companies (14 *per cent*), private sector equity (3 *per cent*); State Government (15.4 *per cent*); Indian financial institutions (14.6 *per cent*); Kreditanstalt Fur Wiederaufbau (KFW) Germany (4 *per cent*)

* Capital base includes net fixed assets, work-in-progress, investments, working capital less loans and consumers' security deposits.

** Net worth represents paid-up capital plus reserves less intangible assets.

Overseas Economic Cooperation Fund (OECF) Japan (8.2 *per cent*) and internal resources (7.8 *per cent*). During the period from 1997-98 to 1999-2000, against the funds mobilisation programme of Rs 2479.50 crore, the HVPNL could receive Rs 1211.15 crore only from State Government (Rs 997.41 crore), World Bank (Rs 126.76 crore), KFW (Rs 65.73 crore); and financial institutions (Rs 21.25 crore). Against investment plan of Rs 1783.50 crore, the HVPNL made budget provision for Rs 1202.48 crore and incurred an expenditure of Rs 900.70 crore thereagainst. The shortfall of Rs 882.80 crore to the planned investment was attributed to shortage of funds, as discussed in para 2A.9.1 (*infra*).

2A.9.1 World Bank Loan

For implementation of reform and development programme, the World Bank committed to provide loan of US $ 600 million through a series of 5 Adaptable Programme Loans (APLs) comprising APL-1 (US $ 60 million); APL-2 (US $ 150 million); APL-3 (US $ 200 million); APL-4 (US $ 100 million); and APL-5 (US $ 90 million) to be sanctioned during 1997-98; 1998-99; 2000-01; 2002-03 and 2004-05 respectively.

The World Bank did not provide loan of US $ 350 million as the HVPNL failed to increase the tariff as per its stipulations and privatise distribution companies

The World Bank sanctioned APL-1 of US $ 60 million (Rs 240 crore) in January 1998 and the loan was scheduled to be closed in December 2000. At the end of April 2001, the World Bank released US $ 52.37 million (Rs 227.88 crore). As per conditions of World Bank Loan, the HVPNL was required to increase tariff for agriculture to cover at least half of the average cost of supply and increase tariff for non-agriculture by 10 *per cent* each during 1999-2000 and 2000-01; and that distribution companies were to be privatised. The World Bank did not sanction APL-2 (US $ 150 million) and APL-3 (US $ 200 million) as the HVPNL could not increase the tariff as per its stipulations and privatise distribution companies. Therefore, the HVPNL had not been able to avail APL-2 and APL-3 and implement reform and development programme in an effective manner.

Some of the points noticed in purchase of material from APL-1 are discussed as under:

(a) Long term investment programme for rehabilitation and extension of the transmission and distribution system, *inter alia,* included replacement of defective meters on priority. There were 2.32 lakh defective meters as on 31 March 1998. With a view to replace the defective meters, HVPNL purchased 2.07 lakh new meters (single phase and three phase) at a cost of Rs 28.02 crore during 1998-99 with the assistance of World Bank Loan. Of these 0.27 lakh three phase meters valued at Rs 6.24 crore were not installed up to March 2001 due to magnetic effect. Thus, only 1.80 lakh defective meters could be replaced up to 31 March 2001. In the meanwhile, additional 2.27 lakh meters became defective during 1998-99 to 2000-01 which were not replaced as HVPNL abandoned repair of defective meters due to high repair cost and poor quality of repairs. As a result, the number of defective meters awaiting replacement increased to 2.79 lakh as on 31 March 2001. Hence the objective of replacing defective meters on priority could not be achieved.

(b) Similarly 7194 KMs low tension (LT) cable was procured at a cost of Rs 20.78 crore with the assistance of World Bank loan during May 1998 to February 1999 for replacement of undersized and worn out cable. Of this, 5,740 KMs LT cable valued at Rs 16.58 crore had been installed up to March 2001. Reasons for delay/non-installation of cable were attributed to delay in appointment of contractors for construction work.

2A.10 Power generation

State Government decided (November 1997) to encourage private sector participation in setting up new generation capacities and also to invest in new power generation facilities. Additional power requirements were to be sourced from:

- increased improvement in the erstwhile Board's existing generating capacity;
- independent power producers (IPPs); and
- central or regional utilities.

Accordingly, it was envisaged in Reform Programme that generating capacity by the end of 2001-02 would increase to 3755 MW comprising own capacity (910 MW), shared generating projects (932 MW), central generating projects (1208 MW) and independent power producers (705 MW).

In this connection it was noticed in audit that at the end of March 1998, installed generating capacity of the erstwhile Board was 2392 MW comprising own generation (863 MW), shared generating projects (917 MW) and central generating projects (612 MW). Against this, the generating capacity at the end of March 2001 increased to only 2926 MW which comprised own generation (863*MW), shared generating projects (917 MW) and share from central generating projects (1091 MW) and IPPs (55 MW). The shortfall in generation capacity forced HVPNL to overdraw 57.67 MUs during August 1999 to May 2000 from central power projects at higher cost besides paying penalty of Rs 2.88 crore to meet its demand for power. Similar details for subsequent period up to March 2001 were awaited.

2A.11 Operational and financial performance after restructuring of the erstwhile Board

The operational and financial performance of the erstwhile Board and companies after restructuring of the Board in respect of major components of reforms is indicated in the Annexure-10.

* Excluding generating capacity of 210 MW of Unit VI of Panipat Thermal Power Station synchronised in March 2001 which was not covered in the reforms programme.

It would be seen from the Annexure 10 that after restructuring, targets for operational and financial parameters viz., plant load factor, transmission and distribution losses, revenue subsidy, net receivables, etc. (except plant load factor of Faridabad Thermal Power Station which also decreased in 2000-01) could not been achieved in any of the years up to 2000-01 and the impact of the reforms implemented so far (March 2001) was not forthcoming.

Reasons for poor impact of the reforms programme are attributable as under:

(i) Delay/non-revision of tariff as per the reforms programme.

(ii) Lack of effective measures to reduce the T & D losses.

(iii) Refusal of World Bank to grant further assistance due to non-compliance of terms and conditions attached to assistance.

(iv) Non-improvement in revenue collection system.

The above components are discussed in succeeding paragraphs:

2A.11.1 Plant load factor

Plant load factor of Panipat Thermal Power Station was lower at 50.43, 50.02 and 47.91 *per cent* against 57, 61 and 66 *per cent* during 1998-99, 1999-2000 and 2000-01 respectively projected in reform programme. This was mainly due to the reason that rehabilitation of 4 units of 110 MW to raise plant load factor to 76 *per cent* envisaged to be completed up to March 1999 (Unit-I); September 1999 (Unit-II), January 2000 (Unit-III) and May 2000 (Unit-IV) had not been completed (March 2001) by the contractor due to contentious issues in the contract agreement.

2A.11.2 Excessive transmission and distribution losses

The Central Electricity Authority (CEA) while issuing (May 1992) guidelines for energy audit fixed the accepted level of transmission and distribution losses, according to which these losses should not exceed 15.5 *per cent* (8.5 *per cent* transmission & sub-transmission and 7 *per cent* distribution). Reform programme envisaged reduction in transmission and distribution losses to 32, 31 and 29 *per cent* during 1998-99, 1999-2000 and 2000-01. Despite reforms, transmission and distribution losses had increased from 33.37 *per cent* in 1997-98 to 38.80 *per cent* in 2000-01. It was further noticed in audit that distribution losses in all the 13 operation circles of UHBVNL/DHBVNL ranged between 20 and 48 *per cent* during 2000-01 as against norms of 7 *per cent* fixed by CEA. This indicates that effective steps for reduction in distribution losses through elimination of thefts, replacement of defective meters of consumers and strengthening of sub-transmission and distribution system had not been taken.

Due to excessive transmission and distribution losses, the HVPNL suffered loss of Rs 250.99 crore during 1999-2000

The HERC while passing orders on 29 November 1999 on ARR for 1999-2000 and fixing (27 July 2000) rates for recovery of fuel surcharge adjustment (FSA) allowed norm for transmission and distribution losses at 29.75 *per cent* (9.89 *per cent* transmission and 19.86 *per cent* distribution) against actual loss of 36.56 *per cent* of the Company. As a result transmission and distribution losses over 29.75 *per cent*, amounting to Rs 250.99 crore remained unabsorbed in the tariff and had to be borne by HVPNL.

2A.11.3 Excessive damage to distribution transformers

Reforms and development programme envisaged that rate of damage to transformers should be reduced from 30 *per cent* in 1996-97 to 20 *per cent* in 2001-02. To achieve this target, damage should have been reduced at least by 2 *per cent* every year. As such, rate of damage to transformers should not have exceeded 26 and 24 *per cent* during 1998-99 and 1999-2000 respectively. Though the erstwhile Board/HVPNL purchased and installed 4419 transformers at a cost of Rs 13.76 crore during 1998-99 and 1999-2000 for augmentation of the overloaded transformers under the loan assistance from the World Bank, damage rate of distribution transformers was 28.84 and 25.83 *per cent* during 1998-99 and 1999-2000 respectively. Based on average expenditure incurred on repair of damaged transformers, extra expenditure due to excessive damage of 4743 transformers worked out to Rs 3.73 crore during 1998-99 and 1999-2000. Reasons for high damage to transformers were mainly attributed to poor quality of maintenance of distribution system and unbalancing/overloading of transformers.

2A.11.4 Agriculture tariff

Reforms programme envisaged (November 1997) fixation of agriculture tariff at 75 paise and 100 paise per unit for 1999-2000 and 2000-01 respectively. It was noticed in audit that per unit tariff for agriculture during 1999-2000 ranged between 23 and 50 paise. Further, the HVPNL did not propose revision of tariff of 75 paise and 100 paise for 1999-2000 and 2000-01 respectively. On the recommendation of HVPNL/State Government, tariff fixed by the HERC from January 2001 ranged between 35 to 62 paise per unit for metered supply and Rs 45 to Rs 100 per BHP* per month for un-metered supply consumers. Average tariff for agriculture supply during 2000-01 worked out to 73 paise per unit on the projected revenue of Rs 204.33 crore from sale of 2804 MUs.

Compared with rates of 75 paise per unit for 1999-2000 and 100 paise for 2000-01 envisaged in financial restructuring plan, loss of revenue worked out to Rs 256.55 crore on sale of 4410.63 MUs during 1999-2000 (Rs 180.84 crore) and projected sale of 2804 MUs during 2000-01 (Rs 75.71 crore).

* Brake Horse Power equivalent to 746 watts.

2A.11.5 Non-agriculture tariff

Against actual cost of supply to non-agriculture category at 428 paise per unit during 2000-01, the HVPNL proposed lower tariff of 419 paise per unit, which resulted in loss of revenue of Rs 4.58 crore

Reforms programme provided for an increase in tariff by 10 *per cent* each during 1999-2000 and 2000-01 for all consumer categories. It was noticed that in the absence of any revision of tariff for 1999-2000, tariff for non-domestic supply (Commercial) fixed in June 1998 at 392 paise per unit prevailed during 1999-2000.

As the tariff for this category was 392 paise during 1998-99, the tariff was to be increased by 39 paise (10 *per cent*) each during 1999-2000 and 2000-01. However, the HVPNL in its tariff application for 2000-01 proposed increase of 27 paise per unit which worked to 6.89 *per cent*. Accordingly, the HERC approved, on 22 December 2000, the tariff at 419 paise per unit for this category. Compared with actual cost of supply to this category at 428 paise per unit, estimated loss of revenue worked out to Rs 4.58 crore on the projected sale of 509 MUs in 2000-01.

2A.11.6 Non-achieving return on net worth

(i) Reforms programme envisaged that percentage of subsidy from State Government to total revenue should be brought down to 18.6, 16.4 and 10.8 *per cent* in 1998-99, 1999-2000 and 2000-01 respectively. The reforms programme further envisaged generation of revenue to cover operating cost during 1998-99 and earn rate of return at 10 *per cent* and 16 *per cent* on net worth during 1999-2000 and 2000-01. It was observed in audit that the HVPNL/UHBVNL/DHBVNL received subsidy of Rs 267.47 crore and Rs 412 crore against total revenue of Rs 1412.76 crore and Rs 2209.36* crore during 14 August 1998 to March 1999 and 1999-2000 respectively which worked out to 18.93 and 18.64 *per cent*.

It was further observed in audit that profitability of HVPNL and its subsidiary companies UHBVNL/DHBVNL has been negative with commercial loss (excluding subsidy) of Rs 300.65 crore during 14 August 1998 to March 1999 and Rs 858.06 crore during 1999-2000. Thus, objectives of the reforms programme to restore the financial viability of the companies and that power sector ceased to be a burden on the budget of the State Government had not been achieved.

(ii) Reforms programme envisaged that the HPGCL will operate on commercial principle and would sell power to the HVPNL for further sale to the distribution companies. It was seen in audit that the HPGCL did not finalise any power sale agreement with the HVPNL with the approval of HERC and sold the electricity on actual cost basis without recovering any return on its capital base.

2A.11.7 Non-recovery of cost of supply

Average revenue per unit was at 242.94 and 224.98 paise against the envisaged revenue of 269 and 299 paise during the period from 14 August

* This represents the revenue realised from sale of power to consumers by HVPNL (April to June 1999) and by UHBVNL/DHBVNL (July 1999 to March 2000).

1998 to March 1999 and 1999-2000 respectively. The average cost of supply was higher at 292.64 and 330.28 paise against envisaged cost of 284 and 292 paise during the same period. As a result, HVPNL, UHBVNL and DHBVNL had incurred continuous financial losses. Reasons for gap in revenue were excessive cost of supply due to low plant load factor, excessive transmission and distribution losses and delay/non-revision of tariff and excessive deployment of staff. It was seen in audit that the number of employees per million units of electricity sold and the number of employees per thousand consumers as on 31 March 2000 was 4.86 and 12.77 respectively as against the all India average of 2.93 and 9.81 respectively.

2A.11.8 Collection of revenue

Receivables against sale of power increased from Rs 737.50 crore as on 14 August 1998 to Rs 1048.39 crore as on 31 March 2000 and worked out to 5.10 months' and 6.33 months' sales respectively

Reforms programme provided that the receivables for sale of power should not be more than three months' sales. Accordingly, the erstwhile Board while transferring assets in August 1998 decided that receivables should be kept for two months' sales so that by the year end, transmission and distribution companies should not have receivable for more than three months.

Against total receivables of Rs 737.50 crore as on 14 August 1998, a provision of Rs 429.80 crore for bad and doubtful debts was made so that the receivables come down to two months' sales. However, the HVPNL did not classify the receivables into good, bad and doubtful debts. Demand raised, collection of revenue and balance outstanding at the end of March 1999 and March 2000 are given below:

Year	Amount due for collection in the beginning of the year	Amount becoming due for collection	Amount collected	Amount due for collection at the end of the year	Receivable in terms of months' sale (5/3xMonths in the year)
	(Rupees in crore)				
1	2	3	4	5	6
14 August 1998 to 31 March 1999	737.50	1289.29	1148.50	878.29	5.10
1999-2000	878.29	1986.66	1816.56	1048.39	6.33

The receivables in terms of months' sale worked out to 5.10 months' and 6.33 months' sale as on 31 March 1999 and 31 March 2000 respectively against 3 months' sale as envisaged in the Reforms Programme.

In order to keep the receivables for a period of 3 months' sales as on 31 March 2000, a provision of Rs 551.72 crore for bad and doubtful debts was required. In the ARR filed for 2000-01, the HVPNL claimed additional provision for Rs 19.36 crore on account of increase in debtors (in addition to existing provision of Rs 429.80 crore). The HERC did not allow additional provision and observed on 22 December 2000 that there was alarming rise in receivables for sale of power and claim for additional provision could be allowed if debts were classified into good, bad and doubtful and steps are taken for disconnection and recovery from defaulters. Thus, due to poor management of receivables, the HVPNL could not recover additional claim for bad debts. Besides this, the HVPNL had been incurring interest cost on additional borrowings for working capital.

2A.11.9 Physical targets and achievements

The targets set for construction of new sub-stations, augmentation of existing sub-stations and construction of transmission lines and achievements thereagainst for the three years up to 1999-2000 are given below:

Particulars	Year	Targets	Achievements	Percentage of achievement
			(Figures in numbers)	
Construction of new Sub- stations	1997-98	26	8	31
	1998-99	26	11	42
	1999-2000	25	13	52
Total		**77**	**32**	**42**
Augmentation of Sub-stations	1997-98	101	49	49
	1998-99	58	33	57
	1999-2000	62	92	148
Total		**221**	**174**	**79**
Transmission lines (Kms)	1997-98	743	254	34
	1998-99	428	168	39
	1999-2000	777	216	28
Total		**1948**	**638**	**33**

From the above, it would be seen that there was a shortfall ranging between 48 and 69 *per cent* in construction of new sub-stations, 43 to 51 *per cent* (except during 1999-2000) in augmentation of existing substations and between 61 and 72 *per cent* in construction of transmission lines during the three years up to 1999-2000. Reasons for shortfall were attributed by HVPNL to paucity of funds.

2A.12 Power purchase agreements

Compared with the average cost of power purchased, purchase of power from Magnum Power Generation Limited at exorbitant rates resulted in loss of Rs 39.02 crore on purchase of 199.34 MUs during 1999-2000 and 2000-01

(i) The erstwhile Board entered into (12 August 1998) a power purchase agreement with Magnum Power Generation Limited, New Delhi for purchase of power at a rate of 240 paise per unit consisting of 129 paise as fixed cost and 111 paise as variable cost at 75 *per cent* of plant load factor of their liquid fuel power plant of 25.2 MW constituting 4 units, each of 6.3 MW capacity. Actual cost of power purchased from the firm was costlier at 342.51 paise and 373.93 paise as compared with average cost of power purchased from other sources at 153.57 paise and 173.27 paise per unit during 1999-2000 and 2000-01. Compared with average cost of power purchased, purchase of power at such exorbitant rates resulted in loss of Rs 39.02 crore on the purchase of 199.34 MUs during 1999-2000 (83.42 MUs); and 2000-01 (115.92 MUs).

The agreement also did not contain scheduled date of financial closing of the project and required date of synchronisation/commercial operation of generating units. However, the agreement stipulated that if a unit of the project fails to pass acceptance test by the required synchronisation date (18 months after financial closing i.e. signing of loan agreements, equity participation agreements and other agreements relating to construction and permanent financing of the project) the firm shall pay to the erstwhile Board (now HVPNL) liquidated damages of Rs 5000 per MW per day for the first 180 days and thereafter Rs 7000 per MW per day for each day from the required date of synchronisation subject to a maximum of Rs 3.50 crore.

The units were synchronised on 26 August 1998 (Unit-IV); 22 September 1998 (Unit-I); 30 September 1998 (Unit-III) and 27 October 1998 (Unit-II). The firm intimated date of financial closure as 30 October 1998. Acceptance test on all the four units had not been conducted so far (March 2001). It was further seen in audit that the firm achieved only 41.5 *per cent* plant load factor against contracted plant load factor of 75 *per cent.* In view of the failure of the firm to demonstrate full capacity, the HVPNL decided (October 1999) that the firm be given a legal notice of default under clause 5.4 of the agreement which requires termination of agreement. However, no legal notice had been served so far (August 2001). Thus, HVPNL did not insist for acceptance test of all 4 units and continued to purchase power at exorbitant rates. Action was also not taken to impose liquidated damages which had accrued to the extent of Rs 3.50 crore and abrogate the contract.

(ii) Maruti Udyog Limited (MUL), Gurgaon installed gas based captive power plant of 20 MW in 1992 and a second unit of 20 MW in 1995. With the installation of the second unit, MUL's captive generation became surplus than its power needs. For this project, a special gas pipe line was laid up to MUL factory and MUL was under an obligation to pay commitment charges to Gas Authority of India Limited, irrespective of the use of gas for power generation. Therefore, MUL proposed (August 1995) to sell surplus power to the Company (erstwhile Haryana State Electricity Board) without indicating any sale rate. At that time, the average rate paid to other gas based plants of NTPC i.e. Anta, Auriya and Dadri for committed power supply was 116.75 paise per unit. The Company, however, proposed a higher rate of 150 paise per unit without any basis. The offer was accepted (October 1995) by MUL and a Power Purchase Agreement (PPA) initially for a period of six months at a lump sum rate of 150 paise per unit (all inclusive) was signed (November 1995). The Company started demanding power from MUL.

While enhancing the rate to 157.50 paise per unit, attention was not paid to average rate of 119.53 paise per unit during 1996-97

The Company allowed an increase of 7.5 paise per unit with effect from 1 January 1997 on account of increase in cost of gas, transportation of gas, operation and maintenance and impact of sales tax. While enhancing the rate to 157.50 paise per unit, attention was not paid towards rate per unit being paid to the other gas based plants; the average rate per unit of which was 119.53 paise during 1996-97. On being asked by MUL, the Company again approved (27 February 1998) the rate of 244 paise per unit for three years with effect from 1 February 1998.

The Company once again reviewed (September 1999) the tariff being paid to MUL and worked out the rate of 151.63 paise per unit by taking into account variable cost, O&M charges and depreciation. The average rate of other gas based plants during 1998-99 was 147.54 paise per unit. The Company, however, reduced (October 1999) the rate from 244 to 200 paise per unit retrospectively from February 1998. The matter was discussed again in April 2000 in a meeting held between Government Representatives, Company's Management and MUL Management, wherein the Company did not insist on the rate of Rs 151.63 paise per unit and intimated the Government that MUL has indicated a rate of 205 paise per unit. Even then, it was decided to pay 220 paise per unit retrospectively from February 1998.

Extra expenditure of Rs 23.78 crore was incurred on purchase of power from MUL

Since MUL's captive power plant was primarily to meet its own demand and only surplus power was offered to the Company, initial offer of the Company to pay a higher rate and subsequent enhancements ignoring cost per unit and lower rates paid to other gas based plants, coupled with shifting stand of Company for tariff evaluation, lacked justification. This resulted in an extra expenditure of Rs 23.78 crore on purchase of 499.927 MUs of power from MUL during November 1995 to November 2000 compared with the average supply rate of other gas based plants. However, as no formal agreement was entered into with MUL, the Haryana Electricity Regulatory Commission, while fixing the tariff for 2000-01 did not consider the cost of power purchased from MUL for review.

In reply to an audit enquiry, the Management stated (March 2000) that the rate per unit paid to MUL could not be compared with the rates of big gas based plants. The reply is, however, not tenable as MUL has been selling only surplus power and was not a committed source of supply, as such payment of higher rate than committed supply was not justified.

It could be seen from the above paragraphs (2A.12 (i) & (ii)), the Company is in the habit of purchasing power at exorbitant rates without safeguarding its financial interest.

Conclusion

Erstwhile Haryana State Electricity Board was plagued with persistent problems like insufficient availability of generation capacity, inadequate transmission and distribution net work, low revenue realisations and unsatisfactory performance parameters resulting in continuous losses. Due to persistent shortage of funds, there was no addition in generation capacity and power transmission and distribution system was also getting overloaded day by day. Large scale investments and comprehensive structural changes were needed to improve the financial health of the power sector. World Bank agreed to support the reforms programme provided power utilities achieve certain milestones such as rationalisation of tariff and privatisation of distribution function. The State Government restructured the erstwhile Board and established autonomous regulatory agency to restore financial viability of power utilities. The World Bank stopped funding the reforms programmes as its stipulations for rationalisation of tariff and privatisation of distribution companies were not fulfilled. The State Government did not evaluate the assets of the erstwhile Board at the time of restructuring and absorbed major losses and liabilities itself. This would give undue benefit to private parties on privatisation of distribution companies. Besides, power utilities could not work out cost of supply on the basis of real value of their assets. Further, the power utilities instead of generating required return on net worth in the initial period of three years, had incurred losses and continue to be a burden on the State Government. Thus, the reforms process in the State has not yielded the desired result as envisaged in the reforms programme so far (September 2001).

The power utilities/State Government should continue the reforms programme by arranging funds from other institutions besides making the power utilities commercially viable and improve the performance parameters. The Power Utilities/State Government should also consider private participation in power generation, transmission and distribution.

The matter was referred to the Company and the Government in May 2001; their replies had not been received (September 2001).

Section-2B

Haryana Power Generation Corporation Limited

Performance of Units I to V and construction of Unit VI of Panipat Thermal Power Station

Highlights

Panipat Thermal Power Station (PTPS) of the Company has six generating Units with a total designed capacity of 860 MW.

(Paragraph 2B.1)

The Plant Load Factor (PLF) of Units I to IV during the five years up to 2000-01 varied between 21.90 and 57.25 *per cent* (except for Unit IV in 2000-01) which was below the All India average of 64.40 *per cent* (1996-97) and 64.70 *per cent* (1997-98). The percentage of actual generation to possible generation of Units I to IV with reference to hours actually run during the five years up to 2000-01 ranged between 51.12 and 74.54 resulting in shortfall in generation of 4050.63 MUs of power valued at Rs 789.58 crore.

(Paragraph 2B.4.1(iv) and (v))

There was frequent tripping of Units due to failure to effect planned annual overhauling leading to excessive forced shutdowns (21.24 *per cent* of total available hours for generation) entailing a loss of 2828 MUs of power valued at Rs 553.11 crore.

(Paragraph 2B.4.2.2)

In spite of completing (March 1994) 33 activities of Renovation and Modernisation schemes at a cost of Rs 13.92 crore in Units I & II, the actual generation was 2855 MUs against potential generation of 3863 MUs during the five years up to 1999-2000.

(Paragraph 2B.8)

Unit II was shutdown on 21 January 1999 for refurbishment works undertaken by ABB Alstom Power, Germany. The Unit could not be recommissioned up to 30 June 2001 due to stalemate caused in the execution of the contract resulting in loss of potential generation of 897.68 MUs valued at Rs 179 crore. Besides, the investment of Rs 115.78 crore remained locked up.

(Paragraph 2B.8.1)

Due to termination of the contract for refurbishment works, the PTPS could not fully utilise the foreign loan of Deutsche Mark (DEM) 138 million and paid commitment charges of Rs 2.08 crore. Besides, Rs 3.10 crore were paid to Power Finance Corporation towards guarantee fee.

(Paragraph 2B.8.1 (ii & iii))

The erstwhile Board/Company revived (March 1998) the contracts which were put on hold in May 1995 to complete Unit VI by March 2000 at an estimated cost of Rs 854.36 crore. The Unit was actually synchronised on 31 March 2001 with a revised estimated cost of Rs 874.74 crore entailing an increase of Rs 57.82 crore towards interest during construction due to delay in completion of Unit by one year.

(Paragraph 2B.9)

While reviving (June 1998) the contract for consultancy services awarded (November 1989) to Tata Consulting Engineers Bangalore, completed work of the value of Rs 0.38 crore could not be salvaged, rendering the expenditure infructuous.

(Paragraph 2B.9.1)

PTPS did not draw the loan of Rs 300 crore from Power Finance Corporation for Unit VI as per agreed drawal schedule and paid avoidable commitment charges of Rs 0.29 crore.

(Paragraph 2B.9.3)

2B.1 Introduction

Panipat Thermal Power Station (PTPS) of Haryana Power Generation Corporation Limited (erstwhile Haryana State Electricity Board) has six generating Units with a total designed capacity of 860 MW. Four Units of 110 MW each under Stage I (Units I and II), Stage II (Units III and IV) and one Unit of 210 MW under Stage III (Unit V) were commissioned in November 1979, March 1980, November 1985, January 1987 and March 1989, respectively, whereas one Unit of 210 MW under stage IV (Unit VI) was synchronised only in March 2001.

2B.2 Organisational set-up

The PTPS was an integral part of the erstwhile Board up to 14 August 1998. After reorganisation of the Board, it has become an integral part of Haryana Power Generation Corporation Limited (HPGCL) a wholly owned Government Company under the Companies Act, 1956. The Managing Director is the Chief Executive of HPGCL. The day-to-day affairs of PTPS are looked after by two Chief Engineers (Operation & Maintenance and Construction).

2B.3 Scope of Audit

Working of the PTPS was last reviewed in the Report of the Comptroller and Auditor General of India for the year 1994-95 (Commercial)-Government of Haryana. 'Fuel Management' and 'Performance of Electrostatic Precipitators' at Panipat and Faridabad Thermal Power Stations were reviewed in the Reports of the Comptroller and Auditor General of India for the years 1997-98 and 1998-99 (Commercial)-Government of Haryana respectively. The review on the working of PTPS was discussed by the Committee on Public Undertakings (COPU) during 1997-98 and their recommendations thereon are contained in 43rd Report presented to Haryana Vidhan Sabha on 28 January 1998.

The present review conducted during the period November 2000 to March 2001, covers the performance of Units I to V for the five years up to 2000-01 and construction of Unit VI.

2B.4 Performance of Units I to V of the power station

2B.4.1 Generation

The power plant has four Units (Units I to IV) of 110 MW each and one Unit (Unit V) of 210 MW. Operational performance of the five Units for the five years up to 2000-01 has been indicated in Annexure-11. A close scrutiny of the performance profile would reveal as follows:

(i) Unit II of the PTPS was placed under shutdown with effect from 21 January 1999 for refurbishment work under Renovation and Modernisation Scheme. The Unit was yet to be re-commissioned (June 2001) as discussed in paragraph 2B.8.1 (*infra*).

The generation of power by Units I to IV was low due to low plant availability and plant load factor

(ii) Percentage of plant availability of Units I to V during the five years up to 2000-01 varied between 36.77 and 89.27 *per cent* which was below (except that of Unit 1 during 2000-01, Unit IV during 1998-99 & 2000-01 and Unit V during 1996-97, 1997-98 and 1999-2000) the All India average (79 and 79.40 *per cent*), Punjab (80.80 and 88.10 *per cent*) during 1996-97 and 1997-98 and the norms of 80 *per cent* recommended by the Rajadhyaksha Committee appointed (1980) by the Government of India.

(iii) The generation of power per KW of installed capacity ranged between 1918 units and 5483 units for Units I to IV as compared to the standard of 5500 units laid down in the Seventh Annual Electric Power Survey conducted (1972) by Central Electricity Authority (CEA) because of low plant availability.

(iv) Plant Load Factor (PLF) of Units I to IV during 1996-97 to 2000-01 varied between 21.90 and 57.25 *per cent* (except Unit IV in 2000-01) which was below the;

- norm of 58 *per cent* recommended by the Rajadhyaksha Committee; and

- all India average (64.40 and 64.70 *per cent*) and Punjab (65.70 and 69.10 *per cent*) during 1996-97 and 1997-98.

(v) The percentage of actual generation to possible generation of the Units (except Unit V) with reference to hours actually run during 1996-97 to 2000-01 ranged between 51.12 and 74.54 which resulted in shortfall in generation of power aggregating 4050.63 Million Units (MUs) valued at Rs 789.58 crore.

The reasons for poor performance of Units I to IV are discussed in paragraphs 2B.4.2, 2B.4.2.1 and 2B.4.2.2 *(infra)*.

(vi) A part of energy generated is consumed for auxiliary purposes and is not available for sale. Percentage of auxiliary consumption to actual generation ranged between 12.63 and 14.76 (Units I and II), 12.51 and 12.91 (Units III and IV) and 10.11 and 11.15 (Unit V) during the five years up to 2000-01 as against the norms of 6.5, 8 and 9 *per cent* respectively as envisaged in the project reports of these Units and 9.5 *per cent* prescribed by the CEA. Auxiliary consumption in excess of norms in Units I to IV was due to excessive forced shutdowns of the Units, inherent deficiencies in equipments and use of obsolete technology. Auxiliary consumption in excess of norms of 9.5 *per cent* prescribed by CEA reduced the availability of power for sale by 306.90 MUs and deprived the Company of potential revenue of Rs 60.60 crore during last five years up to 2000-01.

2B.4.2 Plant outages

Forced outages of Units I to IV increased due to irregular planned shutdown of the Units

Table below indicates the hours available, actual hours operated and outages during the five years up to 2000-01:

Sl. No.	Particulars	1996-97	1997-98	1998-99	1999-2000	2000-01
1.	Total hours available	43800	43800	43800	43920	43800
2.	Actual hours operated	27461	27160	25807	26036	25726
3.	Plant availability rate *(Per cent)*	62.70	62.01	58.92	59.28	58.74
4.	Shutdown (Hours)					
	(a) Reserve*	2042	550	1545	883	99
	(b) Planned	4162	3181	6402	11297	10058
	(c) Forced	10135	12909	10046	5704	7745
5.	Percentage of					
	(a) Reserve shutdown to available hours	4.66	1.26	3.53	2.01	0.23
	(b) Planned shutdown to available hours	9.50	7.26	14.61	25.72	22.96
	(c) Forced shutdown to available hours	23.14	29.47	22.94	12.99	17.68

It would be observed from the above that:

* Reserve shutdown is on account of closing of the plant due to low demand/surplus power in the grid.

(i) The Plant availability rate decreased from 62.70 *per cent* in 1996-97 to 58.74 *per cent* in 2000-01.

(ii) Forced shutdown ranged between 22.94 to 29.47 *per cent* during 1996-97 to 1998-99. It declined to 12.99 *per cent* in 1999-2000 as the Unit II was placed under planned outages (January 1999) for refurbishment works and it again increased to 17.68 *per cent* in 2000-01.

2B.4.2.1 Planned outages

Planned outages represent time taken for overhauling of boilers and turbo-generators. As per the Indian Boiler Act, 1923, a boiler is required to be overhauled once in a year. Kulkarni Committee appointed by the Government of India recommended (April 1975) that the annual overhaul of a boiler was to be limited to a period of 28/30 days. In case of turbo-generator, the Committee had recommended a period of 42 to 56 days for its overhauling to be taken up in three to five years. It was observed in audit that the planned annual overhauling of the Units was not carried out regularly by the PTPS authorities. During the five years up to 2000-01, the planned annual overhauling of Units I and II was taken up only once and that of Units III, IV and V was taken up twice. The overhauling of Unit I was taken up after a gap of five years from previous overhauling. However, excess time taken for overhauling of the Units during the five years up to 2000-01 is tabulated below:

Unit	Period of overhauling	Number of days taken during overhauling against the norm of 30 days (Boiler) and 56 days (Turbo-generator)		Excess time taken (In days)
		Boiler	**Turbo generator including Boiler**	
I	19 February 1998 to 15 April 1998	56	-	26
III	14 September1996 to 21 December 1996	-	99	43
IV	2 February 1997 to 3 May 1997	-	91	35
				104

Excess time taken in overhauling of boiler of Unit-I and of Turbo Generators of Units III and IV was 104 days which resulted in generation loss of 159.490 MUs valued at Rs 27.85 crore.

The Management stated (March 2001) that the recommendations of Kulkarni Committee do not hold good for PTPS as regular shutdown of Units was seldom allowed due to acute shortage of power in the State/Northern Grid. Delayed overhauling of Units increased quantum of work in overhauling/repair entailing extra time.

The reply of the management is not tenable as non-allowing of shutdown of the Units for planned annual overhauling increased tripping of the Units leading to forced shutdown as discussed in paragraph 2B.4.2.2 (*infra*).

2B.4.2.2 Forced outages

During the five years up to 2000-01 there were forced outages of 46539 hours (21.24 *per cent* of total available hours). This included 35768 hours on account of major shutdowns exceeding 24 hours at a time due to trouble in boiler and related equipment (14960 hours), fault in turbo-generator (6633 hours), fault in electric equipment (7889 hours) shortage of coal (3054 hours), shortage of oil (906 hours) and other miscellaneous reasons (2326 hours) resulting in generation loss to the extent of 2828 MUs valued at Rs 553.11 crore.

A few cases of forced outages analysed in audit are discussed below:

(i) Damages to generator stator

Failure to tighten the sagged conductor or shift it outside the Ash Dyke area resulted in damage to generator stator and consequential loss of generation

The generator of Unit III of the PTPS got damaged (15 February 1998) due to earth fault. The erstwhile Board entrusted (April 1998) the job for rewinding of generator stator to Bharat Heavy Electricals Limited (BHEL). The BHEL reported (June 1998) that problem in the stator was due to repeated stress on account of grid disturbances. It was noticed (February 2001) in audit that grid disturbance was due to frequent/excessive tripping of 220 KV Thermal-Sewah Circuits I and II on account of accumulation of ash in Ash Dyke area to a height of 5 to 6 meters under the towers located in that area. Engineer in Chief, Operation-II, Delhi of the erstwhile Board requested (July 1998) the Chief Engineer (Construction), Panchkula to get the sagged conductor between the towers located in that area tightened and to shift the line out side the Ash Dyke area as a permanent solution. The sag between the circuits was tightened (July 1998) as a short term measure. Further, as a long term measure the action to shift the circuits in the Ash Dyke area was taken up (April 1999) by Haryana Vidyut Prasaran Nigam Limited (HVPNL) with Power Grid Corporation of India Limited. Further progress in the matter was awaited (March 2001).

The damaged stator was got repaired from the BHEL at a cost of Rs 3.35 crore and the Unit was commissioned on 8 September 1998. The Unit remained shutdown for 4908.5 hours resulting in loss of potential generation of 373.551 MUs valued at Rs 78.51 crore.

Thus, failure of the Chief Engineer PTPS to regularly monitor the Ash Dyke area and take necessary measures to prevent the overhead transmission lines from fouling with the Ash Dyke area resulted in damage to generator stator and consequential loss in power generation for which responsibility had not been fixed (March 2001).

(ii) Loss due to non-availability of spare rotor

Unit III of the PTPS, while running at 65 MW capacity, tripped on 13 December 1999. On checking by BHEL, the rotor of the Unit was found damaged due to earth fault. The rotor was got repaired from BHEL, Hyderabad after incurring an expenditure of Rs 1.22 crore and the unit was recommissioned in August 2000. It was noticed (February 2001) in audit that the Company had one defective rotor lying with it since February 1997. The repair of this rotor was included in a contract, relating to 'Refurbishment of 4 x 110 MW Units' awarded (23 May 1997) to M/s ABB Kraftwerke Berlin GmbH. As per the contract, the rotor was to be repaired by 15 January 1999 but due to stalemate caused in the execution of the contract as discussed in paragraph 2B.8.1 (*infra*), the Company decided (January 2000) to take out the above said job from the scope of the contract. The said job was then allotted (May 2000) to BHEL and the repaired rotor was awaited by PTPS (March 2001).

The belated action of the Company in repairing the rotor put the Company to a loss of potential generation of 406.965 MUs valued at Rs 80.58 crore due to forced shutdown of the Unit between 13 December 1999 and 29 August 2000.

2B.5 Cost appraisal

Cost of generation per unit, cost per unit of power sent out for the five years up to 2000-01 has been indicated in Annexure-12.

High cost of generation resulted in loss of revenue of Rs 243.59 crore

It was noticed that the cost per unit of power available for sale ranged between 196.59 paise and 247.25 paise during 1996-97 to 2000-01. As against this, the average revenue per unit ranged between 155.29 paise and 236 paise during 1996-97 to 2000-01 resulting in a loss of Rs 243.59 crore. Reasons for high cost of generation are attributable to:

- low PLF in Units I to IV (paragraph 2B.4.1 *supra*);
- excess auxiliary consumption (paragraph 2B.4.1 *supra*); and
- excess consumption of coal (paragraph 2B.6 *infra*).

2B.6 Excess consumption of coal

The project reports for Stage I and II (Units I to IV) envisaged the following heat rate at varying loads on the turbines:

Load (MW)	110	95	65
Heat rate (K. cal/KWH)	2169	2153	2232

The Project Report for Stage III (Unit V) indicated heat rate of 1988.02 K. cal/KWH at full load of 210 MW. The efficiency of boiler for Units I to IV and Unit V had been taken as 87 *per cent* and 86 *per cent*, respectively. Consumption of coal required as per standard adopted for actual generation, actual consumption of coal and excess consumption of coal for the five years up to 2000-01 has been indicated in Annexure-13.

It was noticed that during the five years up to 2000-01, there was excess consumption of 26.31 lakh tonne coal valued at Rs 428.39 crore. Reasons for excess consumption of coal called for (February 2001) were awaited in audit (September 2001).

2B.6.1 Avoidable payment of sales tax on purchase of coal

Sales tax at 4 *per cent* on sale price of coal including surface transportation charges (STC) from colliery head to rail head was being charged by the coal companies from PTPS on the coal supplied by them.

According to the Central Sales Tax Act, 1956, sale price shall mean the amount payable to a dealer as consideration for the sale of any goods inclusive of any sum charged for any thing done by the dealer in respect of the goods at the time of or before the delivery thereof other than the cost of freight or delivery or the cost of installation, in case where such cost is separately charged. Thus, the sale price under the said Act means only the amount payable to a dealer as consideration for the sale of goods excluding cost of freight and delivery incurred prior to delivery. This view was upheld (March 1970) by the High Court of Andhra Pradesh in State of Andhra Pradesh Vs. the Bengal Coal Company (27 STC 213) and the High Court of Orissa (February 1974) in Orient Paper Mills Limited Vs. State of Orissa (35 STC 84). In view of the rules and settled case laws, the element of internal surface transportation charges incurred prior to delivery would not attract sales tax.

PTPS incurred extra expenditure on payment of sales tax on surface transportation charges of coal

During the period from 1996-97 to 2000-01 (up to October 2000) the PTPS paid Rs 84 lakh by way of sales tax to the coal companies on STC which was not actually required to be paid in view of the settled case laws as quoted above. The Management stated (March 2001) that the sales tax on STC was rightly being paid as it was being paid by all power utilities all over India. The reply was not tenable in view of the settled case law on the subject.

2B.7 Inventory control

The table below indicates the inventory holding of spares, consumables (other than fuel), cement and steel at PTPS for five years up to 2000-01:

Year	Opening stock	Receipts	Consumption	Closing stock	Closing stock equivalent to monthly consumption
	(Rupees in crore)				
1996-97	43.25	15.41	16.82	41.84	29.9
1997-98	41.84	14.98	13.55	43.27	38.3
1998-99	43.27	28.24	20.10	51.41	30.7
1999-2000	51.41	25.46	21.74	55.13	30.4
2000-01	55.13	20.01	19.83	55.31	33.5

PTPS had large inventory holdings of stores and spares including unused items from 1982-83 to 1995-96

It would be observed that the inventory holding ranged between 29.9 and 38.3 months' consumption, whereas inventory holding of Guru Nanak Dev Thermal Plant (Punjab State Electricity Board) Bhatinda ranged between 4.71 and 6.65 months' consumption during the same period. The Company had not classified its stores on the basis of items falling in A, B and C categories according to their value. It had also not fixed the minimum, maximum and reordering levels of inventory to evaluate the excess inventory holdings. It was noticed (February 2001) in audit that 836 items of stores and spares valued at Rs 2.21 crore pertaining to the period from 1982-83 to 1995-96 were lying unused. Action to identify obsolete/surplus items had not been taken (March 2001).

2B.8 Renovation and modernisation

In order to overcome problems/constraints adversely affecting the generation of Units I and II of 110 MW each commissioned in November 1979 and March 1980 under Stage-I, Renovation and Modernisation (R & M) Schemes under Phase I (38 activities having revised approved cost of Rs 20.55 crore) and Phase II (9 activities having revised approved cost of Rs 16.58 crore) were approved by the Planning Commission in March 1987 and November 1990 respectively. The Company had completed (March 1994) the execution of 32 activities of Phase I and one activity of Phase II at a cost of Rs 11.02 crore and Rs 2.90 crore respectively, yet the actual generation during 1994-95 to 1999-2000 was 2855 MUs against potential generation of 3863 MUs. Three activities under Phase I were deleted. Six activities under Phase II have been covered under refurbishment work (discussed in paragraph 2B.8.1 *infra*). Actual expenditure on remaining ongoing three activities of Phase I and two activities of Phase II up to February 2001 was Rs 32.53 crore and Rs 19.83 crore respectively. Two ongoing activities relating to replacement of electrostatic precipitators and uprating of milling system of Unit II, completed (November 1999) at a cost of Rs 24.43 crore could not be commissioned as the Unit II was under shutdown since January 1999 for refurbishment works.

2B.8.1 Refurbishment of Units I to IV

In pursuance to the policy of Government of India to optimise power generation, a comprehensive R & M Scheme was adopted by the erstwhile Board for rehabilitation of the existing four Units of 110 MW each at PTPS. Competitive bids were invited (August 1995) and the following contracts were awarded (23 May 1997) to ABB Kraftwerke Berlin GmbH (now ABB Alstom Power), being the successful lowest bidder:

(a) 'CIF contract' for import of goods with ABB Kraftwerke Berlin GmbH (exporter) for a total price of Deutsche Mark (DEM) 101.11 million (Rs 232.55 crore excluding taxes and duties).

(b) 'Ex-works contract' for local supplies and services with Asea Brown Boveri Limited, New Delhi (local supplier) for a total price of Rs 60.12 crore (excluding taxes and duties).

(c) 'Overall agreement' with the exporter and local supplier covering issues related to both 'CIF contract' and 'Ex-works contract':

15 *per cent* of the total contract price was payable as interest free advance and the balance 85 *per cent* was payable as per clause 6 of the Special Conditions

of the Contract (SCC). The contract came into force with effect from 21 November 1997 with the release of 15 *per cent* advance payment of DEM 12.25 million (CIF contract) and Rs 8.05 crore (ex-works contract). ABB Alstom Power (contractor) had guaranteed to enhance the capacity of the four Units (Units I to IV) from 110 MW to 118 MW each with the objective to achieve a PLF of 85 *per cent* and improve the heat rate of the Units from 3339 K.Cal./KWH to 2051 K.Cal./KWH (which would result in savings in consumption of coal by 33 gms. per KWH). The main areas included in the scope of work of the contract were:

- improvement of coal handling plant;
- replacement of damaged and worn out parts of the boilers;
- use of modern rotors for HP, IP and LP turbines to improve efficiency and
- renewal of some instrument and control equipments on boilers and turbines.

The entire refurbishment work of all the four Units was to be completed by 21 November 2000. As per the schedule of refurbishment work, Unit II (first target Unit) was placed under shutdown and handed over to the contractor on 21 January 1999. Refurbishment of the Unit was to be completed by 20 May 1999.

The contractor carried out (June/July 1998) assessment studies of the Units in consultation with PTPS authorities and the CEA. Based on the assessment studies, the contractor submitted (November 1998) bill of material/bill of works including additional scope of work which was beyond 10 *per cent* contingency provided in the contract and for which the contractor demanded (January 1999) Rs 50 crore. The Company did not agree to the price demanded and this issue could not be resolved.

Number of contentious issues cropped up due to ambiguity in clauses of the contract relating to format and amount of security package, bank guarantee, price justification for additional items, supply of mandatory spares by the contractor etc. As a result, payments to the contractor against supplies and services were not released though material valued at DEM 26.35 million (Rs 60.60 crore) was received at the project site up to 31 March 2000.

Expenditure incurred on refurbishment of units I to IV was rendered unfruitful due to termination of contract by ABB Alstom Power, Germany

The Company sought (February 2000) the intervention of the Ministry of Power, Government of India for sorting out the outstanding issues between the Company and the contractor. The work of sorting the issues was assigned (March 2000) by the Government to the CEA. Meanwhile, the contractor terminated (17 April 2000) the contracts with the Company on the ground of non-release of their dues amounting to DEM 17.39 million (CIF contract) and Rs 11.09 crore (ex-works contract). The Ministry of Power/CEA held a number of meetings and discussions with the contractor and the Company to resolve the disputed issues and revive the terminated contract but no break through could be made and the stalemate prevailed (March 2001). The

Company had made a total investment of Rs 115.78 crore up to February 2001 on the refurbishment of Unit II. The termination of the contract and shutdown of Unit II led to the following consequences:

(i) The shutdown of Unit II from 21 January 1999 resulted in potential loss of 897.68 MUs of power valued at Rs 179 crore up to June 2001. Besides, the investment of Rs 115.78 crore remained locked up.

Under utilisation of foreign loan resulted in payment of commitment charges

(ii) For the financing of refurbishment work of Units I to IV of the Power Plant, the erstwhile Board (now the Company) entered (July 1997) into loan agreements with Kreditanstalt Fur Wiederaufbau (KFW), a German bank, for loans aggregating DEM 138 million (Covered* loan: DEM 104 million and commercial** loan: DEM 34 million). Besides interest, the loan carried commitment fee at 0.25 *per cent* per annum on the undrawn portion of the loan up to 1 February 2001, the date of closure of the loan. As ABB Alstom Power terminated the contract on 17 April 2000, the loan drawn and utilised by the Company was DEM 29.38 million only. As a result of under utilisation of loan, the Company had already paid commitment charges of Rs 2.08 crore (DEM 0.91 million) up to March 2001.

(iii) For repayment and discharge of payment obligations in terms of loan agreement entered into with KFW as referred to in paragraph 2B.8.1(ii) above, the erstwhile Board entered into a payment guarantee agreement (PGA) with Power Finance Corporation (PFC). In terms of the PGA, the Company was to pay to PFC guarantee commission at rate of 2 *per cent* per annum on the balance of principal amount of loan from KFW outstanding at the beginning of half yearly periods. The Company paid guarantee fee of Rs 3.10 crore (DEM 1.39 million) to PFC up to March 2001.

2B.8.2 Avoidable payment of commitment charges

The PFC had financed various R&M activities of the PTPS. The loans sanctioned by PFC carried commitment charges at the rate of one *per cent* per annum from the date of signing of the loan agreement till actual drawal of the loans as per quarterly drawal schedule agreed to by the Company (erstwhile Board) for each loan case.

Non-adherence to the drawal schedule of loans sanctioned by PFC for various R&M activities resulted in payment of commitment charges

It was observed (March 2001) in audit that the erstwhile Board/Company did not draw loans according to agreed quarterly drawal schedule in respect of loans relating to uprating of milling system of Units I and II (Rs 10.50 crore), replacement of electrostatic precipitators of Units I and II (Rs 14.32 crore) and refurbishment of Units I to IV (Rs 39.33 crore). Due to non-drawal of loan according to the quarterly drawal schedule, the Company had to make avoidable payment of commitment charges to the extent of Rs 29.15 lakh from May 1997 to March 2001.

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* Covered loan: to enable PTPS to pay to the exporter in DEM, 85 *per cent* of the total price of the CIF- contract.

** Commercial loan: to enable PTPS to pay to the exporter in DEM, 15 *per cent* of the total price of the CIF – contract and to the local supplier in INR the total price against ex-works contract.

2B.9 Construction of Unit VI

With a view to bridge the gap between availability and demand of power in the State, the erstwhile Board decided (September 1983) to install one unit (Unit VI) of 210 MW under stage IV at PTPS at an estimated cost of Rs 238.27 crore. On the advice of CEA, the Planning Commission accepted (July 1989) the feasibility of the scheme to install Unit VI of 210 MW at the estimated cost projected by the erstwhile Board. As per projection, the Unit was to be commissioned departmentally in December 1993. Due to paucity of funds with the State Government/erstwhile Board, the State Government decided (December 1994) to implement this project through joint venture with M/s IESTL, New Delhi and all ongoing project works were put on hold in May 1995. The joint venture as envisaged did not materialise. The State Government again directed (January 1998) the erstwhile Board to complete the Unit departmentally by March 2000 and mobilise funds for the purpose from PFC and other financial institutions. The erstwhile Board revived (January 1998) with effect from March 1998 various contracts that were put on hold in May 1995. The revised cost of the Unit was estimated at Rs 854.36 crore. The Unit was not completed by the scheduled date of March 2000 and was synchronised in March 2001 with a revised estimated cost of Rs 874.74 crore. The actual expenditure up to March 2001 was Rs 872.16 crore. The revised estimated cost of Rs 874.74 crore included an increase of Rs 57.82 crore towards interest during construction due to delay in completion of the project by one year.

A few illustrative cases of infructuous/extra expenditure noticed in audit are discussed below:

2B.9.1 Infructuous expenditure

The erstwhile Board awarded (November 1989) a contract for providing consultancy service for Unit-VI of PTPS to M/s Tata Consulting Engineers (TCE), Bangalore. The contract included the work relating to Design and Engineering services for which TCE was to be paid Rs 96.75 lakh.

TCE commenced (November 1989) the work as per the contract but due to failure of the erstwhile Board in arranging funds, the construction work of the Unit came to a standstill (July 1994). By that time TCE had completed 67.2 *per cent* of the work relating to design and engineering services for which they were paid Rs 76.52 lakh. Subsequently, the State Government directed (January 1998) the erstwhile Board to take up the project work departmentally. Accordingly, the erstwhile Board decided to revive (January 1998) the consultancy contract with the TCE.

TCE asserted (March 1998) that due to long interruption of work the salvageable value of completed design and engineering work (67.2 *per cent* of total work) was only 33.8 *per cent* and agreed (April 1998) to complete the residual work for Rs 2.05 crore and the earlier contract of November 1989 was revived in June 1998.

Stalling of construction work of Unit VI resulted in infructuous and additional expenditure on consultancy services

Thus, due to the vacillating policy of the State Government and the erstwhile Board in construction of Unit VI, the cost of design and engineering services increased by Rs 1.85 crore which included expenditure of Rs 38.03 lakh relating to the work which could not be salvaged (66.2 *per cent*) and was rendered infructuous.

2B.9.2 Extra expenditure in the construction of cooling tower

The erstwhile Board allotted (March 1992) the work of construction of the natural draft cooling tower for Unit VI to M/s Gammon India Limited, Mumbai for a lump sum cost of Rs 12.85 crore. The composition of the cost was: (i) design and drawing : 10 *per cent*, (ii) Board's material: 30 *per cent*; (iii) contractor's material: 20 *per cent*; (iv) contractor's labour: 25 *per cent* and (v) overhead and profit: 15 *per cent*. Price variation due to upward and downward change in the rates of labour and/or prices of material was governed by a price escalation formula. In the price escalation formula, the components 'X' (labour cost) and 'Y' (material cost) were fixed as 25 and 20 *per cent* respectively of the total cost. The price variation adjustment on account of the escalation formula was limited to 4 *per cent* (Rs 51.40 lakh) of the total lump sum price during the tenure of the contract (24 months) i.e. up to March 1994.

The work commenced in May 1992 was abandoned by the contractor in November 1992 due to paucity of funds with the erstwhile Board. During this period, the contractor did some earth excavation works and submitted drawings for the contracted work (value: Rs 1.40 crore).

After the decision of the State Government (January 1998) to take up the Unit for construction by mobilising funds from PFC and market borrowings, negotiations were held (January 1998) with the contractor and the original contract (July 1992) was revived (February 1998) with the completion date as 26 February 2000 with the following amendments in the price variation clause:

(i) In the price escalation formula, the components of 'X' (labour cost) and 'Y' (material cost) were revised to 30 *per cent* and 22.5 *per cent* respectively without any change in the base month of September 1991.

(ii) Escalation was payable without any ceiling limit as against ceiling of 4 *per cent* applicable in the original contract.

Revival of the stalled contract for construction of cooling tower resulted in unjust payment to the contractor

As a result of the above amendments, the cost of the original contract increased by Rs 5.15 crore. It was observed (February 2001) in audit that there was no change in the drawings or the scope of work of the natural draft cooling tower as such the increase in the value of the components 'X' and 'Y' of the price escalation formula was not justified. As a result of these changes, extra payment of Rs 68.57 lakh was made to the contractor.

2B.9.3 Payment of commitment charges on loan

For the construction of Unit VI, PFC sanctioned (15 April 1998) a loan of Rs 300 crore repayable with interest in 40 equal quarterly instalments due on 15 April, 15 July, 15 October and 15 January every year commencing from 15 October 2000.

As per terms of the loan agreement, commitment charges at the rate of one *per cent* per annum were payable from the day of signing of loan agreement till actual drawal of the loan. The Company did not draw the loan according to the agreed quarterly drawal schedule resulting in avoidable payment of commitment charges to the extent of Rs 28.67 lakh.

Conclusion

The operational performance of Units I to IV of PTPS was poor and below the norms. Poor generation combined with excessive auxiliary consumption and deployment of excess manpower contributed towards high cost of generation in PTPS. Renovation and Modernisation scheme undertaken by the erstwhile Board at huge cost to improve the performance of these Units did not produce the desired results. The refurbishment work taken up (May 1997) for Units I to IV through a foreign contractor could not be completed as planned due to dispute with the foreign contractor who had terminated the contract itself. The dispute could not be sorted out in spite of intervention of the Government of India and CEA. As a result, substantial investment was locked up in certain works put on hold besides huge loss of potential generation and payment of commitment charges/guarantee fee on loans. Due to indecisiveness on the part of the State Government regarding the construction of Unit VI, this could be synchronised in March 2001 after a huge time and cost overrun besides failure to generate power as envisaged.

The Company needs to complete the refurbishment of Units I to IV at an early date so as to improve the performance of PTPS and reduce the cost of generation.

The matter was referred to the Company and the Government in May 2001; their replies had not been received (September 2001).

Section-2C

Haryana State Industrial Development Corporation Limited

Setting up of industrial estates

Highlights

The Haryana State Industrial Development Corporation Limited, incorporated in 1967 was entrusted (1971) with the function of developing industrial estates. It was declared (August 1997) as a nodal agency for development of industrial infrastructure in the State.

(Paragraph 2C. 1)

The Company had not fixed any physical targets for development of industrial estates. As regards financial targets, the total inflow was less than budgeted figures by Rs 515.99 crore during the five years up to 1999-2000 mainly due to shortfall in recovery from allottees, raising of loans and short receipt of grants due to non-execution of works as envisaged.

(Paragraph 2C.4)

The Company did not prepare a time schedule for development of estate after acquisition of land. Out of total acquired land measuring 6249.59 acres, the Company had so far developed 1590.30 acres of land in 25 industrial estates, work on 4270.29 acres of land was in progress and work on 389 acres of land at Saha was not started (February 2001).

(Paragraph 2C.8)

Investment of Rs 10.29 crore on setting up of two integrated infrastructure development centres at Sirsa and Manakpur despite apprehension of poor sale and without proper survey had proved unfruitful as the Company could allot only 35 out of 338 plots available for allotment.

(Paragraph 2C.8.1)

The Company suffered a loss of revenue of Rs 4.04 crore due to delay in execution of lease agreement with a private firm for Udyog Minar at Gurgaon, constructed at a cost of Rs 10.21 crore.

(Paragraph 2C.8.5)

Despite the decision of the Board (July 1997) to fix the rates for allotment of plots/sheds on actual cost basis, the Company continued to fix rates on estimated expenditure basis. Audit analysis of seven completed estates revealed that the Company had overcharged the allottees between Rs 47 and Rs 354 per square metre.

(Paragraph 2C.9(a))

The Company extended undue favour by allotting a plot measuring 17.75 acres at Udyog Vihar Phase-V, Gurgaon at a concessional rate for setting up a holiday health resort, which was not only ultra vires of the objects of the Company, but also violated the industrial policy of the State.

(Paragraph 2C.10.1)

The Company suffered a loss of Rs 16.38 crore due to short/non-inclusion of land acquisition price, licence fee, scrutiny fee, service charges and water charges etc on the allotment of 40 plots at IMT Manesar.

(Paragraph 2C.10.2)

2C.1 Introduction

Haryana State Industrial Development Corporation Limited was incorporated in the year 1967 for promoting medium and large scale industries in the State. The Company was also entrusted (1971) with the function of developing industrial estates in the State with the objectives, *inter alia*, to:

- acquire lands, develop them suitably by providing infrastructure facilities and make them available for the purpose of establishing a new industrial undertaking or for shifting of existing industrial undertakings from a congested area; and

- promote and operate schemes for the purpose of managing and administering well planned industrial areas in the state.

The State Government widened its activities by declaring (August 1997) the Company a nodal agency for development of industrial infrastructure in the State with the aims, *inter alia*, of securing balanced industrial growth of the State in relatively backward areas, providing eco-friendly environment conducive to healthy growth of industries in the State and channelising flow of foreign investment and technology.

2C.2 Organisational set-up

The Company is managed by a Board consisting of eleven directors. The Managing Director, who is the Chief Executive of the Company is assisted by a Divisional Town Planner and two General Managers who supervise the Infrastructural Planning Cell, Industrial Area Division and Estate Division respectively at head office. The Company is having nine field offices in the State.

2C.3 Scope of Audit

The general working of the Company including setting up of industrial estates was reviewed by the Committee on Public Undertakings (COPU) during 1987-88 in their 27th report presented in the State Legislature on 29 March 1988. The present review conducted during November 2000 and March 2001 covers the performance of the Company in setting up of industrial estates during the five years up to 1999-2000.

2C.4 Sources and uses of finance

The Company failed to achieve the targets for development expenditure due to non-fixation of overall and stage-wise physical targets

The Company arranges funds for setting up of industrial estates through grants from Government and loans from financial institutions besides recovery from allottees. The budgeted and actual figures of inflow and outflow of funds during the last five years up to 1999-2000 are summarised in Annexure-14.

It would be seen from Annexure-14 that during 1995-96 to 1999-2000, the total inflow compared to the budget was less by Rs 515.99 crore, which was mainly on account of shortfall of Rs 98.94 crore in recovery from allottees, Rs 378.70 crore in raising loans and Rs 33.10 crore in receipt of grants due to non-execution of works as envisaged. The Management attributed (February 1999 and January 2000) less recoveries from allottees to recession and market conditions.

The Company also could not achieve the targets for development expenditure for any of the years due to non-fixation of overall and stage-wise physical targets though it had surplus funds during four out of five years. It was noticed that the Company set up overall financial targets without setting up the physical targets for development expenditure, in the absence of which the physical achievements thereagainst could not be analysed in audit.

2C.5 Working results

Working results of Industrial Estates activity are not being prepared

The Company is stated to have been operating the activity 'Industrial Estates' on 'no profit no loss' basis as per its accounting policy declared in the annual accounts. However, it has not been preparing working results for this activity separately to know the actual state of affairs. Instead, net development expenditure was being shown in the accounts as current assets, which was arrived at by adding expenditure incurred during the year and deducting recoveries made from allottees. As a result, development expenditure

(Rs 175.50 crore) as on 31 March 2000 represented cost of land, amount spent on development thereof and salaries and other expenses, reduced by recoveries made from allottees of plots. Such accounting had deprived the management from knowing the cost and benefit of establishing industrial estates. It was observed in audit that the Board of Directors also desired (June 1996) preparation of estate-wise accounting to ascertain cost benefit analysis of this activity. But the Company had not taken any action for preparation of separate working results of this activity so far (July 2001).

It was noticed that public sector undertakings of some other States viz., Tamilnadu, Andhra Pradesh, Rajasthan and Punjab engaged in the similar activities prepare separate working results of this activity disclosing the expenditure and income distinctly in order to arrive at the profit/loss.

2C.6 Procedure for acquisition/development of land and allotment

Based on the feasibility reports, land is acquired from the State Government and its agencies viz., Haryana Urban Development Authority (HUDA) and Haryana State Agricultural Marketing Board as well as from private parties through Land Revenue Authorities for development of industrial estates. The lay out plan and estimates of expenditure for providing basic infrastructural facilities of each industrial estate are prepared by the Infrastructure Planning Cell of the Company. After development of industrial plots/sheds, the same are allotted to the allottees at the estimated rates worked out at the time of floating the scheme. The Price Fixation Committee periodically reviews the prices fixed for the plots/sheds and revises the rates for the unallotted plots/sheds.

2C.7 Acquisition of land

The Company has not maintained any consolidated record regarding acquisition of land, payment made, date of acquisition, etc. However, from the various records/information supplied, it was noticed that since inception uptill June 2001, the Company had taken possession of 6249.59 acres of land valued at Rs 273.34 crore for development of 34 industrial estates all over the State.

2C.8 Development of land

Out of total acquired land measuring 6249.59 acres, the Company had developed 1590.30 acres of land only in 25 industrial estates

Before floating an industrial estate, the Company is required to provide four basic facilities viz. roads, water supply, sewerage and electrification. It was noticed that the Company neither prepared time schedule for development of estate nor maintained complete details of completion of development work. As a result, Audit could not analyse the time lag between acquisition of land and completion of development work. However, it was noticed that in 389 acres of land (valued at Rs 10.91 crore), acquired (July 1999) in Saha, development work was yet to commence (February 2001) due to some left out land pockets, which could not be acquired due to court case. Out of total acquired land measuring 6249.59 acres, the Company had developed only 1590.30 acres of land in 25 industrial estates and the work on 4270.29 acres was in progress (February 2001).

Some of the interesting points noticed in development of land are discussed in succeeding paragraphs.

2C.8.1 Setting up of integrated infrastructure development centres

The Government of India (GOI) formulated (August 1991) scheme of Integrated Infrastructure Development Centre (IIDC) for development of small scale industries and industries in rural/backward areas during Eighth Five Year Plan 1992-97. The guidelines of the scheme, *inter alia*, provided as under:

(i) Cost of each project should not exceed Rs 5 crore (excluding cost of land). GOI was to provide up to Rs 2 crore as grant-in-aid and the balance was to be arranged as loan.

(ii) Suitable land would be provided by the State Government free of cost.

(iii) Potentiality survey should precede the location of the Centre.

The Company developed two centres at Sirsa and Manakpur under the scheme, the working of which is discussed as under.

(a) IIDC Sirsa

An amount of Rs 3.26 crore incurred on 108 unsold plots was lying blocked

After identifying the site at Khairpur (Sirsa) in backward area, the State Government asked (June 1992) the Company to prepare a project report and the consultants, appointed (September 1993) by the Company for the purpose, observed that the sale of plots was expected to be tardy in the initial years. However, the Company decided to set up the Centre at village Khairpur (Sirsa). The Company approached (August 1994) the State Government to provide suitable land free of cost for the IIDC as per the scheme. The State Government, however, refused (September 1994) to provide land and asked the Company to arrange it from its own sources. This decision of the State Government was against the guidelines of the scheme and had resulted in increase in the cost of developed plots. Therefore, the Company took possession (March 1996) of land measuring 63 acres at a cost of Rs 3.05 crore (from its own sources) and spent Rs 2.41 crore on development. The GOI released Rs 1.34 crore up to June 2001 to the Company as per the scheme even though the cost was more than Rs 5 crore. It was, however, noticed that the Company could sell only 16 plots (28,800 square metres) up to 30 June 2001 out of 124 developed plots of different size (1,37,700 square metres) due to poor response from the public. Thus, expenditure of Rs 3.26 crore incurred on remaining 108 plots (1,08,900 square metres) was lying blocked as on 30 June 2001 due to selection of an unsuitable site.

(b) IIDC Manakpur

An amount of Rs 7.03 crore incurred on 195 unsold plots was lying blocked

Similarly, GOI sanctioned (May 1999) the setting up of IIDC at Manakpur (Yamunanagar) on land measuring 135 acres already acquired in October 1997 by the Company and the development work was started in the same month. The Company spent Rs 9.38 crore; cost of land (Rs 4.85 crore) and cost of development (Rs 4.53 crore) of 214 plots of different sizes (total area 3,07,086 square metres). Out of total expenditure incurred, Rs 1.20 crore were received from GOI under the scheme though the same was against the terms of the scheme as project expenditure exceeded Rs 5 crore. It was noticed that the Company could allot (June 2001) only 19 plots (43,087 square metres) due to poor response. Thus, selection of sites without proper survey, and non-provision of land free of cost by the State Government had led to high cost of plots which defeated the very purpose of providing plots to the entrepreneurs at reasonable rates. It also resulted in unfruitful investment of Rs 7.03 crore, being the cost of 195 plots (2,63,999 square metres), which could not be sold so far (June 2001).

The Management stated (July 2001) that efforts were being made to attract investment in IIDCs at Sisra and Manakpur.

2C.8.2 Export Promotion Industrial Park (EPIP) Kundli

With a view to involve the State Government in creation of infrastructural facilities for export oriented production, the Government of India (GOI) introduced (August 1994) a centrally sponsored Export Promotion Industrial Park (EPIP) scheme. The GOI approved (September 1994) setting up EPIP at Kundli (Sonepat) under the scheme. The salient features of the scheme, *inter alia*, provided as under:

(i) The State Government was to arrange land and size of each industrial park was to be not less than 100 acres and not more than 200 acres.

(ii) Central assistance in the shape of grant was available to finance creation of infrastructural facilities up to 75 *per cent* of the cost, which was limited to Rs 10 crore per park. The remaining 25 *per cent* was to be contributed by the State Government.

(iii) Only those units were to be allowed in the park that give a legal undertaking to the State Government to export not less than 33 *per cent* of their total production in value terms.

Keeping in view the State Government decision (September 1994) that the Company has to acquire land for setting up industrial parks/IIDCs from its resources, the Company did not approach the State Government for providing land free of cost and acquired 107.90 acres of land (February 1995) at Rs 5.27 crore at Kundli under the scheme. The decision of the State Government in not providing land free of cost had led to increase in cost of plots.

Audit scrutiny disclosed the following points:

(a) The Company envisaged development of 181 plots (2,66,733 square metres) in the park at an estimated cost of Rs 31.81 crore (including Rs 13.58 crore for expansion programme to provide certain additional facilities). The Company incurred expenditure of Rs 17.96 crore up to June 2001 and allotted 161 plots between April 1998 and June 2001. It was, however, noticed that only 3 units commenced commercial production after August 1999 and exported items worth Rs 64.71 lakh only during 1999-2000.

The Company overcharged the allottees Rs 5.70 crore due to exclusion of grants in the calculation of sale rate

(b) The Company allotted 161 plots of different sizes measuring 2,02,930 square metres up to June 2001 at the rate of Rs 1500 per square metre. An audit analysis of the cost sheet disclosed that the management, while working out the sale rate, had not deducted from the cost of plots the grant of Rs 7.50 crore received from GOI. Consequently, the allottees were overcharged by Rs 281 per square metre. This resulted in overcharging of Rs 5.70 crore on the sale of 161 plots (2,02,930 square metres).

2C.8.3 Setting up of Udyog Kunjs (mini industrial estates)

The Company could allot 121 plots and 52 sheds in seven Udyog Kunjs against the planned 731 plots and 239 sheds in 13 districts

A scheme was formulated (1993) by the State Government for setting up of Udyog Kunjs in various districts of the State to provide employment to educated unemployed rural youth through the medium of tiny and village industries. As per the scheme, the land was to be provided by the respective Panchayat and funds by the State Government from central grants. The scheme envisaged development of mini industrial estates by the Company and allotment of plots and sheds to eligible entrepreneurs.

The Company developed 19 Udyog Kunjs in the State by the end of March 2000 at an expenditure of Rs 3.22 crore. As against the planned 731 plots and 239 sheds in 13 districts, the Company could develop 591 plots and 130 sheds of which the Company allotted 121 plots and 52 sheds in case of seven Udyog Kunjs only (March 2000). The Company received total amount of Rs 61.91 lakh as on 31 March 2000 on account of allotment of plots. Further, letters of intent were issued for 40 plots and one shed in case of five Udyog Kunjs. Out of 222 plots and 50 sheds developed in five Udyog Kunjs (Naseebpur, Rasulpur, Shadipur, Mundhal-Khurd and Bahudin) at a cost of Rs 1.06 crore, not even a single plot or shed was allotted (March 2001). Thus, the purpose of generating employment for unemployed rural youth was defeated to a large extent.

The Management attributed (July 2001) the non-allotment due to poor response of rural entrepreneurs.

It was further noticed that out of Rs 4 crore (Rs 2 crore in 1993-94 and Rs 2 crore in 1995-96) received as a central grant, the Company spent Rs 2.92 crore only up to March 2000 leaving a balance of Rs 1.08 crore with the Company, which was kept in current account with a schedule bank. This had resulted in loss of interest of Rs 43.15 lakh (calculated at the rate of 10 *per cent* from April 1996 to March 2000) due to non-keeping the unspent amount in interest generating account. The Company, however, discontinued the development work on the plea of non-utilisation of already developed Kunjs by the rural entrepreneurs and remitted (May 2000) the balance (Rs 77.87 lakh) along with recoveries from allottees (Rs 61.91 lakh) to Director of Industries after retaining Rs 30 lakh for discharging past liabilities. The Company, however, spent Rs 31.64 lakh up to 31 March 2001 against the retained amount of Rs 30 lakh.

2C.8.4 Setting up an industrial estate at Tohana

Without working out requirements, the Company developed 78 plots, out of which only 38 plots could be allotted

The Director of Industries allotted (May 1985) a piece of land measuring 16 acres in Tohana (District Hisar) at a cost of Rs 6.89 lakh to the Company for setting up an Industrial Estate. Without working out the requirements, the Company developed (1987) 78 plots for setting up industries. However, the Company could allot only 38 plots up to October 1992 out of which three allottees surrendered their plots. As there was no demand for remaining 40 plots, the Company took up (October 1992), the matter with the Director Town and Country Planning (DTP) Haryana for change in land use from industrial to commercial. The DTP informed (November 1993) the Company that the proposal was not acceptable as per the policy of the Department.

Thus, on 30 June 2001, there were 43 plots (valuing Rs 43.64 lakh), which could not be allotted, out of which 40 plots have been lying idle for more than eight years. The Management stated (July 2001) that all out efforts were being made to sell the plots during the next financial year.

2C.8.5 Udyog Minar building

In contravention of the objects clause, the Company decided (September 1991) to construct a commercial-cum-office complex (Udyog Minar) at Vanijay Nikunj Phase V, Gurgaon to be used by offices of the State Government Undertakings and other promotional agencies.

In contravention of the objects clause, the Company constructed Udyog Minar at a cost of Rs 10.21 crore, which could not be put to use

Keeping in view the good demand of commercial property, the Board decided (March 1997) that the Management should think of selling the Udyog Minar after completing its frame structure and the returns from sale be utilised for taking up other works. The Company invited (June 1997) offers from interested parties through publicity in newspapers for sale of the building, to which 16 offers were received, the highest being Rs 30.55 crore. The Board, however, reconsidered (June 1997) its decision and decided to prepare two comparative financial models, one for outright sale and another for providing on lease basis. Of the two financial models, the Company considered that revenue generated from leasing the Udyog Minar was higher than that generated against outright sale after 9-10 years and the property would still remain with the Company. The Board approved (July 1997) the second option and accordingly, the Company invited offers in August 1998, but no offer was received. The Board approved (February 1999) leasing out the building at Rs 40 per square feet of carpet area per month with a provision of 5 *per cent* increase in lease rentals every year. The Company, however, could not locate any lessee. In the meantime, the Company completed (June 1999) the nine storied building at a cost of Rs 7.81 crore with its built up area of 1,04,850 square feet. The Management again proposed (January 2000) that the Board may consider to slash down the lease rental of Rs 40 per square feet to a rate ranging between Rs 27 and Rs 35 per square feet per month as per prevailing market scenario. Finally, the Company decided (July 2000) to lease out the building to M/s Air InfoTech (P) Limited, Delhi who agreed to take whole of the building on lease at Rs 35 per square feet per month for a period of three years renewable for a further period of three years with increase of 20 *per cent* in lease rent. The agreement had not been signed so far and building was still lying vacant (June 2001).

Thus, by constructing the Udyog Minar, the Company had deviated from its objects clause and indecisiveness and unwarranted delay on the part of the Management in signing the lease agreement thereafter, had resulted in revenue loss of Rs 4.04 crore on lease rentals from August 2000 to June 2001 besides locking up of funds of Rs 10.21 crore (Rs 7.81 crore on civil works and Rs 2.40 crore on ceiling, fire fighting, air conditioning, and installation of lifts etc.) for two years.

The Management stated (July 2001) that efforts were being made to pursue the party to enter into an agreement and simultaneously efforts were being made to invite fresh offers.

2C.8.6 Vacant sheds - Sector 59, Faridabad

Though the Company claimed to have firm demand, it could allot only 44 sheds out of 77, which resulted in blockage of funds of Rs 1.36 crore

The Company took (May 1992) possession of land from HUDA, for construction of 197 sheds of four sizes varying from 82.20 square metre to 312 square metre on an area of 9.69 acres at Sector 59, Faridabad. The Management informed (February 1993) the Board that it had firm demand from 69 entrepreneurs for sheds and 8 entrepreneurs had applied in response to an advertisement. Therefore, the Company decided (February 1993) to construct 77 sheds which were constructed at a cost of Rs 3.17 crore (including enhanced compensation of Rs 1.36 crore paid for land in October 1996). Though, the Company claimed to have had firm demand, it could allot only 44 sheds during 1994-95 to 1999-2000 and thereafter (up to June 2001) no sheds were allotted. Thus, the non-disposal of 33 sheds had resulted in blockage of funds amounting to Rs 1.36 crore for more than four years. The Management attributed (July 2001) the reasons for non-disposal of sheds to delay in supply of drinking water by HUDA and poor response due to allotment through auctions.

2C.9 Fixation of allotment price

The Company had not framed its own policy to fix the allotment price but the rates were being fixed on the pattern of HUDA i.e. on estimated basis. However, in July 1997, the Board while proposing the norms for fixation of rates, decided that rates should be on actual cost basis.

It was noticed that the Company had been working out these rates by aggregating the development expenditure, interest cost, land cost on estimated basis divided by the area to be allotted. The rates are, however, periodically reviewed by the Price Fixation Committee. At no stage, the Company had ever compared the actual expenditure on completion of an industrial estate with estimated expenditure so as to ensure the strict adherence of its declared policy of 'no profit no loss' basis.

(a) A test-check of records of 7 estates, which were shown as completed, revealed wide differences in the rates charged from the allottees and actual rates worked out on purchase of land and development expenditure. The table below indicates the estimated expenditure on estates, rates charged from allottees and actual rates worked out after development of estates as on 31 March 2000.

Sl. No.	Name of industrial estate	Estimated expenditure (Rs in crore)	Plottable area (in square metres)	Rate charged (Rs per square metre)	Actual expenditure (Rs in crore)	Rate worked out as per actual expenditure (Rs per square metre)	Rate extra charged (Rs per square metre)
1.	Barwala	13.66	230243	600	5.66	246	354
2.	Karnal	11.55	154297	800	7.21	467	333
3.	Manakpur	20.85	307086	600	8.75	285	315
4.	Smalkha	3.03	60750	500	1.17	193	307
5.	Sonepat	0.89	14393	700	0.68	473	227
6.	Tohana	0.46	30800	200	0.47	153	47
7.	Jind	1.54	61400	300	1.44	234	66

The Company had overcharged the allottees ranging between Rs 47 and Rs 354 per square metre in seven estates test-checked in audit

It would be seen from the above table that the Company had overcharged the allottees ranging between Rs 47 and Rs 354 per square metre which could have adversely affected the industrialisation momentum in the State due to high costs of industrial plots/sheds. Analysis revealed that following factors had contributed to fixation of higher rates.

(1) The Company has been charging 24 *per cent* of the development cost outrightly on account of administrative charges, contingency, cost escalation, advertisement, etc. and 17 *per cent* interest on cost of land for two years in addition to actual heads of expenditure.

(2) The Company had overestimated the expenditure on various heads viz. roads, drainage, electrification, boundary walls, water supply, treatment plants, etc. as the actual expenditure incurred thereagainst was quite low, which led to overcharging. During test-check in audit, it was noticed that against the

expenditure of Rs 50.82 lakh, Rs 10.67 lakh and Rs 50.26 lakh incurred on roads, water supply and electrification at Manakpur, the Company charged from allottees Rs 1.10 crore, Rs 1 crore and Rs 1.50 crore respectively. Similarly, at Barwala, against the expenditure of Rs 12.16 lakh on boundary wall, the Company charged from allottees Rs 82.40 lakh and without incurring any expenditure on storm water drainage, the Company charged Rs 77.25 lakh from allottees.

The Management stated (July 2001) that it had to incur capital expenditure, maintenance and indirect expenditure afterwards and as such there was no overcharging. The reply was, however, not tenable as these estates had been declared as completed and expenditure on maintenance and indirect expenditure is treated as revenue expenditure recoverable from allottees.

(b) During August 1996 to May 1999, the Company sold 60 plots measuring 30100.18 square metres and 46 sheds through open auction for Rs 27.16 crore and Rs 5.58 crore against the realisable cost of Rs 3.98 crore and Rs 1.88 crore respectively at Gurgaon and Faridabad by deviating from its policy to provide plots/sheds on 'no profit no loss' basis.

The Management stated (July 2001) that auctions were conducted as per industrial policy of the State Government.

2C.10 Allotment of plots/sheds

As per industrial policy issued (September 1991) by State Government, the agency promoting industrial estate/area, would ensure that the land has been acquired, lay out/zoning plans prepared, cost of development is worked out and is in a position to deliver the possession of plots with all the basic infrastructure within a period of six months of the last date from the receipt of applications. The work of allotment starts with the inviting of applications for allotment, interviewing the applicants to know the background (project to be set up, means of finance etc.) and issue of Regular Letter of Allotment (RLA) to the successful entrepreneurs.

The Company had carved out 7581 plots and 594 sheds, out of which 5758 plots and 507 sheds were allotted up to February 2001

It was observed that the Company had not fixed any time frame for inviting applications for allotment after development and for finalisation of allotment. The Company had carved out 7581 plots and 594 sheds, out of which 5758 plots and 507 sheds were allotted up to 28 February 2001 leaving balance of unallotted 1823 plots (valuing Rs 227.02 crore) and 87 sheds (valuing Rs 7.99 crore). Besides, during 2000-01, the Company also allotted mostly undeveloped plots at Bawal (86), IMT Manesar (783) and Phase-V Kundli (799) to the displaced industries which were forced to shift from Delhi due to the decision of the Supreme Court, which was against the requirement to allot fully developed plots.

It was observed in audit that the Company had to grant extensions for setting up units to the allottees due to allotment of underdeveloped plots in contravention of the policy, *ibid*, which delayed the industrialisation process in the State. A few such cases noticed in audit are discussed below:

(i) The Company granted (March 1999) extension of one year to 10 shed holders at Udyog Vihar phase-VI, Gurgaon allotted in 1996-97 as the complete infrastructure facilities were not available to the allottees to enable them to implement their projects.

(ii) The Company granted (March 1999) extension of one year to 33 allottees of sheds in Sector-31, Faridabad, auctioned in August 1996 and November 1997 as the Company failed to provide electrification.

(iii) 19 allottees of plots (allotted in 1993) in Udyog Vihar Phase-VI, Gurgaon could not implement their projects as a 33 KV High Tension (HT) electricity line was passing through these plots and thus the Company could not provide plots free from all encumbrances. The Management granted (February 1998) extension for a period of two years from the date of shifting of HT lines.

(iv) 196 allottees (for 119 plots and 77 sheds) to whom allotment was made during 1993 in Sector-59, Faridabad, could not implement their projects, as water and electricity could not be provided. The Management had to grant (July 1996) extension up to August 1997.

2C.10.1 Undue favour and irregular allotment of plot

The Orbit Resorts (Pvt.) Ltd. Chandigarh (promoted by Shri Sukhbir Singh) approached (October 1988) the State Government/Company to allot required area for setting up of holiday health resort complex at Gurgaon. The Company sought relaxation from State Government for:

- allotment of land to a non-manufacturing unit;
- selling at concessional rate which is less than the cost; and
- allotting land without calling for advertisement.

On obtaining relaxation, the Company allotted (September 1989) a piece of land (17.75 acre) at Udyog Vihar Phase-V, Gurgaon at the rate of Rs 341 per square metre. It was noticed that contrary to its own policy of providing plots at cost, the Company allowed concession of 25 *per cent* to the allottee in its estimated rate of Rs 455 per square metre and recovered the same from other allottees to whom the Company charged the rate of Rs 520 per square metre. Further, according to the Industrial Policy of the State Government and main objectives of the Company, the plots in the Industrial Estates are to be allotted only for setting up industrial undertakings engaged in manufacturing activities. Thus, the Company has not only favoured to the extent of Rs 80.94 lakh in allotment of land for holiday health resort, but also violated the guidelines contained in the Industrial Policy of the State. Besides, this allotment of land was also ultra vires of the objects of the Company.

The Management stated (July 2001) that plot was allotted as per directions of the State Government.

2C.10.2 Loss due to incorrect computation of sale price

Due to omission of certain cost elements while working out the sale rate for plots at Manesar, the Company was put to a loss of Rs 16.38 crore

The Company allotted (June 1997) 40 industrial plots, measuring 4,09,500 square metres at the rate of Rs 1100 per square metre at Manesar (Gurgaon). Subsequently, the Company discovered (February 1998) that the allottees were under charged on account of various heads viz. land acquisition price, licence fee, scrutiny fee, service charges, water supply etc. and the actual cost worked out to Rs 1500 per square metre. The Company, however, decided (February 1998) to charge the increased rate of Rs 1500 per square metre from the future allottees ignoring the short recovery from these allottees.

Thus, the Company suffered a loss of Rs 16.38 crore on account of incorrect fixation of rate, for which no responsibility has been fixed so far (September 2001).

2C.11 Status of industrialisation

In order to know the status of industrialisation on the plots/sheds sold by the Company, it engaged (December 1996) a firm of Chartered Accountants for conducting survey on the status of plots/sheds. The firm conducted three surveys of 19 industrial estates during 1996-97, 1998-99 and 2000-01.

The survey revealed that only 38 to 56 *per cent* of the units were in production during the period of survey. It was observed in audit that 369 plots in twelve industrial estates were allotted without holding interviews with the entrepreneurs and ascertaining their backgrounds in order to generate more funds. Poor implementation of projects by allottees indicated that the Company could not identify genuine entrepreneurs for its industrial estates. Thus, the objectives of the Company to promote industrial growth in the State as well as to generate employment were not fully achieved. The COPU had also recommended (March 1988) to take steps to ensure employment of maximum number of people from the State by the units in the industrial estates of the Company. The Company had, however, not taken any steps in this regard and no such clause had been inserted in the agreement with the allottees.

2C.12 Recoveries from allottees

The Company had adopted cash system of accounting. As such, the recoverables from allottees on account of cost of plot (including enhanced cost) maintenance charges, water charges were not being disclosed in annual accounts. The age-wise analysis of recoverables had also never been done by the Company. A test-check of records in the field offices disclosed the following points.

(a) Maintenance of industrial estates

The Company has been adding maintenance charges for a period of five years in the development charges itself while working out the rate for allotment. After completion of five years, the maintenance of estates was to be transferred to local body/Municipality. In case the estates remained under the control of the Company, the maintenance charges were to be recovered from the allottees. The Company decided in 1991 to recover the maintenance charges at 2 *per cent* of the cost of plot/shed per annum. Further, it was decided (June 1997) that the recovery of maintenance charges should be based on actual expenditure divided proportionately on the saleable area with effect from the year 1998-99.

Accordingly, demand notices were issued (May/June 1999) against Udyog Vihar, Gurgaon at the rate of Rs 10 and Rs 11 per square metre for 1998-99 and 1999-2000 respectively. Against the total projected recovery of Rs 1.43 crore and Rs 1.58 crore for 1998-99 and 1999-2000 respectively, the recovery of Rs 58.36 lakh and Rs 54.18 lakh (up to 30 September 1999) respectively could be made.

In other estates, the recovery on actual basis could not be initiated due to resentment by Industrial Associations against the sudden upsurge in the charges. In order to recover the amount, meetings with Industrial Associations were held (October 1999) and a new formula (sum of cost of dedicated staff, proportionate cost of common staff, maintenance cost of service and recovery of water charges divided by plotable area) was devised which was acceptable to the Association. Further developments were awaited (June 2001).

An amount of Rs 3.45 crore was recoverable from allottees in five industrial estates on account of maintenance charges

(b) During the course of audit of Karnal, Gurgaon, Samalkha, Jind and Faridabad Industrial Estates, it was seen that an amount of Rs 3.45 crore was recoverable from the allottees (December 2000). Age-wise analysis of amount recoverable from defaulters had not been made by the Company. An attempt made in audit to work out age-wise analysis of above recoverable amount disclosed that Rs 88.61 lakh, Rs 45.68 lakh and Rs 2.11 crore were five to 12 years, three to five years and less than three years old respectively.

Further, it was also observed that there were 522 allottees in Gurgaon who had not paid even a single rupee since the recovery had become due. Amount due from them was Rs 1.99 crore which worked out to 61.56 *per cent* of the amount recoverable (Rs 3.24 crore) at Gurgaon up to January 2001. The Company had not taken any action to resume the plots/sheds of such allottees.

*(c) Enhanced compensation**

An amount of Rs 8.02 crore was overdue for recovery at three estates test-checked in audit on account of enhanced compensation

A test-check of records of Karnal, Gurgaon and Faridabad estates revealed that an amount of Rs 8.02 crore on account of enhanced compensation of land was overdue for recovery as on 31 January 2001 from 261 allottees. An audit analysis disclosed that 206 allottees involving Rs 7.17 crore (including interest) had filed cases against the recovery in the courts. The Company had not taken any action against another 12 and 30 allottees at Gurgaon and Karnal from whom Rs 18.21 lakh and Rs 57.49 lakh respectively were recoverable and cases are not in the court. The plots could have been resumed or the arrears could have been recovered as arrears of land revenue under Haryana Public Premises Act, 1972 as per terms of agreement entered into with allottees in case of non-payment of dues. But there was nothing on record to indicate whether any such action was ever initiated.

2C.13 Management information system (MIS)

The Company had not evolved an efficient and reliable management information system for reporting to the Board of Directors, the status of acquisition of land, development thereof and allotment of plots/sheds to the allottees, amount recoverable from allottees etc. from time to time for suitable remedial measures. Authentic records to show the milestones achieved by the Company with reference to the time frame set under industrial policy had also not been maintained. As such, the information regarding underdeveloped land, time taken in development of land, allotment, and time taken in handing over possession etc. was not known to the top management.

Conclusion

The Company had been declared as a nodal agency for development of industrial infrastructure in the State. The Company had, however, not fixed any physical targets for development of industrial estates by setting a fixed time frame. The rates for allotment of plots/sheds were being fixed on the estimated cost basis without recourse to actual cost. Plots had also been allotted to ineligible allottees/purposes and undue concessions extended. Its own declared policy of providing plots/sheds on 'no profit no loss' basis, had also not been observed by the Company. Certain industrial estates were developed without proper survey for demand, which led to blockage of huge funds.

* Enhanced compensation means the increase in price of acquired land awarded by the courts on appeal by the land owners.

The Company needs to fix physical targets, work out allotment price on actual cost basis and adopt a system to monitor the actual implementation of the projects with a view to achieve the main objectives of industrialisation in the State.

The matter was referred to the Government in May 2001; the reply had not been received (September 2001).

Section-2D

Haryana State Small Industries and Export Corporation Limited

Highlights

The Company was incorporated on 19 July 1967 with the objective of assisting small and medium scale industries in the State.

(Paragraph 2D.1)

During the last five years up to 2000-01, of the 16 raw material depots, two earned profits and 10 incurred losses every year whereas the remaining four depots incurred losses in four out of five years.

(Paragraph 2D.7.1.2)

Poor planning of procurement and distribution of iron and steel during 2000-01 resulted in a loss of revenue of Rs 0.45 crore to the Company.

(Paragraph 2D.7.1.4)

Decrease in counter sales and increase in expenditure on manpower led to losses in operation of emporia which aggregated to Rs 1.95 crore during five years up to 2000-01.

(Paragraph 2D.7.2.1)

In spite of increase in the number of registered and assisted SSI units with the Company under Marketing Assistance Scheme, the value of assistance provided to them decreased from Rs 7.10 crore in 1995-96 to Rs 2.49 crore in 1999-2000.

(Paragraph 2D.7.4.1)

Of the 15 District Marketing Offices (DMOs), only one DMO earned profit (Rs 0.24 crore) continuously since its inception in 1997-98 and 13 DMOs suffered loss of Rs 1.92 crore during five years up to 1999-2000. One DMO earned meagre profits.

(Paragraph 2D.7.4.2)

Despite the recommendations of the Committee on Public Undertakings that expenditure under Rural Industries Scheme should be strictly regulated as per grants, the Company spent Rs 4.46 crore in excess of the grants received during last five years up to 2000-01.

(Paragraph 2D.7.5.1)

Delay in taking action either to gainfully utilise the services of 158 surplus employees or retrench them led to incurring of unfruitful expenditure of Rs 2.70 crore during three years up to 1999-2000.

(Paragraph 2D.10)

2D.1 Introduction

The Company was incorporated on 19 July 1967 as a Government Company with a view to assist the small and medium scale industries in the State.

2D.2 Objectives

The main objects of the Company are to:

- establish, promote or otherwise assist and protect the interest of small and medium scale industries within the State;
- develop, establish, run industrial estates and emporia within the State;
- carry on the business of export and import of goods which may be required for industrial development of the State; and
- carry on and execute all kinds of financial, commercial, trading or other operations.

In pursuance of the above objects the Company undertook the following activities from time to time:

- Procurement and distribution of raw material.
- Setting up of emporia for sale of handloom, handicraft and other goods.
- Export promotion.
- Marketing assistance to small-scale industrial (SSI) units.
- Promotion of rural industries (RI).
- Development of handlooms and handicrafts through training-cum-production centres.

2D.3 Organisational set-up

The Articles of Association envisaged management of the Company by a Board of Directors consisting of minimum three and maximum 12 directors. Against this, the Board as at the end of March 2001, comprised 11 directors including a Chairman, a Managing Director (MD) and one nominee of Small Industrial

Development Bank of India. MD functions as Chief Executive of the Company and is assisted by three General Managers in day-to-day work.

Contrary to the recommendations (March 1983) of Committee on Public Undertakings (COPU) contained in the 11th Report that Chief Executives of Public Undertakings/Boards should be given a minimum tenure preferably of three years or more, 11 incumbents held the post of the MD of the Company for a period ranging between 11 days and 377 days during a span of 78 months from October 1994 to April 2001. This deprived the Company of the services of continuous experienced leadership.

2D.4 Scope of Audit

The working of the Company was last reviewed in the Report of the Comptroller and Auditor General of India for the year 1994-95 (Commercial) – Government of Haryana. The review was discussed by the COPU and their recommendations are contained in the 43rd Report presented to the State Legislature in January 1998. The cases where recommendations of COPU were not complied with by the Company are discussed in paragraphs 2D.7.1.2 and 2D.7.5.1 (*infra*).

The present review, conducted during November 2000 to March 2001, covers the working of the Company during the five years up to 2000-01.

2D.5 Funding

A. Share capital

Against the authorised capital of Rs 5 crore, paid-up capital of the Company as on 31 March 2001 was Rs 1.91 crore (State Government: Rs 1.81 crore and Central Government-All India Handicrafts Board: Rs 0.10 crore).

B. Borrowings

For working capital requirements, the Company had cash credit arrangements with commercial banks against hypothecation of stocks of raw material and land at Faridabad and building at Jhajjar and outstanding balance as on 31 March 2001 was Rs 3.85 crore. Interest paid each year on cash credit during the five years up to 2000-01 ranged between Rs 6.52 lakh and Rs 52.25 lakh. Besides, loans of Rs 2.44 crore from the State Government were outstanding as on 31 March 2001. The Company also received a grant of Rs 1.32 crore from State Government (Rs 74.30 lakh), Central Government (Rs 1.19 lakh) and International Fund for Agriculture Development (Rs 56.55 lakh) for the development of rural industries, running of emporia and to provide training to landless labourers, respectively during the last five years ending 2000-01.

2D.6 Financial position and working results

The financial position and working results of the Company for the last five years up to 1999-2000 are summarised in Annexures 15 and 16, respectively.

It would be observed from the Annexure-16 that the Company earned marginal profits during the first four years but incurred a heavy loss (Rs 1.35 crore) during the year 1999-2000, which was due to sharp decline in sales.

It was seen in audit that activities of Export Promotion and Rural Industries suffered losses continuously during the five years up to 1999-2000 (amount of loss: Rs 4.07 crore) whereas operation of emporia suffered losses during the last four years. Only raw material activity had earned profit in all the five years. The losses were attributable to the following:

(1) Increase in employees' remuneration and other benefits.

(2) Incurring of expenditure in excess of grants for rural industries scheme (paragraph 2D.7.5.1 *infra*).

(3) Surplus manpower (paragraph 2D.10 *infra*).

(4) Decrease in turnover and increase in concessions.

2D.7 Appraisal of activities

2D.7.1 Procurement and distribution of raw materials

The Company mainly procures iron and steel from producers/manufacturers and distributes these items to SSI units registered with it through its raw material depots spread throughout the State at a price fixed by the manufacturers. The Company gets a rebate of Rs 500 (Rs 400 up to January 1996) per MT on iron and steel towards handling, transportation, administrative charges and profit margin.

Percentage of assisted units to units registered with the Company for supply of raw material decreased from 13.58 in 1995-96 to 7.53 in 1999-2000

The table below indicates number of units registered with the Company and extent of assistance provided to the units during five years up to 1999-2000:

Year	No. of SSIs registered with the Company for supply of iron & steel	No. of SSIs to whom iron and steel was supplied	Percentage of (iii) to (ii)	Qty. of iron and steel sold (In MTs)
(i)	(ii)	(iii)	(iv)	(v)
1995-96	3159	429	13.58	62,665
1996-97	3136	294	9.38	94,997
1997-98	3114	286	9.18	68,360
1998-99	3091	317	10.26	84,093
1999-2000	3080	232	7.53	67,006

It would be seen from the above table that number of assisted units and percentage thereof to SSIs registered with the Company had declined during the last five years up to 1999-2000 from 429 to 232 and 13.58 to 7.53 *per cent* respectively. The decline is indicative of the fact that the Company had failed to achieve its main object of supplying raw material to SSIs.

2D.7.1.1 Iron and steel

The Company is required to procure iron and steel according to the requirement of SSI units. The table given below indicates the quantity of iron and steel indented, earmarked by Joint Plant Committee and lifted by the Company during five years up to 1999-2000:

Year	Quantity					Percentage of quantity	
	Indented	Allocated	Lifted	Short lifted	Sold to SSI	Allocated to quantity indented	Lifted to quantity allocated
	(In thousand metric tonnes)						
1995-96	93	74	66	8	63	80	89
1996-97	111	105	101	4	95	95	96
1997-98	113	83	67	16	68	73	81
1998-99	114	86	81	5	84	75	94
1999-2000	130	104	72	32	67	80	69
Total	**561**	**452**	**387**	**65**	**377**	**81**	**86**

From the above table, it would be seen that allocated quantity each year ranged between 73 and 95 *per cent* of the quantity indented and the Company was able to lift 69 to 96 *per cent* of the allocated quantities. As such the requirement of 561 MT of SSI units was met to the extent of only 387 MT. The reasons for shortfall in lifting of allocated quantities, though called for (July 2001) from the Company, were not furnished to Audit (September 2001).

2D.7.1.2 Working of raw material depots

In order to receive and distribute raw materials to SSIs, the Company was operating 16 raw materials depots all over the State including one at Chandigarh. The following table indicates the operational results of the depots for the five years up to 2000-01:

Year	No. of depots which earned profit	Amount of profit	No. of depots which incurred loss	Amount of loss	Overall profit
		(Amount in lakh of rupees)			
1996-97	4	358.56	12	44.19	314.37
1997-98	2	337.96	14	59.79	278.17
1998-99	3	456.20	13	55.66	400.54
1999-2000	2	352.01	14	82.84	269.17
2000-01 (Provisional)	3	413.54	13	64.43	349.11

Depot wise profitability is given in Annexure-17. Perusal of the Annexure-17 would reveal that only two depots viz. Faridabad and Chandigarh earned profit continuously aggregating to Rs 19.15 crore during last five years up to 2000-01. Ten depots had incurred losses in all the five years from 1996-97 to 2000-01 and the remaining four were in loss in four out of five years.

It was also noticed in audit that after allocating head office overheads, etc., the overall profitability of the raw material depots would decline to Rs 1.23 crore, Rs 83.07 lakh, Rs 1.79 crore, Rs 48.75 lakh and Rs 99.41 lakh during the years 1996-97, 1997-98, 1998-99, 1999-2000 and 2000-01 respectively.

Belated decision to close seven loss incurring depots resulted in loss of Rs 0.57 crore

During discussion of the last review on the working of the Company, which appeared in the Report of the Comptroller and Auditor General of India for the year 1994-95 (Commercial), the Company/Government had informed (November 1997) COPU that it was contemplating to critically review the functioning of the depots and taking remedial steps to make them viable. Neither any review was ever conducted nor any steps taken to make the loss making depots viable. COPU, however, recommended (January 1998) that the depots incurring heavy losses and not achieving promotional objective should be closed down immediately. Decision to close seven depots (Kurukshetra, Mandi Dabwali, Sonepat, Bahadurgarh, Jind, Rewari and Yamunanagar) was, however, taken belatedly in August 2000 and January 2001 after incurring a loss of Rs 57.33 lakh during 1998-99 and 1999-2000. No action has, however, been taken to close down the five depots (Ambala, Karnal, Panipat, Rohtak and Bhiwani) which had incurred losses in all the five years up to 2000-01.

2D.7.1.3 Operation of handling agencies

Jagadhari agency was continuously in losses

The Company was working as a handling agent for non-ferrous metal manufacturers viz. M/s Minerals & Metal Trading Corporation Limited, M/s Hindustan Zinc Limited, M/s National Aluminium Company Limited and M/s Hindustan Copper Limited at Jagadhari, Faridabad, Chandigarh and Hisar (w.e.f. 2000-01). The Company earned a commission of Rs 2.63 crore (Chandigarh: Rs 0.62 crore, Faridabad: Rs 1.67 crore, Jagadhari: Rs 0.24 crore and Hisar: Rs 0.10 crore) from this operation during five years up to 2000-01. Agency at Jagadhari sustained continuous losses amounting to Rs 17.50 lakh during five years up to 2000-01. It was observed in audit that the commission earned by this agency was insufficient to cover even their direct expenses during the five years. The Management had not taken any steps either to make the agency viable or to close it down.

2D.7.1.4 Loss of revenue due to poor planning

In order to enter into Memoranda of Understanding (MOUs) for supply of iron and steel during 2000-01, the Company invited (30 March 2000) offers through press. In response, the Company received a demand for 6.76 lakh tonnes of iron and steel from 18 units at Faridabad up to 7 April 2000 stating that the quantity was negotiable according to the policy benefits and they sought time for discussion. It was noticed in audit that after meeting with the representatives of Faridabad units on 15 May 2000 and those of Chandigarh on 16 May 2000, the Company formulated its Iron and Steel distribution policy detailing various terms and conditions for supply of Iron and Steel during 2000-01 to these units. The following points were noticed in this regard:

(a) The policy for sale in Chandigarh was finalised without keeping in view the policy of Chandigarh Industrial and Tourism Development Corporation Limited (CITCO), the Company's competitor in Chandigarh territory, the policy of which was more favourable to the units. In view of the representations received (10 June 2000 and 12 June 2000) from two units, the Company decided (13 July 2000) to modify certain terms and conditions of the policy viz. reduction of earnest money from Rs 2 lakh to Rs 1 lakh (CITCO did not charge earnest money), lowering of interest for storage period from 20 to 18 *per cent* (CITCO charged interest at 17 *per cent*) and creating a new slab for passing on SSI rebate at Rs 275 per MT on lifting beyond 750 MTs (as existing in CITCO). Resultantly, MOUs with Chandigarh parties for lifting of 26100 MTs of iron and steel could only be signed in July 2000.

(b) Though during discussion, Faridabad units had pointed out insufficiency of concessions in comparison to those allowed by Steel Authority of India Limited (SAIL) to its direct customers, these factors were not kept in view while finalising the policy. As no unit signed MOU with the Company, it allowed (June 2000) certain concessions viz. lowering the quantum of lifting for availing the rebate of Rs 200 per MT, passing of rebate on CR Coils, extension of interest free period, etc. on combined lifting from Faridabad and Chandigarh. Resultantly, the MOUs could be signed with parties for lifting 64600 MT of iron and steel only in July 2000.

Delayed signing of MOUs with customers resulted in loss of Rs 0.45 crore due to short lifting of iron and steel

(c) The Company short lifted 0.11 lakh MT of iron and steel during the quarter ending June 2000 which is indicative of poor planning. A committee of officers of the Company headed by its Chief General Manager, worked out (July 2000) the loss of revenue on this account to the extent of Rs 44.50 lakh.

2D.7.1.5 Non-disposal of old stocks

At the end of December 2000, depots at Rohtak, Faridabad and Hisar held old stocks of iron and steel valuing Rs 21.21 lakh (Rohtak: Rs 16.20 lakh, Faridabad: Rs 3.49 lakh and Hisar: Rs 1.52 lakh) which were lying since March 1995 to June 1998. The material was rusty and defective. The following important points were noticed in this regard:

(i) Though a committee of officers had recommended (April 2000) disposal of 39.470 MT G.P. Sheets (value: Rs 11.34 lakh) lying at Rohtak since July 1997 to the highest bidder in auction for Rs 9.22 lakh, the proposal was not approved by the MD on the plea that the rates seemed to be on the lower side. As a result the material was still lying undisposed of (June 2001).

(ii) 22.030 MT wire rods (value: Rs 3.78 lakh) was lying undisposed of since March 1998 though there had been no requirement for this material at Rohtak; the material had not been shifted so far (June 2001) to Karnal/Panipat/Faridabad where requirement existed for the material.

(iii) 15.595 MT defective MS plates (value: Rs 2.91 lakh) transferred (October 1995) from Chandigarh to Faridabad without ascertaining its saleability there, was awaiting disposal (June 2001).

As the Company was operating on cash credit, it had to bear interest burden of Rs 13.50 lakh (June 2001) due to carrying over of the above inventory of Rs 21.21 lakh.

2D.7.2 Emporia for sale of handloom, handicraft and other goods

The Company has been selling handloom and handicraft goods through its network of eight emporia (two in the State at Ambala and Hisar and six outside the State at Chandigarh, Delhi, Lucknow, Agra, Kolkata and Mumbai). However, the emporium at Agra was closed in December 1996 on account of security restrictions imposed by the Archaeological Survey of India. Sales at emporia comprise counter/consignment sales and direct sales to Government agencies.

2D.7.2.1 Operational performance of emporia

The following table indicates the operational results of the emporia during five years ending on 31 March 2001:

Sl No	Year	No. of emporia	No. of emporia making profit	Operational profit	No. of emporia making loss	Operational loss	Overall operational profit(+)/ loss (-) of emporia	Head office expenses	Net profit(+)/ loss (-)
(Amount Rupees in lakh)									
1	1996-97	8	5	30.83	3	3.55	27.28	38.15	(-) 10.87
2	1997-98	7	4	14.22	3	3.60	10.62	34.50	(-) 23.88
3	1998-99	7	3	10.17	4	15.47	(-) 5.30	38.73	(-) 44.03
4	1999-2000	7	2	2.38	5	10.10	(-) 7.72	42.37	(-) 50.09
5	2000-01	7	0	-	7	23.45	(-) 23.45	42.40	(-) 65.85
	TOTAL			**57.60**		**56.17**	**(+) 1.43**	**196.15**	**(-) 194.72**

[A]ll the seven emporia [s]uffered operational [lo]ss of Rs 0.23 crore [d]uring 2000-01

The profitability of emporia dwindled constantly and net loss increased from Rs 10.87 lakh in 1996-97 to Rs 65.85 lakh in 2000-01. Operational profit/loss of each emporium is given in Annexure-18. A perusal of the Annexure reveals that no emporium earned operational profit constantly during the above period. Hisar emporium suffered losses of Rs 18.51 lakh during all the five years, while two emporia at Mumbai and Delhi sustained continuous losses of Rs 17.47 lakh during the last four years up to 2000-01. All the seven emporia incurred loss aggregating Rs 23.45 lakh during 2000-01.

The Management submitted (September 1996) to the Board of Directors of the Company that critical review of the working of each emporium was being done to find ways and means to improve their working. No such review was, however, submitted to the Board (June 2001).

Audit analysis revealed that the loss in emporia activity was attributable to:

- decrease in counter sales and increase in salaries and allowances; and
- non-deployment of staff especially recruited for sales promotion at emporia.

The Management, however, attributed (March 2001) the decrease in counter sales to general slump in market and frequent changes in the taste of customers leading to obsolescence of stocks. It further stated that right officer/official would be posted at the right place.

2D.7.2.2 Sales performance of emporia

The following table indicates the volume of sales transacted by emporia vis-a-vis targets fixed during the five years up to 2000-01:

Particulars	1996-97	1997-98	1998-99	1999-2000	2000-01	Total
	(Rupees in lakh)					
Counter-Sales						
Targets	163.00	194.00	274.00	183.00	216.00	1030.00
Achievements	92.61	83.36	69.02	48.10	44.49	337.58
Consignment Sales						
Targets	86.00	73.00	105.00	47.00	75.00	386.00
Achievements	54.71	35.59	21.00	28.05	45.76	185.11
Sales to Government agencies						
Targets	1205.00	1233.00	1404.00	1508.00	1225.00	6575.00
Achievements	862.12	711.31	756.02	678.93	663.39	3671.77
Expo/exhibition sales						
Targets	105.00	200.00	-	-	-	305.00
Achievements	185.41	35.48	3.01	2.12	4.05	230.07
Total						
Targets	1559.00	1700.00	1783.00	1738.00	1516.00	8296.00
Achievements	1194.85	865.74	849.05	757.20	757.69	4424.53

The sales at emporia recorded a declining trend as these went down from Rs 11.95 crore in 1996-97 to Rs 7.58 crore in 2000-01. Of the total sales of Rs 44.25 crore, sales to Government departments (at a margin of 5 *per cent*) amounted to Rs 36.72 crore representing 82.99 *per cent* of the total sales. Counter sales which forms the basis for assessing the viability of any emporium were just Rs 3.38 crore (7.63 *per cent*) of the total sales during these five years. The following points were observed in audit:

(a) The Management fixed the targets without correlating the actual sale performance of the past years. As such the Company could not achieve the targets in any of the five years.

(b) At three emporia (Hisar, Mumbai and Delhi), expenditure on employees remuneration exceeded the counter sales continuously during the last four years up to 2000-01. Further, the number of such emporia increased to six during

2000-01. The excess of the remuneration over counter sales in these six emporia (Mumbai, Chandigarh, Delhi, Hisar, Lucknow and Ambala) worked out to Rs 29.54 lakh during 2000-01.

(c) The activity of the Company was overlapping with that of another Government company viz. Haryana State Handloom and Handicrafts Corporation Limited (HSHHC). Both the companies had been operating emporia at five places (Hisar, Ambala, Chandigarh, Delhi and Kolkata). During the last five years up to 1999-2000, counter sales of these emporia of the Company ranged between Rs 45.54 lakh and Rs 86.14 lakh and those of HSHHC ranged between Rs 26.47 lakh and Rs 45.60 lakh. Had both the companies operated one emporium at one place, unhealthy competition between their emporia could have been eliminated besides effecting savings in expenditure. The State Government belatedly discontinued the operations of the above five emporia of HSHHC in January 2001.

2D.7.2.3 Inventory control at emporia

With a view to improve the financial position of the emporia, the Company fixed (August 1998) the minimum and maximum inventory levels at three and four months counter sales respectively. The table below indicates the position of inventory at the end of five years and sales during that period up to 2000-01:

Year	Counter sales	Closing stock	Closing stock in terms of months' sales
	(Rupees in lakh)		
1996-97	92.61	37.61	4.87
1997-98	83.36	39.20	5.64
1998-99	69.02	40.72	7.08
1999-2000	48.10	33.22	8.29
2000-01	44.49	27.33	7.37

The closing stock remained always above the limit of four months. The excessive inventory was attributable to less counter sales due to non-achievement of sales targets and lesser acceptability of Company's merchandise in the market. It was further noticed in audit that average inventory held by Mumbai (Rs 2.16 lakh), Hisar (Rs 3.55 lakh), Lucknow (Rs 2.03 lakh) and Chandigarh (Rs 9.97 lakh) emporia during these five years represented 30.83 months', 11.66 months', 9.06 months' and 9.67 months' counter sales, respectively. Closing stocks of Rs 27.33 lakh as on 31 March 2001 at the emporia included old/obsolete stock valuing Rs 11.08 lakh (Ambala: Rs 0.90 lakh, Chandigarh: Rs 0.90 lakh, Kolkata: Rs 1.68 lakh, Delhi: Rs 4.80 lakh, Hisar: Rs 0.60 lakh, Lucknow: Rs 1.40 lakh and Mumbai: Rs 0.80 lakh) representing 40.54 *per cent* of the total stocks. Locking up of funds in the stocks in excess of maximum level of inventory resulted in loss of interest of Rs 10.77 lakh (calculated at the rate of 15.50 to 18.25 *per cent* per annum being the rate at which cash credit was availed by the Company) during these years.

2D.7.3 Export promotion

The Company was appointed as the nodal agency for development of exports in the State. During the five years up to 2000-01, the Company exported readymade garments under its entitlement quota allotted by Apparel Export Promotion Council. No other goods were exported. The table below indicates the export performance of the Company for the five years up to 2000-01:

Year	Targets	Value of exports	Operational income	Operational expenditure	Operational loss
	(Rupees in lakh)				
1996-97	319.00	44.29	1.73	9.23	7.50
1997-98	145.00	91.61	4.69	9.19	4.50
1998-99	50.00	56.45	3.09	9.78	6.69
1999-2000	100.00	80.69	7.69	8.21	0.52
2000-01	Not fixed	39.54	2.35	7.85	5.50
Total		**312.58**	**19.55**	**44.26**	**24.71**

Exports channelised by the Company were just 0.02 *per cent* of total exports from the State

The Company could not achieve targets in any year except 1998-99 when the targets were drastically reduced. The basis for fixation of targets, though asked for (January 2001), was not furnished to Audit by the Management. The operational loss of Rs 24.71 lakh of the export activity during the five years up to 2000-01 would further increase to Rs 55.15 lakh after adding Head Office overheads. It was seen in audit that exports channelised by the Company amounted to just 0.02 *per cent* of the total exports from the State during five years up to 1999-2000. The Company, however, made no efforts to increase its exports and make this activity viable. Though the Company promised (September 1996) the Board to critically review the activity so as to make it viable, no such review had yet been conducted (June 2001). In January 1998, the State Government desired that the export activities might be kept in abeyance until it was profitable to take them up for any particular item. The Company, however, continued to export garments and sustained losses aggregating Rs 12.71 lakh during three years from 1998-99 to 2000-01. Thus, the Company failed to achieve its objective of export promotion.

2D.7.4 Marketing assistance to SSI units

2D.7.4.1 Marketing Assistance Scheme

The Company operates a Marketing Assistance Scheme (MAS) for rendering marketing assistance to SSI units of the State. Under the Scheme, it participates in various tenders floated by the Government/Semi-Government agencies on behalf of SSIs after adding 2 to 5 *per cent* service charges on the rates offered by SSIs.

The table below indicates the number of SSI units registered and extent of marketing assistance provided by the Company during the five years up to

1999-2000:

Sl. No.	Particulars	1995-96	1996-97	1997-98	1998-99	1999-2000
1.	No. of SSI units in the State	132758	138251	92501	71852	73190
2.	No. of SSI units registered with the Company for assistance	811	905	982	1055	1150
3.	No. of units and value of assistance (Rupees in lakh) provided by the Company	35 (709.71)	37 (660.78)	65 (182.17)	77 (248.37)	115 (248.90)
4.	Percentage of units assisted to total units registered with the Company	4.32	4.09	6.62	7.30	10.00

Though the number of units registered and assisted by the Company had increased from 1995-96 to 1999-2000, the value of assistance provided to them had declined from Rs 7.10 crore in 1995-96 to Rs 2.49 crore in 1999-2000.

The role of the Company in providing marketing assistance was negligible

It was observed in audit that the decline was mainly due to negative publicity of the Company in press in 1997-98 on account of supply of dhoties/sarees not conforming to specifications and supply of sub-standard bandages to hospitals. Due to its negligible role in providing marketing assistance to SSIs, the Company suffered a loss of Rs 25.58 lakh in this activity during the five years ending March 2000.

2D.7.4.2 Working of District Marketing Offices (DMOs)

The Company provides assistance to rural industries and SSIs in marketing their products. For this purpose, the Company had set up 15 DMOs at headquarter of 15 districts to arrange supply of products of SSIs/RIs to needy Government departments. Commission of 5 *per cent* was being charged by the Company on the items supplied through it.

Out of 15 DMOs, 13 suffered continuous losses aggregating Rs 1.92 crore

It was seen in audit that 13 DMOs had continuously been in losses during the five years up to 1999-2000 and the loss suffered by them aggregated to Rs 1.92 crore during this period. Only one DMO at Panchkula had earned profit of Rs 23.87 lakh since its inception in 1997-98. DMO at Narnaul (over all loss during five years up to 1999-2000 : Rs 2.16 lakh) had earned a meagre profit of Rs 1.56 lakh during 1997-98 and 1998-99. The losses in DMOs were attributable to poor sales. On the receipt of decision of a committee headed by the State Chief Minister in December 2000, the Company decided (January 2001) to close seven DMOs (Ambala, Hisar, Jind, Karnal, Rohtak, Panipat and Sonepat). It was further noticed that DMO Sirsa which had incurred a loss of Rs 20.31 lakh for five years up to 1999-2000, was allowed to continue.

2D.7.5 Promotion of rural industries

2D.7.5.1 Rural Industries Scheme

Rural Industries Scheme (RIS) was entrusted to the Company by the State Industries Department in 1978 for conducting various activities of training etc. for which grant-in-aid was received from the State Government for revenue as well as capital expenses. COPU, while discussing the earlier reviews on the working of the Company had recommended (March 1994 and January 1998) that expenditure should be strictly regulated as per grants in future. While noting the recommendations, the Company stated (September 1999) that the services of surplus staff were being gainfully utilised in the other units of the Company.

An amount of Rs 4.46 crore was incurred in excess of grants received under Rural Industries Scheme

It was, however, noticed in audit that despite the recommendations of COPU, the Company did not take effective steps to keep the expenditure within the grants. Against the receipt of grants of Rs 74.30 lakh during the five years up to 2000-01, the Company spent Rs 5.20 crore resulting in excess expenditure of Rs 4.46 crore. The excess expenditure was attributable mainly to surplus staff. Also the surplus staff had not been gainfully utilised elsewhere.

2D.7.5.2 Loss in running of Artistic Pottery Centre, Jhajjar

After the stoppage of release of funds by Central Government for Artistic Pottery Centre, Jhajjar, in May 1993, the Company tried to run it on commercial lines. However, it continued to suffer losses continuously which aggregated to Rs 31.23 lakh during the last five years up to 1995-96. The Board of Directors of the Company decided (January 1997) to examine the feasibility of handing it over to Khadi and Village Industries Board Haryana or Haryana State Handloom and Handicrafts Corporation or District Rural Development Agency, Rohtak. As this also did not materialise, the Board finally decided (September 2000) to dispose of the stores having assessed value of Rs 5.81 lakh (book value: Rs 10.94 lakh). Further developments were awaited (June 2001).

It was observed in audit that the Centre was continued despite the stoppage of grant, in contravention of the recommendations of COPU (March 1994) that expenditure should be strictly regulated as per grants. Thus, unnecessary operation of the Centre had resulted in a loss of Rs 43.55 lakh to the Company during 1994-95 to 2000-01. It was further noticed that portions of the office block of the Centre stood occupied unauthorisedly by the State Election Department and the State Animal Husbandry Department since February 1998 and July 1998, respectively. The Company had not got the rent assessed and therefore, could not file a claim for rent from these departments.

2D.8 'Off Farm Micro Enterprises' project

With a view to supplement the sources of income of landless labourers and non-agriculturists of Mewat Area, the Company was entrusted (September 1995) a project viz. 'Off Farm Micro Enterprises' by the Mewat Development Authority (MDA) for a period of seven years (1995-96 to 2001-02) sponsored by the International Fund for Agricultural Development, Rome (IFAD). The Company identified different trades for imparting training to young persons in the age group of 15 and 45 years of Mewat Area. Under the Scheme, three to seven centres were set up for imparting training in football stitching, mudha making, steel fabrication, welding, electric fitting and repair etc. During five years ending 31 March 2000, the Company received Rs 59.60 lakh, incurred Rs 73.87 lakh and provided training to 784 persons against the target of 1140. The Company attributed (August 1999) the slow progress of the project to the absence of awareness about the scheme, inadequate information of prospective trainees, lack of coordination amongst related agencies etc.

The project report envisaged that potential beneficiaries would be assisted by the Company to submit project reports to banks during last six to eight weeks of the training for securing loan-cum-subsidy for setting up of micro enterprises. No such assistance was provided by the Company.

Thus, the object of the project to supplement the income of landless labourers/non-agriculturist remained confined to imparting training only.

2D.9 Non-disposal of assets of closed centre

In view of the closure of training-cum-common facility centre at Murthal in 1988-89, the Company decided (July1992) to sell the administrative block and common facility centre building of this centre. After assessing the value at Rs 60.43 lakh in February 1994, an advertisement given in May 1994 brought no response. The Board directed (March 1997) to explore the possibility of evaluation of cost of administration block, workshop and open space from Haryana State Industrial Development Corporation Limited (HSIDC)/private valuer. The Company had not got the assessment done from HSIDC or the private valuer so far (June 2001). As such the Company neither gainfully utilised the building nor disposed it off to mobilise its resources.

2D.10 Manpower analysis

The table given below indicates the position of number of employees, expenditure on salaries and other benefits, turnover per employee during five years up to 1999-2000:

Year	Number of employees	Employees remuneration and other benefits	Average remuneration per employee	Turnover of the Company
		(Rupees in lakh)		
1995-96	536	350.36	0.65	13619.84
1996-97	525	452.07	0.86	18703.37
1997-98	500	492.10	0.98	14248.23
1998-99	497	560.42	1.13	16406.36
1999-2000	494	609.74	1.23	13453.80

From the above table, it would be observed that remuneration per employee increased by 89.23 *per cent* between 1995-96 and 1999-2000, whereas turnover per employee increased by only 7.16 *per cent* during this period.

An amount of Rs 2.70 crore was spent on surplus manpower during three years up to 1999-2000

Due to closure of some schemes viz. Nutan Stove Project, Panchkula (February 1991) and Sewing Machine Project, Panchkula (March 1993) and decontrol of iron and steel (January 1992), the level of activities of the Company had gone down significantly. Hence the Company identified (June 1993) 174 posts as surplus which were to be retrenched on the principle, of "last come first go". The Company sent (August 1993) a list of 117 surplus employees for their possible absorption in other departments/agencies of the State Government. Only 37 employees could, however, be adjusted up to June 1996. Of the surplus posts, 51 posts of the closed centres were of technical nature which could not be adjusted anywhere and annual expenditure of Rs 48 lakh was being incurred on them. The Company did not take any action either to retrench them or to utilise their services gainfully. It was only after a committee headed by the State Chief Minister decided (December 2000) to retrench 175 surplus employees identified afresh by the Company as surplus, the Company retrenched the services of 158 employees including 48 technical personnel of the closed projects in March 2001. Meanwhile, the Company had incurred unfruitful expenditure of Rs 2.70 crore on surplus manpower during three years up to 1999-2000 (including Rs 1.20 crore on surplus technical staff between September 1998 and February 2001).

Conclusion

The Company, established for providing assistance to SSI units, by arranging raw material at reasonable rates, marketing their products, promoting exports and running of emporia to boost the sales of handloom and handicrafts, has failed to achieve its objectives. The assistance provided to SSI units by the Company had decreased drastically and its contribution in exports from the State has been negligible. Most of the emporia and depots of the Company were incurring losses mainly due to declining sales, increase in establishment cost, inferior quality of material and inadequate profit margin. The expenditure under Rural Industries Scheme was also not kept within the grants received which led to increase in losses.

The Company needs to review all its activities with a view to make them viable and immediately discontinue those which can not be revived economically.

The matter was referred to the Company and the Government in May 2001; their replies had not been received (September 2001).

Chapter-III

Miscellaneous topics of interest relating to Government companies and Statutory corporations.

3A GOVERNMENT COMPANIES

3A.1 Haryana Vidyut Prasaran Nigam Limited

3A.1.1 Extra expenditure

The Company incurred extra expenditure of Rs 0.28 crore in purchase of conductor at higher rates.

The Company decided (May 1999) to construct two transmission lines of 220 KV each, one from Shahabad to Panchkula departmentally and the other from Palli to Badshahpur on supply-cum-erection basis with loan assistance from Power Finance Corporation. Construction of transmission lines require mainly conductor and tower material. The Company was to arrange and supply the tower material from the workshop of Bhakhra Beas Management Board, Nangal for both the transmission lines.

For Shahabad-Panchkula line to be constructed by the Company departmentally, it placed (February 2000) an order for supply of 408 Km ACSR Zebra conductor at Rs 1,27,419 per Km FOR destination (against tender opened in October 1999) on M/s Marshall Power and Communication (I) Limited, Chennai (MPCL). The firm supplied the entire quantity of 408 Km by March 2001.

As regards the construction of Palli-Badshahpur line, the Company awarded (March 2000) two contracts at the lowest quoted rate of Rs 4.22 crore for supply of material (Rs 2.91 crore including 138 Km ACSR Zebra conductor at Rs 1,64,782 per Km) and erection, testing and commissioning of the line (Rs 1.31 crore) to M/s Tata Projects Limited, Hyderabad (against tender opened in October 1999) with the stipulation to complete the work by June 2001.

It was noticed (September 2000) in audit that Store Purchase Committee of the Company had recommended (January 2000) that in view of the high rate of Rs 1,64,782 per Km of conductor offered by M/s Tata Projects Limited, Hyderabad for Palli-Badshahpur line, the Company should supply the conductor by procuring it from MPCL who had supplied them for the Shahabad-Panchkula line at a lower rate.

The Company did not avail lower rate, which resulted in extra expenditure

Although MPCL was ready (February 2000) to supply the extra quantity of 138 Km conductors at Rs 1,44,355 per Km, the Board of Directors had not availed this rate and instead placed the order on M/s Tata Projects Limited, Hyderabad at Rs 1,64,782 per Km. Had the Company procured 138 Km conductor at available offer of Rs 1,44,355 per Km, extra expenditure of Rs 28.19 lakh could have been avoided.

The Company and Government stated (July 2001/August 2001) that it remains economical to get the work completed on turn key basis as departmental construction takes longer time as the availability of matching items gets delayed for one reason or the other. The reply was, however, not tenable as the Store Purchase Committee had recommended (January 2000) that in view of higher rates of conductors received from M/s Tata Projects Limited, the Company should supply the conductor by procuring it from tenders received (October 1999) against another tender enquiry. Moreover, the work being executed was not wholly on turn key basis because the Company had supplied towers and gantris to M/s Tata Projects Limited.

3A.1.2 Extra expenditure in the purchase of power transformer and Vacuum Circuit Breakers (VCBs)

Failure of the Company to persuade the supplier to supply transformer and VCBs at prevailing rate resulted in extra expenditure of Rs 0.25 crore.

Terms and conditions of purchase orders placed by the Company (erstwhile Board), *inter alia,* provided that when the supplier failed to deliver the material within the contractual delivery period, the Company as a purchaser had a right to refuse/accept such supplies. The Whole Time Members (WTMs) of the Company decided (October 1994) that while accepting delayed supplies the present market rates of the material should be ascertained and compared with the rates of delayed supplies.

(a) During audit of the office of Chief Engineer, Design & Procurement of the Company, it was noticed (September 2000) that the Company placed (January 1998) an order for supply of one 10/16 MVA, 132/11 KV Power Transformer on Kirlosker Electric Company Limited, New Delhi at an equivalent rate of Rs 53.95 lakh. The firm could not supply the transformer within contractual delivery period of September 1998, as the transformer failed (July 1998) in the short circuit test. The Company, however, extended (March 1999) the delivery schedule and received the transformer in May 1999 after usual testings.

The Company delayed the opening of part II of the bids which resulted in purchase at higher rates

In the meanwhile, the Company floated (August 1998) another tender enquiry for procurement of 12 No. transformers of the same capacity which were required during 1998-99. Though Part I (technical) of the bids was opened in October 1998, Part II (financial) of the bids was opened in April 1999. The lowest offer of Andrew Yule and Company Limited, Chennai at equivalent rate of Rs 39.69 lakh per transformer was accepted.

It was observed (September 2000) in audit that the Company while extending the delivery schedule for Kirloskar Electric Company Limited, did not consider the decreasing trend of prices, as at the same time other tenders were under consideration. The Board could have persuaded the supplier to supply the transformers at the latest prices which were quite low.

Thus, failure of the Company to ascertain the prevailing market rate, while accepting the delayed supply, had resulted in extra expenditure of Rs 11.94 lakh after adjusting penalty (Rs 2.32 lakh) for delay in delivery of power transformer.

The Management and Government stated (July 2001) that the new rates were available on 9 April 1999 whereas the delayed supply was accepted on 19 March 1999. The reply was, however, not tenable as the Company took 170 days to open the price bid only in April 1999 though the material was required during 1998-99.

(b) Similarly, in another case, it was noticed (September 2000) that the Company placed (September 1997) an order on M/s Powergear Limited, Bangalore for supply of five sets of 11 KV 12 panel board Vacuum Circuit Breakers (VCBs) at an equivalent rate of Rs 37.52 lakh per set. The VCBs were to be supplied by the firm by 6 July 1998. The firm, however, failed to supply the material within the stipulated period of supply.

In the meanwhile, in order to meet the requirements for 1998-99, the Board floated (July 1998) another tender enquiry (QDH-293) for the procurement of 11 KV 12 panel board VCBs. Part one of the bid consisting of technical parameters was opened on 14 September 1998. Although the VCBs were required urgently, yet price bid of the tender was opened on 6 April 1999 after the completion of the year 1998-99, for which the tender was floated. The offer of Andrew Yule and Company Limited, New Delhi was found to be the lowest at Rs 30.60 lakh per set of VCB. Despite downward trend in prices of VCBs as witnessed in the instant tender enquiry, the Company decided (October 1998 and March 1999) to accept two sets of VCBs from M/s Powergear Limited, Bangalore, which were received in December 1998 and April 1999 at Rs 37.52 lakh and Rs 36.90 lakh respectively.

The Company delayed the opening of part II of the bids which resulted in purchase at higher rates

It was observed (September 2000) in audit that when the equivalent rate received against tender enquiry QDH-293 was lower, the decision of the Company to accept the supply of two sets of VCBs after the expiry of the contractual period was not justified. The Company, however, cancelled the order for the balance three sets of VCBs in April 1999.

Thus, failure of the Company to offer the prevailing actual price while accepting the delayed supply resulted in extra expenditure of Rs 13.22 lakh.

The Management and Government stated (July 2001) that keeping in view the urgency, the material was accepted on 1 March 1999. The reply was not tenable as the erstwhile Board/Company took 203 days to open the price bid in April 1999 though the material was required during 1998-99 and order for three sets of VCBs was cancelled after opening the price bids received against QDH-293.

3A.1.3 Delay in recovery of excess expenditure on deposit work

The Company suffered loss of interest of Rs 0.10 crore on delayed receipt of excess expenditure incurred by it in a deposit work.

Departmental Financial Rules adopted by the erstwhile Haryana State Electricity Board (Board) provided for recovery of estimated expenditure in lump sum or in instalments before starting the execution of deposit work and limiting of the expenditure on deposit work to the amount of deposits received. For any excess expenditure, action should be taken at once to recover the same from the concerned party. The erstwhile Board decided (September 1983) that in case the works are executed without getting sufficient deposit, the loss may be recovered from both; the Sub-Division Officer and the Executive Engineer concerned on *pro rata* basis.

For providing power supply to Panipat Refinery Project of Indian Oil Corporation Limited (IOC), the Chief Engineer/Construction framed/sanctioned (September 1994) an estimate for deposit work (estimated cost: Rs 3.88 crore), including work for providing line and carrier communication, supply, delivery, and erection of 132 KV double circuit line from Panipat Thermal Power Station to Panipat Refinery Project, Beholi, Panipat. This estimate was framed on a tentative basis and it was decided (September 1994) mutually that expenditure would be taken on actual basis after completion of work. Against the deposit estimate, IOC deposited Rs 3.87 crore during January 1994 to October 1994. The work was completed by October 1997 at a cost of Rs 4.06 crore.

It was, however, seen in audit (October 1998) that the Company failed to recover the excess cost of Rs 18.77 lakh from IOC as per provisions of the financial rules. The revised estimate on actual basis was also not prepared. On being pointed out (October 1998) in audit, the excess expenditure was recovered from the IOC in April 2001. The Company, however, suffered loss of interest of Rs 10.28 lakh (on cash credit rates ranging between 15 and 17.85 *per cent*) on the delayed receipt of its dues for the period from December 1997 to April 2001. The Company had not taken any action against the defaulting officers.

Thus, non-compliance of the provisions of the financial rules and Board's instructions had resulted in loss to the Company to the tune of Rs 10.28 lakh.

The matter was referred to the Company and Government in May 2001; their replies had not been received (September 2001).

3A.2 Haryana Power Generation Corporation Limited

3A.2.1 Avoidable payment of interest

Failure of the erstwhile Haryana State Electricity Board to pursue the case with Civil Judge (Senior Division Ambala) had resulted in avoidable payment of interest of Rs 0.11 crore.

The Company (erstwhile Haryana State Electricity Board) placed (October 1979) a work order for manufacturing and supplying of precast compressed cement concrete tiles on Sunil Engineering Works, Dehradun. The firm supplied the material and received the payment in March 1987 under protest. Aggrieved by various recoveries made by the Company, viz. short receipt of payments, recovery for cement bags, suspension of work etc. amounting to Rs. 46.75 lakh, the firm requested (October 1988) the Superintending Engineer (SE), Western Yamuna Canal (WYC) Hydro-Electric (HE) Project, Yamuna Nagar for taking up the matter for appointment of arbitrator under clause 25A of the agreement. Senior Sub-Judge, Ambala appointed (October 1992) SE, WYC, HE, Project, Yamuna Nagar as Arbitrator.

The erstwhile Board did not implead against the wrong decree and paid avoidable interest

The Arbitrator awarded (September 1993) claims aggregating Rs 10.75 lakh alongwith interest at 12 *per cent* per annum from the date of completion of work to date of award in favour of the firm. On a petition (October 1993) by the firm, Civil Judge (Senior Division), Ambala made (October 1996) the award of the Arbitrator, rule of the court. On an appeal filed (October 1996) by the Company, the District Judge, Ambala allowed (31 May 1997) the claim of Rs 10.75 lakh to the firm with interest at the rate of 12 *per cent* per annum from the date of award till its realisation. Instead of implementing the decision of the aforesaid Court, the erstwhile Board filed (1997) a civil revision appeal in the Punjab and Haryana High Court which was dismissed on 29 June 1998. Special leave application (August 1998) of the erstwhile Board was also dismissed by the Supreme Court of India on 2 November 1998. In the meantime, the firm obtained (July 1997) a decree from Civil Judge (Senior Division), Ambala City to implement the award of the arbitrator which was made rule of the court in October 1996.

It was seen (June 2000) in audit that the erstwhile Board did not make any appeal to the Civil Judge (Senior Division), Ambala City impleading that interest from the date of completion of the work till the date of award was already waived off (May 1997) by the District Judge, Ambala. The erstwhile Board as such deposited (July 1997) Rs 26.92 lakh through its banker (Rs 10.75 lakh alongwith interest at 12 *per cent* per annum from date of completion of work i.e. from 28 December 1984 to date of realisation i.e. 15 July 1997).

Failure of the Company to inform the Civil Judge (Senior Division) Ambala about the waiver of interest from the date of completion of work till the date of award resulted in avoidable payment of interest to the tune of Rs 11.28 lakh.

The matter was referred to the Company and the Government in March 2001; their replies had not been received (September 2001).

3A.3 Uttar Haryana Bijli Vitran Nigam Limited

3A.3.1 Undue benefit to a firm in purchase of transformers

Inaction by the Company despite being aware of the misrepresentation of Sales Tax details by a firm resulted in undue favour of Rs 0.24 crore to the firm.

Against tender enquiry opened (March 1997) for the purchase of 100 KVA distribution transformers, the Material Management Organisation of the Company placed (July/August 1997) purchase orders (POs) on 14 firms for the purchase of 5000 transformers at the lowest equivalent rate of Rs 43,669.40 (basic price Rs 36,776.20, excise duty @ of 13 *per cent* Rs 4,780.92, Central Sales Tax (CST) @ 4 *per cent* Rs 1,662.28 and freight and insurance Rs 450) per transformer. These POs included two POs placed (July 1997) on firm A (Nucon Switchgears Private Limited, Ludhiana) for 1000 transformers and firm B (Nucon Power Controls Private Limited, Ludhiana) for 100 transformers. In response to above tender, both the firms quoted their rates alongwith 13 *per cent* excise duty, CST at 4 *per cent* against form 'C' and Rs 450 for freight and insurance.

After completion of supply order of 1000 transformers by firm A, an additional order for supply of 1500 transformers at the same rate, terms and conditions was placed (April 1998) on the firm. All the 1500 transformers against this additional PO were supplied by the firm B (sister firm of A) as per terms of the purchase order.

The supplier misrepresented about the imposition of sales tax which was ignored by the Company

It was noticed (June 2000) in audit that both the firms quoted the same CST number while providing a certificate (March 1998) regarding sales tax whereas the fact was that the firm B was exempted from sales tax. This fact was noticed (June 1998) by the Company, when the invoices for dispatch of transformers were received from the firm B. The invoices indicated the enhanced basic price by adding the element of sales tax to the basic price i.e.

from Rs 36,776.20 to Rs 38,247.26 per transformer. The Company, however, ignored the fact of misrepresentation made by the firm B and released payments (June 1998 to May 1999) at the enhanced basic price without insisting the firm to pass on the benefit of sales tax to the Company.

Thus, misrepresentation by the firm B regarding the CST number and inaction by the Company even after having knowledge of such misrepresentation resulted in passing of undue benefit to the firm to the extent of Rs 23.54 lakh being the difference in basic price (Rs 1471.06) of two firms on purchase of 1600 transformers.

The Company and Government stated (April 2001 and May 2001) that the payments have been made strictly as per terms of purchase orders, which were agreed to during negotiations. The reply was not tenable as the firm B, while submitting quotations quoted CST at 4 *per cent* and mentioned a fake sales tax number belonging to its sister concern (Firm A). The purchase amount of PO was inclusive of basic price, excise duty, CST and Freight and Insurance at prescribed rates. The company should have considered the misrepresentation by firm B before making payment.

3A.4 Dakshin Haryana Bijli Vitran Nigam Limited

3A.4.1 Short realisation of revenue

Under realisation of revenue of Rs 0.11 crore due to short assessment of penalty.

Sales instructions (October 1998) provide that in the cases of theft of energy by high tension industrial consumers, assessment of energy based on contract demand shall be computed for the entire period during which there had been theft of energy. If such period cannot be determined, the period of preceding six months from the date on which theft is detected shall be charged. The connection of the consumer is to be disconnected immediately and FIR lodged simultaneously. Number of hours per day is to be taken as 8 in case of single shift and 12 in case of industries working on two/three shifts. Consumption of energy for the period of assessment would be charged at twice the tariff rate per unit. In case, the consumer deposits 50 *per cent* of the penalty amount assessed within 48 hours, the connection is restored back and the consumer becomes eligible for filing an appeal to the appellate authority against the penalty.

The premises of a consumer (M/s Rattan Milk Specialities) having contract demand of 500 KVA under operation sub-division Punhana was checked (22 and 23 September 2000) by vigilance staff of the Haryana Vidyut Parsaran

Nigam Limited (HVPNL), Panchkula, who found that the consumer was committing theft of energy by manipulating the meter.

The connection of the consumer was temporarily disconnected (23 September 2000) and a notice of recovery for theft of energy of Rs 18.82 lakh was issued on 25 September 2000. The HVPNL raised demand for the period from the previous checking done by the Maintenance and Protection (M&P) wing to the date of detection of the theft taking consumption as a single shift industry. After getting deposit of Rs 9.41 lakh (50 *per cent* of the recoverable amount) on 28 September 2000 the connection of the consumer was restored (14 October 2000). The consumer, however, filed an appeal (23 October 2000) with the appellate authority (Chief Engineer, Operation Delhi) on the grounds that it had not committed any theft. The decision of appellate authority was awaited (June 2001).

It was observed (October 2000) in audit that milk plant being a continuous process industry operating on three shifts, the consumer should have been charged penalty of Rs 41.77 lakh. Since the consumer was bound to deposit 50 *per cent* of the assessed amount before going for appeal, it could have realised Rs 20.89 lakh instead of Rs 9.41 lakh. This resulted in loss of revenue of Rs 11.48 lakh and interest on the same.

The matter was referred to the Company and Government in May 2001; their replies had not been received (September 2001).

3A.5 Haryana State Industrial Development Corporation Limited

3A.5.1 Irregular disbursement of bridge loans

The Company disbursed bridge loans of Rs 1.70 crore to clear the defaults of existing term loans, which had become irrecoverable due to declaration of the unit as sick by the BIFR.

The Company sanctioned (May 1995) a bridge loan of Rs one crore to M/s O.K. Play India Limited, Sohna, district Gurgaon (promoted by Shri Rajan Handa, Shri T R Handa and Shri Rajesh Chopra) for a period of three months against the enhanced working capital limit to be sanctioned by Canara Bank despite the fact that the loanee was in default and had not paid overdue instalments aggregating Rs 32.27 lakh of the earlier term loans. The terms of sanction, *inter alia,* provided that the unit would furnish a collateral security in the form of fixed assets equivalent to loan assistance and interest thereon and personal guarantees of two directors (Shri Rajan Handa and Shri T.R. Handa). The Company released (May 1995) the loan after adjusting the overdues of Rs 32.27 lakh of earlier term loans. The unit did not repay the bridge loan of Rs one crore in spite of extension of nine months allowed by the Company.

The Company disbursed the bridge loan just to clear the default of earlier loans

The unit again approached (March 1996) the Company for another bridge loan of Rs 70 lakh against working capital, which was sanctioned (March 1996) by the Company for three months with the conditions, *inter alia,* to provide collateral security at 133 *per cent* of the loan and interest thereon and personal guarantees of same two directors. The Company returned five cheques worth Rs 71.04 lakh of the unit, which were submitted by it to clear defaulting amount on account of interest and instalments of earlier term loans in the same month. The Company after obtaining a fresh cheque of Rs 1.04 lakh adjusted newly sanctioned bridge loan of Rs 70 lakh against above five cheques.

Regarding the collateral security, it was noticed that the Company obtained (January 1995) collateral security of land and building at Mehrauli, New Delhi which was valued at Rs 1.87 crore for a bridge loan of Rs one crore. The Company, instead of asking for additional collateral security for bridge loan of Rs 70 lakh, accepted (March 1996) the same property at its revised value of Rs 2.41 crore against the requirement of Rs 2.03 crore.

The Company later discontinued (April 1996) the bridge loan scheme and asked the unit to repay the bridge loans by June 1996, which were not repaid by the loanee. On the notice issued (December 1998) by the Company to take over assets of the unit, the loanee obtained stay orders from the Court which was got vacated by the Company in February 1999. The loanee unit, however, prepared its annual accounts up to the year ended 31 December 1998 by changing its accounting year and referred the unit to Board for Industrial and Financial Reconstruction (BIFR), which declared the unit as sick and appointed Canara Bank as Operating Agency to prepare rehabilitation plan.

Disbursement of loan without adequate security rendered the recovery doubtful

Thus, the Company sanctioned bridge loans of Rs 1.70 crore to a loanee just to clear the defaults of existing term loans, which had ultimately not been repaid by the unit. The Company also accepted collateral security by revising the value of the property already offered as security. As on 30 June 2001, an amount of Rs 4.68 crore (Principal Rs 1.70 crore and interest of Rs 2.98 crore) was recoverable on two bridge loans. The Company had not invoked the personal guarantee of the promoters and the chances of recovery are remote, as the unit had put itself under the shelter of BIFR to stay the recovery proceedings initiated by the Company.

The Company stated (June 2001) that collateral security had been got revalued in view of the shooting up of prices of property at Delhi and the recovery had not yet become irrecoverable as the unit had sufficient fixed assets. The reply was not tenable as the Company had no prevalent system to upgrade the value of mortgaged assets and the bridge loan was also not secured against the fixed assets of the unit.

The matter was referred to the Government in April 2001; the reply had not been received (September 2001).

3A.5.2 Doubtful recovery of loan

The Company disbursed loan to an unviable unit without verifying the ownership of collateral security, which resulted in doubtful recovery of Rs 0.23 crore.

Sanction of loan to an unviable unit

M/s Vani Fertilizers Limited, New Delhi (Promoted by Shri Balwant Rai Kapoor and Shri Ashok Kapoor) applied (November 1998) for a term loan of Rs 1.22 crore for setting up a zinc sulphate manufacturing unit at Roz-Ka-Meo, Sohna (Gurgaon). The Advisory Committee under the chairmanship of Executive Director (F) of the Company considered (15 February 1999) the loan application, despite being aware that Punjab Financial Corporation had not provided term loan for setting up of any zinc sulphate unit in the last ten years. Performance of two units manufacturing same product in Gurgaon District financed by Haryana Financial Corporation (HFC) were also analysed. The Committee decided (February 1999) to collect more information regarding units financed by HFC, before deciding about sanction of loan.

The Advisory Committee reconsidered (24 February 1999) the case and in the absence of any additional information regarding units financed by HFC, recommended the case for sanction of Rs 87 lakh with the condition that the unit would furnish collateral security valuing Rs 1.25 crore. Accordingly, the Company sanctioned (19 March 1999) the term loan and entered into (20 March 1999) an agreement with the unit.

Acceptance of collateral security without verification rendered the recovery of loan doubtful

In compliance with the terms of the agreement, the borrower firm offered third party property owned by Smt. Swaran Lata in the form of a residential plot, measuring 355.50 square yard (No. 184, Saini Co-operative House Building Society Limited, Karkar Duma, Shahdara, Delhi). This property was rejected by the Company since it was on a 99 year lease allotted by Delhi Development Authority (DDA). Subsequently, this property was accepted by the Company as collateral security, as the said Smt. Swaran Lata produced a permission letter dated 15 March 1999 stated to have been issued by DDA granting permission to mortgage the said plot. Accordingly, the Company disbursed (16 April 1999) a sum of Rs 17.40 lakh to the borrower and approached (April 1999) the DDA to mark lien on the said property in favour of the Company in their records. DDA, however, informed (May 1999) the Company that no such permission to mortgage was granted to Smt. Swaran Lata and as per their record this plot stood in the name of some other person (Shri Amit Modi) since November 1995.

Sensing fraud committed by the promoters, the Company recalled (July 1999) the entire loan. When the firm did not respond to the recall notice, it took over possession of the unit (October 1999) under section 29 of State Financial Corporations Act, 1951 for recovery of dues and got assessed (February 2001) net realisable value of the unit at Rs 10.42 lakh. The Company also lodged (February 2000) an FIR with the police against the promoters for committing fraud. Further developments were awaited (March 2001).

Sanction of loan by Advisory Committee without detailed analysis of viability of units manufacturing zinc sulphate and non-verification of ownership of collateral security before disbursement had rendered the recovery of Rs 22.95 lakh (principal Rs 17.40 lakh and interest and other expenses Rs 5.55 lakh up to March 2001) doubtful. The Company has however, not fixed any responsibility for above lapses.

The matter was referred to the Company and the Government in April 2001; their replies had not been received (September 2001).

3A.6 Haryana Seeds Development Corporation Limited

3A.6.1 Avoidable loss on carry over stocks

The Company fixed unrealistic price for selling WH 542 variety of wheat seed and later did not reduce it in time, which resulted in carry over of stocks and extra burden of Rs 0.54 crore as carry over cost.

The Company has been selling WH 542 variety of wheat seed, an early sowing variety (sowing season between first and third week of November each year) and sold 33,978 and 54,394 quintals of wheat seed during 1995-96 and 1996-97 respectively. The Company procured/processed 60,060 quintals of wheat seed of this variety to meet the requirements of Rabi 1997-98 and fixed (September 1997) a sale rate of Rs 1200 per quintal against the worked out sale rate of Rs 1100 per quintal, to set off the loss to be incurred in other non-subsidised varieties of wheat seed. The State Government allowed (14 October 1997) a subsidy of Rs 200 per quintal, thus making the actual net sale rate at Rs 1000 per quintal as against previous year's rate of Rs 720 per quintal (after subsidy) for this variety. However, the rate fixed for this variety for Rabi 1997-98 by Uttar Pradesh Seeds and Trai Development Corporation Limited was Rs 750 per quintal after subsidy and the private traders were also selling at the rate ranging between Rs 800 to Rs 950 per quintal.

The Company failed to sell the wheat seed due to higher rates

As the rates of neighbouring State and private traders considerably affected the sales, the Company did not consider reduction of its rates to compete in the market. The Company, however, reduced its rate from Rs 1000 per quintal to Rs 800 per quintal after subsidy from 2 December 1997 i.e., after the sowing season. Resultantly, the Company could sell only 18,952 quintals of wheat seed during Rabi 1997-98 and it had to carry the balance 41,108 quintals of seed in the next year, which attracted carry over charges on account of interest and storage charges to the extent of Rs 54.30 lakh. During the next season i.e., Rabi 1998-99, the Company sold 37,969 quintals of wheat seed at the subsidised rate of Rs 800 per quintal.

Thus, fixation of unrealistic rate for the wheat seed at the first instance, and delay in reduction of rates thereafter resulted in poor sale and carry over of stocks of this variety. The Company could have avoided the carry over charges, had it taken timely action to reduce the rates of this variety of wheat seed.

The Company and Government stated (June 2001) that the main factor for low sale was erratic and unfavourable weather conditions due to untimely rainfall. It was further stated that the carrying cost was included in the sale rate for the next Rabi season 1998-99. The reply was not tenable as the average rainfall received in the State during the month of November 1997 was 11.1 mm only, when the sowing of WH 542 wheat was to be done. As regards recovery of carry over cost in next year's sale rates, it was observed that the sale rate during 1998-99 remained at Rs 800 per quintal as was in the year 1997-98.

3A.6.2 Avoidable payment of power surcharge

Non-maintenance of required power factor resulted in payment of surcharge of Rs 0.08 crore.

As per schedule of tariff for supply of energy of the erstwhile Haryana State Electricity Board (Board), the consumers are required to maintain monthly average power factor (a ratio expressed as percentage between KWH to KVAH) as 85 *per cent* (revised to 90 *per cent* in October 1997) of the plant and apparatus installed by installing shunt capacitors. In case the monthly average power factor falls below the prescribed limit, the consumer had to pay a surcharge of one *per cent* of sale of power charges for each one *per cent* decrease in power factor up to 80 *per cent* and two *per cent* for each one *per cent* decrease in power factor below 80 *per cent.*

During audit (June 2000) it was observed that though the Company had installed shunt capacitors in its premises, the capacitors were either of inadequate capacity, inoperative or damaged during the period January 1997 to January 2001. As such the power factor ranged between 42 and 78 *per cent* and was below the prescribed limit. Consequently, the company had to pay surcharge of Rs 8.20 lakh on account of low power factor which could have been avoided, had the Company ensured operation of capacitors of adequate capacity.

The Company and Government stated (April and June 2001) that due to non-utilisation of plant at full capacity and the ginning plant being seasonal industry, the power factor remained low. It was further stated that the Company had installed shunt capacitors of required capacity to maintain power factor. The reply was not tenable as non-utilisation of plant at full capacity and plant being seasonal industry do not have any relation with the maintenance of power factor. Low power factor during January 1997 to January 2001 indicates that capacitors were either defective or remained inoperative.

3A.7 Haryana State Minor Irrigation and Tubewells Corporation

3A.7.1 Avoidable extra expenditure

The Company did not deploy its idle work charged staff on repair/rehabilitation work of watercourses as decided, and got the entire work executed from contractors, which resulted in avoidable expenditure of Rs 0.10 crore.

The Company has been constructing and maintaining watercourses in the State for providing irrigation water to the farmers. The repair/rehabilitation of watercourses include the work of dismantling of old watercourse, cleaning, brushing and scraping of old bricks, laying down of new bed of watercourse with cement, bricks etc. The Company had identified (December 1998) about 600 work charged employees as surplus out of which 300 employees were available (November 1999) for this type of work.

In order to achieve economy in expenditure, the Chief Engineer of the Company decided (November 1999) to carry out repair work of watercourses by deploying its own idle work charged labour. The Company, however, did not bifurcate the work which could be done by its own unskilled labour and those to be done by contractors through skilled labour.

Non-deployment of surplus work charged employees resulted in avoidable extra expenditure

A test-check of records (April 2001) of six divisions (Kaithal, Tohana, Hisar, Bhiwani and Sirsa I & II) revealed that the divisions continued to get the whole work done through contractors and got repaired 299 watercourses at a cost of Rs 3.03 crore during January and March 2000 under the Natural Calamities Relief Programme. The Chief Engineer, however, directed the field units only in October 2000 to deploy its own labour on dismantling of remaining watercourses. Had the Company identified the work to be done by its own labour earlier and got the work of dismantling, cleaning and scraping of bricks executed from them, it could have saved an amount of Rs 9.70 lakh, which was paid to the contractors for execution of these jobs up to 31 March 2000. The Company thereafter started deploying its surplus workcharged staff on dismantling of watercourses, cleaning and scrapping of bricks.

Thus, delay in bifurcating the work to be done by own labour and failure in passing on clear directions to the field units resulted in avoidable expenditure of Rs 9.70 lakh besides non-utilisation of idle manpower.

The matter was referred to the Company and the Government in May 2001; their replies had not been received (September 2001).

3A.7.2 Avoidable payment of leave encashment

The Company released the payment of gratuity in terms of the court order without recovering the excess leave encashment paid, resulting in avoidable payment of Rs 0.12 crore.

Some of the field offices of the Irrigation Department (ID) along with staff were transferred to the Haryana State Minor Irrigation and Tubewells Corporation Limited at the time of its incorporation in April 1970. Prior to June 1992, the retiring work charged staff transferred from ID, were paid gratuity as per the Payment of Gratuity Act, 1972 and leave encashment for 30 days as per the Factories Act, 1948. On persistent demand of the work charged staff, the Company decided (May 1992) that the staff be treated at par with the regular employees of the Company and got its certified standing orders relating to payment of retirement benefits amended (January 1993) from the Labour Commissioner. Accordingly, the Company allowed the benefits of leave encashment restricted to 240 days and Death-Cum-Retirement Gratuity as available under the State Government rules; in place of leave encashment under the Factories Act, 1948 and gratuity as per the Gratuity Act, 1972. The Company started releasing retirement benefits for the period served with it and ignored the service prior to April 1970, rendered with the I.D. After receiving these benefits certain work charged employees filed (1995) cases with the Labour Department, Controlling Authority (under the payment of the Gratuity Act, 1972) for claiming gratuity in respect of service rendered with ID and the same were accepted. However, the Company while releasing the gratuity as claimed under Gratuity Act could not restrict the payment of leave encashment benefit to 30 days as per Factories Act, due to its failure to get certified standing orders amended again from the Labour Department. This resulted in avoidable payment of leave encashment of Rs 11.50 lakh to 55 work charged staff from January 1995 to February 2001.

The matter was referred to the Company and the Government in May 2001; their replies had not been received (September 2001).

3A.8 Haryana Agro Industries Corporation Limited

3A.8.1 Doubtful recovery of dues

Failure of the Company to obtain bank guarantees and adequate security from the millers, resulted in doubtful recovery of Rs 0.19 crore.

The Company procures paddy for central pool and provides the same to millers, who deliver rice to the Food Corporation of India (FCI) after milling. The milling agreements entered (December 1997) with six millers, *inter alia*, provided that the miller would take delivery of paddy for milling purposes either against the bank guarantee or delivery of advance rice to FCI, equivalent to cost of paddy handed over to millers. Each miller was also required to provide a security of Rs one lakh for one tonne capacity and Rs 0.25 lakh for every additional one tonne of capacity subject to maximum of Rs 2 lakh. Any deductions made by FCI and cost of surplus gunny bags after filling of rice were to be remitted by the millers. The entire rice was to be delivered to FCI by the end of June 1998.

During scrutiny of records, it was noticed (April 2000) that the Company without obtaining bank guarantee or ensuring delivery of advance rice to FCI and without taking adequate security (Rs 2.75 lakh against Rs. 5 lakh from five millers) under the terms of agreement allowed the millers to take delivery of paddy. The Company, however, obtained bank guarantee of Rs 13 lakh from the sixth miller. The Company delivered 10866.99 MT of paddy to six millers who in turn delivered 7152.16 MT of rice during the period from December 1997 to December 1998. The sixth miller remitted his full dues. However, other five millers did not remit the full payment against the delivery and the amount recoverable from the five millers after adjusting security of Rs 2.75 lakh was Rs 19.36 lakh as on 1 January 1999 as per milling agreement. As the Company could not recover the amount of Rs 19.36 lakh in the absence of bank guarantee, it had to refer (November 1999) the case to the sole arbitrator for recovery of dues, whose award was awaited (June 2001).

The matter was referred to the Company and the Government in February 2001; their replies had not been received (September 2001).

3A.9 Haryana Minerals Limited

3A.9.1 Infructuous expenditure on development of mine

The Company incurred infructuous expenditure of Rs 0.17 crore on development of new pits ignoring decreasing trend of sales and non-acceptability of changed system of mining.

Up to the year 1996-97, the Company was operating silica sand mines at Manger in Faridabad District through contractors, where all the development work was carried out by the contractor. The Company was receiving octroi (chungi) per truck at fixed rates. In order to plug the deficiencies in the existing system, viz. leakage of material and lack of control over contractors etc., the Company decided (March 1997) to operate these mines departmentally by appointing labour contractors.

It was, however, noticed (January 2001) in audit that the Company could not deploy labour contractors due to poor response from contractors to undertake work on labour contract and the production of minerals of the Company reduced drastically from 3,48,796 MT in 1996-97 to 72,886 MT in 1997-98. Ignoring the fact of reduction in sale and non-acceptability of departmental system of mining by the contractors, the Company started developing new pits and incurred an expenditure of Rs 37.13 lakh during October 1997 to March 1999. However, in view of the poor response to the new system of mining and decrease in turnover, the Company decided (August 1998) to revert to the old octroi system. Even then, the workings did not improve and production during the year 1998-99 decreased to 36,388 MT. Besides loss to the Company, this also resulted in loss to the State Government because of less payment of royalty.

In order to plug the erosion of royalty/sales tax and review the unsatisfactory performance of the Company, the State Government constituted (June 2000) a Committee of Ministers. The Committee recommended (August 2000) premature termination of lease agreement of Manger mines (Plot No. 1, 2, 3, 5, 6, 7 and 8). Accordingly, the Company surrendered (December 2000) these plots to State Government.

Expenditure incurred on development of mines proved unfruitful

Thus, expenditure on development of new pits by ignoring the decreasing trend of sales and without ascertaining the workability of the new system (departmental operation) had resulted in infructuous expenditure of Rs 17.30 lakh (after adjusting income of Rs 19.83 lakh earned from the disposal of stones etc.) on the development of new pits, which had already been surrendered to State Government.

The matter was referred to the Company and the Government in March 2001; their replies had not been received (September 2001).

3B. Statutory corporations

3B.1 Haryana Financial Corporation

3B.1.1 Misutilisation of term loan by loanee due to faulty disbursement

The Corporation disbursed loan of Rs 0.38 crore ignoring the terms and conditions of disbursement, which facilitated the loanee to misutilise the funds.

The procedure for disbursement of loan, *inter alia*, provided that the loan for construction of building would be released on the basis of certificates issued by the assessor on the panel of the Corporation. The release would be followed by a quick inspection for physical verification of securities at site. After release of 75 *per cent* of the loan, a detailed verification would be got done by an official of the Corporation. Similarly, loan for procurement of machinery would be released directly to the supplier of machinery after receiving proforma invoice from the approved supplier.

Disbursement of loan without verification led to its misutilisation by the loanee

The Corporation sanctioned (September 1997) a term loan of Rs 43.20 lakh to Surya Dev Industries, Bhiwani (promoted by Shri Anil Kumar and Shri Dev Raj) for setting up a harrow discs manufacturing unit at Bhiwani. The terms of sanction, *inter alia,* provided that the collateral security equivalent to 100 *per cent* of loan, personal guarantees of partners, personal guarantees of two persons having sound financial means, no objection certificate from District Town Planner and assessment of machinery by Technical Officer/Assessor was required before disbursement of loan. An amount of Rs 37.90 lakh was released (December 1997 to February 1998) in seven instalments. On inspection (October 1998) carried out by the Corporation on an anonymous complaint, it was revealed that the Branch Manager of the Corporation (Shri R.K. Jatana) continued to release funds against building without visiting the site, based on assesor's fabricated certificates. The building constructed was substandard and incomplete. Similarly, funds (Rs 29.71 lakh) against machinery were released direct to the loanee without following the required procedure and very old uninstalled second hand machinery was available at site.

The Corporation cancelled the balance loan of Rs 5.30 lakh and recalled (October 1998) the entire loan alongwith interest. On failure to repay the loan, the Corporation took over (February 1999) the possession of unit. The value of the unit was assessed (August 1999) at Rs 5.65 lakh and was awaiting disposal, though put to auction nine times after the possession. The Corporation had not filed any criminal case against the promoter in spite of the fact that loan amount had been misutilised by them and total amount of Rs 71.95 lakh (principal: Rs 37.90 lakh, interest: Rs 33.35 lakh and miscellaneous expenses Rs 0.70 lakh) was outstanding for recovery from them as on 31 May 2001.

Thus, non-adherence of disbursement procedure while disbursing the loan had facilitated the unit to misutilise the funds amounting to Rs 37.90 lakh.

The Management while admitting the facts stated (May 2001) that erring officer has been dismissed from service and enquiry against another was being conducted. However, the fact remains that the disbursement of loan ignoring the terms and conditions of disbursement has rendered the recovery of loan amount and interest doubtful.

The matter was referred to the Government in April 2001; the reply had not been received (September 2001).

3B.2 Haryana Warehousing Corporation

3B.2.1 Infructuous expenditure on computerisation

Engagement of an inexperienced firm for computerisation of Corporation's activities without ascertaining its credentials resulted in infructuous expenditure of Rs 0.61 crore.

The Board of Directors (BOD) of the Corporation approved (January 1999) a scheme known as Kisan Sahara Scheme for providing credit assistance at concessional rate of interest to the farmers against stocks deposited by them in warehouses. The proposed scheme envisaged implementation of professional management support system. To begin with, the scheme was proposed to be implemented in Ambala and Kurukshetra districts.

The Corporation invited (February 1999) tenders for providing operational and logistics management support system (MSS) on turnkey basis for current areas of operation of the Corporation including the Kisan Sahara Scheme. The tender document did not contain any reference about the past performance and financial capabilities of the tenderers. The Technical Committee, examined the four tenders received and recommended (February 1999) the lowest tenderer (ING Infotek International Private Limited., Bangalore) for award of contract at the rate of Rs 14,400 per unit of the Company per month as fixed cost and 2.4 *per cent* of the amount of money utilised under the Kisan Sahara Scheme as variable cost. The Managing Director executed (March 1999) an agreement with the firm for a period of five years without obtaining the approval of BOD. As per the agreement, the firm was required to commission, operationalise and synchronise the entire system by setting up multi-nodal data communication network in the Corporation in the districts of Ambala and Kurukshetra within eight weeks of allotment of work and in all the units in the State by 30 September 1999.

The Computerisation process left in the way by a firm and rendered the expenditure of Rs 0.61 crore as unfruitful

The firm started the computerisation process and submitted bills for Rs 79.17 lakh for the work done between March 1999 and December 1999, out of which the Corporation released Rs 66.27 lakh to the firm. The firm, however, failed to perform its contractual obligations, as up to 10 December 1999, the firm was able to cover only 57 units against the requirement of 112 units and thereafter it abandoned the work for reasons not on record. The Corporation issued (July and August 2000) registered notices as to why an amount of Rs 60.77 lakh (after adjusting Rs 5.50 lakh being security amount) plus interest from the date of payments be not recovered from them on account of deliberate act on their part to defraud the Corporation. The show cause notice issued was received back with the remarks "party left/addressee left". The BOD cancelled (September 2000) the contract and observed that the said firm was inexperienced with paid-up capital of Rs 10,000 only.

Thus, injudicious decision to implement the MSS scheme for all the activities instead of Kisan Sahara Scheme alone as approved by BOD, without ascertaining the utility thereof and improper selection of an inexperienced firm by a non-technical committee has rendered the entire expenditure of Rs 60.77 lakh infructuous.

The Corporation in its reply stated (June 2001) that to implement the MSS for Kisan Sahara Scheme, BOD constituted a sub-committee to take final decision on all aspects of the scheme. Accordingly, the sub-committee decided to implement the MSS for other activities also and the entire expenditure incurred on this system was approved by BOD. The reply was not tenable since BOD's prior approval was not obtained at the time of award of contract. The BOD while considering the performance of the firm observed (September 2000) that it had miserably failed to perform its contractual obligation and prior approval before awarding the contract should have been obtained to implement the scheme.

The matter was referred to the Government in March 2001; the reply had not been received (September 2001).

Atri

Chandigarh

Dated: 18 FEB 2002

(Ashwini Attri)
Accountant General (Audit) Haryana

Countersigned

V. K. Shunglu

New Delhi

Dated: 21 FEB 2002

(V.K. Shunglu)
Comptroller and Auditor General of India

ANNEXURES

ANNEXURE-1

Statement showing particulars of up to date paid-up-capital, budgetary outgo, loans given out of budget and loans outstanding as on 31 March 2001 in respect of Government companies and Statutory corporations.

(Referred to in paragraphs 1.2.1.1, 1.2.1.2, 1.2.2)

(Figures in column 3 (a) to 4 (f) are Rupees in lakh)

Sl. No.	Sector & name of the Company	Paid-up capital as at the end of the current year					Equity/loans received out of budget during the year		Other loans received during the year*	Loans** outstanding at the close of 2000-2001			Debt equity ratio for 2000-2001 (Previous year) (4f/3e)
		State Government	Central Government	Holding Companies	Others	Total	Equity	Loan		Govt.	Others	Total	
(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
A. Working Government companies													
AGRICULTURE AND ALLIED													
1.	Haryana State Minor Irrigation and Tubewells Corporation Limited	1089.10	-	-	-	1089.10	-	-	-	2401.00	31.48	2432.48	2.23:1 (2.20:1)
2.	Haryana Agro Industries Corporation Limited	253.83	160.21	-	-	414.04	-	-	-	102.23	-	102.23	0.25:1 (0.33:1)
3.	Haryana Land Reclamation and Development Corporation Limited	136.64	-	-	19.66	156.30	-	-	-	-	-	-	0.00:1 (0.00:1)
4.	Haryana Seeds Development Corporation Limited	275.87	111.50	-	93.29	480.66 (16.75)	-	-	-	200.00	45.30	245.30	0.51:1 (0.56:1)
Sector wise total		1755.44	271.71	-	112.95	2140.10 (16.75)	-	-	-	2703.23	76.78	2780.01	1.30:1 (1.31:1)
INDUSTRY													
5.	Haryana State Industrial Development Corporation Limited	6284.13	-	-	-	6284.13	9.00	-	7230.00	202.50	36256.00	36458.50	5.80:1 (5.77:1)
6.	Haryana State Small Industries and Export Corporation Limited	180.88	10.00	-	-	190.88	-	-	-	-	-	-	0.00:1 (0.00:1)
Sector wise total		6465.01	10.00	-	-	6475.01	9.00	-	7230.00	202.50	36256.00	36458.50	5.63:1 (5.60:1)

Sl. No.	Sector & name of the Company	Paid-up capital as at the end of the current year					Equity/loans received out of budget during the year		Other loans received during the year*	Loans** outstanding at the close of 2000-2001			Debt equity ratio for 2000-2001 (Previous year) (4f/3e)
		State Government	Central Government	Holding Companies	Others	Total	Equity	Loan		Govt.	Others	Total	
(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
ENGINEERING													
7.	Haryana Roadways Engineering Corporation Limited	200.00	-	-	-	200.00	-	-	2544.16	-	4335.00	4335.00	21.68:1 (17.01:1)
Sector wise total		200.00	-	-	-	200.00	-	-	2544.16	-	4335.00	4335.00	21.68:1 (17.01:1)
ELECTRONICS													
8.	Haryana State Electronics Development Corporation Limited	773.76	-	-	-	773.76	-	-	-	10.00	-	10.00	0.01:1 (0.01:1)
9.	Hartron Informatics Limited@	-	-	50.00	-	50.00	-	-	-	-	-	-	0.00:1 (0.00:1)
Sector wise total		773.76	-	50.00	-	823.76	-	-	-	10.00	-	10.00	0.01:1 (0.01:1)
HANDLOOM AND HANDICRAFTS													
10.	Haryana State Handloom and Handicrafts Corporation Limited	265.17	30.00	-	-	295.17	-	-	-	122.50	-	122.50	0.42:1 (0.42:1)
Sector wise total		265.17	30.00	-	-	295.17	-	-	-	122.50	-	122.50	0.42:1 (0.42:1)
FOREST													
11.	Haryana Forest Development Corporation Limited	60.46	-	-	-	60.46 (60.46)	-	-	-	-	-	-	0.00:1 (0.00:1)
Sector wise total		60.46	-	-	-	60.46 (60.46)	-	-	-	-	-	-	0.00:1 (0.00:1)
MINING													
12.	Haryana Minerals Limited@	-	-	24.04	-	24.04	-	-	-	-	-	-	0.00:1 (0.00:1)
Sector wise total		-	-	24.04	-	24.04	-	-	-	-	-	-	0.00:1 (0.00:1)
CONSTRUCTION													
13.	Haryana Police Housing Corporation Limited	2500.00	-	-	-	2500.00	-	-	-	-	1413.21	1413.21	0.57:1 (0.97:1)

Sl. No.	Sector & name of the Company	Paid-up capital as at the end of the current year					Equity/loans received out of budget during the year		Other loans received during the year*	Loans** outstanding at the close of 2000-2001			Debt equity ratio for 2000-2001 (Previous year) (4f/3e)
		State Government	Central Government	Holding Companies	Others	Total	Equity	Loan		Govt.	Others	Total	
(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
14.	Haryana State Roads and Bridges Development Corporation Limited	788.22	-	-	0.01	788.23 (778.23)	740.23	-	1409.00	-	1409.00	1409.00	1.79:1 (-)
Sector wise total		3288.22	-	-	0.01	3288.23 (778.23)	740.23	-	1409.00	-	2822.21	2822.21	0.86:1 (0.97:1)
DEVELOPMENT OF ECONOMICALLY WEAKER SECTION													
15.	Haryana Scheduled Castes Finance & Development Corporation Limited	2817.45	-	-	-	2817.45 (20.00)	35.00	5.00	-	75.19	-	75.19	0.03:1 (0.03:1)
16.	Haryana Backward Classes & Economically Weaker Section Kalyan Nigam Limited	830.99	-	-	-	830.99	40.00	-	777.13	-	2025.86	2025.86	2.44:1 (2.01:1)
17.	Haryana Women Development Corporation Limited	409.72	109.98	-	-	519.70 (25.00)	25.00	-	-	-	-	-	0.00:1 (0.00:1)
Sector wise total		4058.16	109.98	-	-	4168.14 (45.00)	100.00	5.00	777.13	75.19	2025.86	2101.05	0.50:1 (0.43:1)

Sl. No.	Sector & name of the Company	Paid-up capital as at the end of the current year					Equity/loans received out of budget during the year		Other loans received during the year*	Loans** outstanding at the close of 2000-2001			Debt equity ratio for 2000-2001 (Previous year) (4f/3e)
		State Government	Central Government	Holding Companies	Others	Total	Equity	Loan		Govt.	Others	Total	
(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
TOURISM													
18.	Haryana Tourism Corporation Limited	1439.50	-	-	-	1439.50	-	-	-	-	-	-	0.00:1 (0.00:1)
Sector wise total		1439.50	-	-	-	1439.50	-	-	-	-	-	-	0.00:1 (0.00:1)
POWER													
19.	Haryana Power Generation Corporation Limited	21235.07	-	-	-	21235.07 (20985.00)	6225.00	-	8562.83	-	134743.04	134743.04	6.35:1 (7.44:1)
20.	Haryana Vidyut Prasaran Nigam Limited	53416.07	-	-	-	53416.07 (27925.00)	5644.00	9020.81	193406.37	9429.59	279639.39	289068.98	5.41:1 (1.58:1)
21.	Uttar Haryana Bijli Vitran Nigam Limited @	11388.06	-	54698.55	-	66086.61 (33156.45)	8779.00	-	15934.60	-	33178.40	33178.40	0.50:1 (0.57:1)
22.	Dakshin Haryana Bijli Vitran Nigam Limited@	8462.06	-	43727.35	-	52189.41 (26839.25)	5852.00	-	8823.00	-	16439.25	16439.25	0.31:1 (0.47:1)
Sector wise total		94501.26	-	98425.90	-	192927.16 (108905.70)	26500.00	9020.81	226726.80	9429.59	464000.08	473429.67	2.45:1 (1.79:1)
Total A (All sector wise Government companies)		**112806.98**	**421.69**	**98499.94**	**112.96**	**211841.57 (109806.14)**	**27349.23**	**9025.81**	**238687.09**	**12543.01**	**509515.93**	**522058.94**	**2.46:1 (1.88:1)**
B. Working Statutory corporations													
FINANCING													
1.	Haryana Financial Corporation	2527.67	432.66	-	426.72	3387.05	-	-	6975.00	-	50849.00	50849.00	15.01:1 (15.61:1)
Sector wise total		2527.67	432.66	-	426.72	3387.05	-	-	6975.00	-	50849.00	50849.00	15.01:1 (15.61:1)
AGRICULTURE AND ALLIED													
2.	Haryana Warehousing Corporation	292.04	292.04	-	-	584.08	-	-	82.64	-	82.64	82.64	0.14:1 (0.00:1)
Sector wise total		292.04	292.04	-	-	584.08	-	-	-	-	-	-	0.14:1 (0.00:1)
Total B (All sector wise Statutory Corporations		**2819.71**	**724.70**	-	**426.72**	**3971.13**	-	-	**7057.64**	-	**50931.64**	**50931.64**	**12.83:1 (13.31:1)**

Sl. No.	Sector & name of the Company	Paid-up capital as at the end of the current year					Equity/loans received out of budget during the year		Other loans received during the year*	Loans** outstanding at the close of 2000-2001			Debt equity ratio for 2000-2001 (Previous year) (4f/3e)
		State Government	Central Government	Holding Companies	Others	Total	Equity	Loan		Govt.	Others	Total	
(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
Grand total (A+B)		**115626.69**	**1146.39**	**98499.94**	**539.68**	**215812.70 (109806.14)**	**27349.23**	**9025.81**	**245744.73**	**12543.01**	**560447.57**	**572990.58**	**2.66:1 (2.19:1)**
C	**Non-working companies**												
AGRICULTURE AND ALLIED													
1.	Haryana Dairy Development Corporation Limited.	557.48	-	-	-	557.48	-	-	-	-	-	-	0.00:1 (0.00:1)
Sector wise total		557.48	-	-	-	557.48	-	-	-	-	-	-	0.00:1 (0.00:1)
INDUSTRY													
1.	Haryana Tanneries Limited	135.15	-	-	-	135.15	-	-	0.21	253.19	103.05	356.24	2.64:1 (4.22:1)
2.	Punjab State Irons Limited	7.45	-	-	-	7.45 (7.05)	-	-	-	-	-	-	0.00:1 (0.00:1)
3.	Haryana Concast Limited@	290.00	-	340.51	54.99	685.50	-	-	-	139.00	230.00	369.00	0.54:1 (0.54:1)
Sector wise total		432.60	-	340.51	54.99	828.10 (7.05)	-	-	0.21	392.19	333.05	725.24	0.88:1 (1.13:1)
	Total – C	990.08	-	340.51	54.99	1385.58 (7.05)	-	-	0.21	392.19	333.05	725.24	0.52:1 (-)
Grand Total (A+B+C)		**116616.77**	**1146.39**	**98840.45**	**594.67**	**217198.28 (109813.19)**	**27349.23**	**9025.81**	**245744.94**	**12935.20**	**560780.62**	**573715.82**	**2.64:1 (2.19:1)**

Note: Except in respect of companies/corporation which finalised their accounts for 2000-01 (Sl. Nos. A-2, 3, 4,9,14,B-2) figures are provisional and as given by the companies/corporation.

Figures in brackets indicate share application money in column 3(e).

* Includes bonds, debentures, inter corporate deposits etc.

** Loans outstanding at the close of 2000-01 represents long-term loans only.

@ Subsidiary companies.

ANNEXURE-2

Summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalised

(Referred to in paragraphs 1.2.3, 1.2.4, 1.2.5, 1.3.4, 1.3.5)

(Figures in columns 7 to 12 are Rupees in lakh)

Sl. No.	Sector and name of the Company	Name of Department	Date of Incorporation	Period of accounts	Year in which accounts finalised	Net Profit (+)/ Loss(-)	Net impact of Audit comments	Paid-up capital	Accumulated profit(+)/ loss (-)	Capital employed[A]	Total return on capital employed[C]	Percentage of total return on capital employed	Arrears of accounts in terms of years
1	2	3	4	5	6	7	8	9	10	11	12	13	14
A. Working Government companies													
AGRICULTURE AND ALLIED													
1	Haryana State Minor Irrigation and Tubewells Corporation Limited	Agriculture	9 January 1970	1994-95	2000-01	(-) 760.14	Understatement of loss by Rs 170.18 lakh	1089.10	(-) 6579.53	(-) 4105.67	(-) 667.08	-	-
				1995-96	2001-02	(-) 795.29	Comments yet to be finalized	1089.10	(-) 7374.82	(-) 4903.33	(-) 702.23	-	5
2.	Haryana Agro Industries Corporation Limited	-do-	30 March 1967	2000-01	2001-02	(+) 23.40	Under finalisation	414.04	(+) 1824.49	(+) 40730.46	(+) 4158.21	10.21	-
3.	Haryana Land Reclamation and Development Corporation Limited	-do-	27 March 1974	2000-01	2001-02	(+) 36.15	Under finalisation	156.30	(+) 520.99	(+) 678.80	(+) 54.09	7.97	-
4.	Haryana Seeds Development Corporation Limited	-do-	12 September 1974	2000-01	2001-02	(-) 30.20	Nil	480.66	(+) 140.00	(+) 1880.43	(+) 80.36	4.27	-
Sector wise total						(-) 765.94	-	2140.10	(-) 4889.34	(+) 38386.36	(+) 3590.43	9.35	-
INDUSTRY													
5.	Haryana State Industrial Development Corporation Limited	Industry	8 March 1967	1999-2000	2000-01	(+) 318.48	Nil	6275.13	(+) 344.52	(+) 44019.63	(+) 3038.42	6.90	1
6.	Haryana State Small Industries and Export Corporation Limited	-do-	19 July 1967	1999-2000	2000-01	(-) 134.91	Nil	190.88	(-) 92.50	(+) 886.15	(-) 112.28	-	1
Sector wise total			--	--	--	(+) 183.57	--	6466.01	(+) 252.02	(+) 44905.78	(+) 2926.14	6.52	--

Sl. No.	Sector and name of the Company	Name of Department	Date of Incorporation	Period of accounts	Year in which accounts finalised	Net Profit (+)/ Loss(-)	Net impact of Audit comments	Paid-up capital	Accumulated profit(+)/ loss (-)	Capital employed[A]	Total return on capital employed[C]	Percentage of total return on capital employed	Arrears of accounts in terms of years
1	2	3	4	5	6	7	8	9	10	11	12	13	14
ENGINEERING													
7.	Haryana Roadways Engineering Corporation Limited	Transport	27 November 1987	1997-98 1998-99	2000-01 2000-01	(+) 5.37 (+) 4.82	Overstatement of profit by Rs 7.02 lakh (1997-98) and Rs 18.24 lakh (1998-99)	200.00 200.00	(+) 72.87 (+) 77.70	(+) 6059.45 (+) 5514.20	(+) 1202.11 (+) 1082.93	(+) 19.84 19.64	- 2
Sector wise total		--	--	--	--	(+) 4.82	--	200.00	(+) 77 70	(+) 5514.20	(+) 1082.93	19.64	--
ELECTRONICS													
8.	Haryana State Electronics Development Corporation Limited	Electronics	15 May 1982	1999-2000	2000-01	(+) 98.93	Nil	773.76	(+) 433.04	(+) 1065.53	(+) 98.93	9.28	1
9.	Hartron Informatics Limited[@]	-do-	8 March 1995	2000-01	2001-02	(+) 1.97	NRC	50.00	(+)28.23	(+) 78.09	(+) 1.97	2.52	-
Sector wise total						(+) 100.90	--	823.76	(+) 461.27	(+) 1143.62	(+) 100.90	8.82	--
HANDLOOM AND HANDICRAFTS													
10.	Haryana State Handloom and Handicrafts Corporation Limited	Industries	20 February 1976	1999-2000	2001-02	(-) 87.40	Under finalisation	295.17	(-) 589.27	(+) 21.75	(-)76.50	-	1
Sector wise total						(-) 87.40		295.17	(-) 589.27	(+) 21.75	(-)76.50	-	
FOREST													
11.	Haryana Forest Development Corporation Limited	Forest	7 December 1989	1995-96	2000-01	(+) 14.02	Nil	60.46	(+) 19.18	(+) 80.13	(+) 14.02	17.50	5
Sector wise total						(+) 14.02		60.46	(+) 19.18	(+) 80.13	(+) 14.02	17.50	-
MINING													
12.	Haryana Minerals Limited[@]	Mining and Geology	2 December 1972	1998-99	2000-01	(-) 164.43	Nil	24.04	(+) 78.02	(+) 89.74	(-) 164.33	-	2
Sector wise total		--				(-) 164.43	Nil	24.04	(+) 78.02	(+) 89.74	(-) 164.33	-	

Sl. No.	Sector and name of the Company	Name of Department	Date of Incorporation	Period of accounts	Year in which accounts finalised	Net Profit(+)/ Loss(-)	Net impact of Audit comments	Paid-up capital	Accumulated profit(+)/ loss (-)	Capital employed[A]	Total return on capital employed[C]	Percentage of total return on capital employed	Arrears of accounts in terms of years
1	2	3	4	5	6	7	8	9	10	11	12	13	14
CONSTRUCTION													
13.	Haryana Police Housing Corporation Limited .	Home	29 December 1989	1999-2000	2001-02	B	Nil	1800.00	-	-	-	-	1
14.	Haryana State Roads and Bridges Development Corporation Limited.	PWD(B &R)	13 May 1999	1999-2000	2000-01	(-) 1.10	NRC	48.00	(-) 1.10	45.42	(-) 1.10	-	--
				2000-01	2001-02	(+)7.26	Under finalisation	788.23	(+)3.29	2098.77	7.26	0.35	--
Sector wise total						(+)7.26		2588.23	(+) 3.29	2098.77	7.26	0.35	--
DEVELOPMENT OF ECONOMICALLY WEAKER SECTION													
15	Haryana Scheduled Castes Finance and Development Corporation Limited	Scheduled Castes and Backward Classes Welfare Department.	2 January 1971	1997-98	2001-02	(+) 67.38	Nil	2741.30	(-) 616.92	(+) 2934.76	(+) 92.41	3.15	3
16.	Haryana Backward Classes and Economically Weaker Section Kalyan Nigam Limited	Scheduled Castes and Backward Classes Welfare Department	10 December 1980	1997-98	2001-02	(-) 42.06	Comment yet to be finalized	755.99	(-) 311.57	(+) 1511.02	(-) 16.49	-	3
17.	Haryana Women Development Corporation Limited	Women and Child Development Department	31 March 1982	1998-99	2000-01	(+) 0.89	Non Review Certificate	464.70	(+) 21.03	(+) 448.02	(+) 0.89	0.20	2
Sector wise total						(+) 26.21		3961.99	(-) 907.46	(+) 4893.80	(+) 76.81	1.57	
TOURISM													
18.	Haryana Tourism Corporation Limited	Tourism and Public Relations	1 May 1974	1996-97	1997-98	(-)314.04	Nil	1150.37	(+)115.41	(+)1070.10	(-)314.04	-	4
Sector wise total						(-)314.04	Nil	1150.37	(+)115.41	(+)1070.10	(-)314.04	-	

Sl. No.	Sector and name of the Company	Name of Department	Date of Incorporation	Period of accounts	Year in which accounts finalised	Net Profit (+)/ Loss(-)	Net impact of Audit comments	Paid-up capital	Accumulated profit(+)/ loss (-)	Capital employed[A]	Total return on capital employed[C]	Percentage of total return on capital employed	Arrears of accounts in terms of years
1	2	3	4	5	6	7	8	9	10	11	12	13	14
POWER													
19.	Haryana Power Generation Corporation Limited	Power	17 March 1997	1998-99	2000-01	(-) 5191.14	Understatement of loss by Rs 24 lakh	7510.07	(-) 5191.14	(+)107152.78	(-) 606.65	-	-
				1999-2000	2001-02	D	Under Audit	15010.07	(-)5191.14	(+)143319.27	(+) 9134.51	6.37	1
20.	Haryana Vidyut Prasaran Nigam Limited	-do-	19 August 1997	1998-99	2001-02	(-) 3317.99	Under finalisation	25491.07	(-)21328.61	(+)107537.93	(+) 5689.84	5.29	2
21.	Uttar Haryana Bijli Vitran Nigam Limited[@]	-do-	15 March 1999	1999-2000	2001-02	(-)23415.79	Under finalisation	57307.61	(-)23415.79	(+) 54261.10	(-) 21932.57	-	1
22.	Dakshin Haryana Bijli Vitran Nigam Limited[@]	-do-	15 March 1999	1999-2000	2001-02	(-)17992.71	Under finalisation	46337.41	(-)17992.71	(+) 42864.73	(-)17130.33	-	1
	Sector wise total					(-) 44726.49		144146.16	(-)67928.25	347983.03	(-) 24238.55	-	-
Total A (Working Govt. Companies)						**(-) 45721.52**		**161856.29**	**(-)73307.43**	**(+) 446187.28**	**(-) 16994.93**		-
B. Working Statutory Corporations													
FINANCING													
1.	Haryana Financial Corporation	Industries	1 April 1967	1999-2000	2001-02	(-) 526.79	Under audit	3387.10	(-) 4886.48	(+) 59602.23	(+) 7075.83	11.87	1
Sector wise total						(-) 526.79	--	3387.10	(-) 4886.48	(+) 59602.23	(+) 7075.83	11.87	--
AGRICULTURE AND ALLIED													
2.	Haryana Warehousing Corporation	Agriculture	1 November 1967	1999-2000	2000-01	(+) 1305.92	Overstatement of profit by Rs 18.77 crore	584.08	(+) 0.43	(+) 29440.57	(+) 1316.99	4.47	-
				2000-01	2001-02	(+) 1911.91	Under audit	584.08	(+) 0.24	(+) 45772.89	(+)1919.92	4.19	-
Sector wise total		-	-	-	-	(+) 1911.91	-	584.08	(+) 0.24	(+) 45772.89	(+) 1919.92	4.19	-
Total B (Working Statutory corporations)		-	-	-	-	**(+) 1385.12**	-	**3971.18**	**(-) 4886.24**	**(+) 105375.12**	**(+) 8995.75**	**8.54**	-
Grand total (A+B)		-	-	-	-	**(-) 44336.40**	-	**165827.45**	**(-)78193.67**	**(+) 551562.40**	**(-)7999.18**	-	

Sl. No.	Sector and name of the Company	Name of Department	Date of Incorporation	Period of accounts	Year in which accounts finalised	Net Profit (+)/ Loss(-)	Net impact of Audit comments	Paid-up capital	Accumulated profit(+)/ loss (-)	Capital employed[A]	Total return on capital employed[C]	Percentage of total return on capital employed	Arrears of accounts in terms of years
1	2	3	4	5	6	7	8	9	10	11	12	13	14
C.	**Non Working Companies**												
1.	Haryana Dairy Development Corporation Limited.	Agriculture	3 November 1969	1999-2000	2000-01	(+) 6.39	Nil	557.48	(-) 673.31	(+) 2.44	(+) 6.39	261.88	1
Sector wise total						(+) 6.39		557.48	(-) 673.31	(+) 2.44	(+) 6.39	261.88	--
2.	Haryana Tanneries Limited	Industry	12 September 1972	1999-2000	2001-02	(-) 331.68	NRC	135.15	(-) 1054.61	(-) 549.98	(+) 118.29	-	1
3.	Punjab State Irons Limited		1 July 1965	1999-2000	2001-02	(+) 0.10	Nil	7.45	(-)1.55	(+) 5.75	(+) 0.10	1.74	1
4.	Haryana Concast Limited@		29 November 1973	1997-98	1998-99	(-)797.09	Nil	685.50	(-) 2718.04	(+) 939.68	(-) 357.03	-	3
Sector wise total						(-) 1128.67		828.10	(-) 3774.20	(+) 395.45	(-) 238.64	-	-
Total C						(-)1122.28		1385.58	(-)4447.51	(+) 397.89	(-)232.25	-	-
Grand Total (A+B+C)						**(-) 45458.68**		**167213.05**	**(-)82641.18**	**551960.29**	**(-) 8231.43**	-	-

A 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).

B Excess of expenditure over income capitalised and no profit and loss account prepared.

C Return on capital employed has been worked out by adding profit plus interest charged to profit and loss account.

@ Subsidiary companies

D The Company's total income was equal to expenditure, hence no profit no loss

ANNEXURE-3

Statement showing subsidy received, guarantees received, waiver of dues, loans on which moratorium allowed and loans converted into equity during the year and subsidy receivable and guarantees outstanding at the end of March 2001

(Referred in paragraph 1.2.2)

(Figures in column 3(a) to 7 are in Rupees in lakh)

Sl. No.	Name of the Public Sector Undertaking	#Subsidy and grants received during the year				Guarantees received during the year and outstanding at the end of the year@					Waiver of dues during the year				Loans on which moratorium allowed	Loans converted into equity during the year
		Central Government	State Government	Others	Total	Cash credit from banks	Loans from other sources	Letter of credit opened by banks in respect of imports	Payment obligation under agreement with foreign consultant or contracts	Total	Loans repayment written off	Interest waived	Penal interest waived	Total		
(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
A. Working Government Companies																
1.	Haryana State Minor Irrigation and Tubewells Corporation Limited		6400.00	-	6400.00	-	-	-	-	-	-	-	-	-	-	-
2.	Haryana Agro Industries Corporation Limited	-	28.83	-	28.83	33000.00 (39109.00)	-	-	-	33000.00 (39109.00)	-	-	-	-	-	-
3.	Haryana Land Reclamation and Development Corporation Limited	432.97	197.39	-	630.36	-	-	-	-	-	-	-	-	-	-	-
4.	Haryana Seeds Development Corporation Limited	19.13$^{\Psi}$	183.80 (183.80)	-	183.80 (183.80) 19.13$^{\Psi}$	- (900.00)	- (337.40)	-	-	- (1237.40)	-	-	-	-	-	-
5.	Haryana State Industrial Development Corporation Limited	250.00$^{\Psi}$	-	-	250.00$^{\Psi}$	-	- (33484.00)	-	-	- (33484.00)	-	-	-	-	-	-
6.	Haryana State Small Industries and Export Corporation Limited	-	1.00 10.00$^{\Psi}$	-	1.00 10.00$^{\Psi}$	-	-	-	-	-	-	-	-	-	-	-
7.	Haryana Roadways Engineering Corporation Limited	-	-	-	-	-	3565.00 (5621.00)	-	-	3565.00 (5621.00)	-	-	-	-	-	-
8.	Haryana State Electronics Development Corporation Limited	-	219.00$^{\Psi}$	-	219.00$^{\Psi}$	-		-	-	-	-	-	-	-	-	-
9.	Hartron Informatics Limited*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Sl. No.	Name of the Public Sector Undertaking	#Subsidy and grants received during the year				Guarantees received during the year and outstanding at the end of the year@					Waiver of dues during the year				Loans on which moratorium allowed	Loans converted into equity during the year
		Central Government	State Government	Others	Total	Cash credit from banks	Loans from other sources	Letter of credit opened by banks in respect of imports	Payment obligation under agreement with foreign consultant or contracts	Total	Loans repayment written off	Interest waived	Penal interest waived	Total		
(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
10.	Haryana State Handloom and Handicrafts Corporation Limited	-	8.00	-	8.00	-	-	-	-	-	-	-	-	-	-	-
11.	Haryana Forest Development Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.	Haryana Minerals Limited*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13.	Haryana Police Housing Corporation Limited	-	-	-	-	-	- (2652.00)	-	-	- (2652.00)	-	-	-	-	-	-
14.	Haryana Roads and Bridges Development Corporation Limited.	-	-	-	-	-	17366.00 (17366.00)	-	-	17366.00 (17366.00)	-	--	--	--	--	--
15.	Haryana Scheduled Castes Finance and Development Corporation Limited	939.68	-	-	939.68	-	- (710.31)	-	-	- (710.31)	-	-	-	-	-	-
16.	Haryana Backward Classes & Economically Weaker Section Kalyan Nigam Limited	-	32.24	-	32.24	-	1000.00 (3500.00)	-	-	1000.00 (3500.00)	-	-	-	-	-	-
17.	Haryana Women Development Corporation Limited	60.00Ψ	20.00 50.00Ψ	-	20.00 110.00Ψ	-	-	-	-	-	-	-	-	-	-	-
18.	Haryana Tourism Corporation Limited	-	200.00Ψ	-	200.00Ψ	-	-	-	-	-	-	-	-	-	-	-
19.	Haryana Power Generation Corporation Limited	-	-	-	-	4100.00 (4100.00)	1010.00 (110426.02)	-	-	5110.00 (114526.02)	-	-	-	-	2177.83	-
20	Haryana Vidyut Prasaran Nigam Limited	-	-	118.61Ψ	118.61Ψ	- (7477.00)	230554.00 (247792.69)	-	-	230554.00 (255269.69)	-	-	-	-	-	-
21	Uttar Haryana Bijli Vitran Nigam Limited*	-	43925.00 (36032.12))	-	43925.00 (36032.12)	2250.00 (214.70)	40500.00 (23639.30)	-	-	42750.00 (23854.00)	-	-	-	-	6147.00	-
22	Dakshin Haryana Bijli Vitran Nigam Limited*		33005.00 (27074.97)	-	33005.00 (27074.97)	-	14833.00 (9502.00)	-	-	14833.00 (9502.00)	-	-	-	-	-	-

Sl. No.	Name of the Public Sector Undertaking	#Subsidy and grants received during the year				Guarantees received during the year and outstanding at the end of the year@					Waiver of dues during the year				Loans on which moratorium allowed	Loans converted into equity during the year
		Central Government	State Government	Others	Total	Cash credit from banks	Loans from other sources	Letter of credit opened by banks in respect of imports	Payment obligation under agreement with foreign consultant or contracts	Total	Loans repayment written off	Interest waived	Penal interest waived	Total		
(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
Total A		**1372.65** **329.13$^{\Psi}$**	**83801.26** **(63290.89)** **479.00$^{\Psi}$**	**118.61$^{\Psi}$**	**85173.91** **(63290.89)** **926.74$^{\Psi}$**	**39350.00** **(51800.70)**	**308828.00** **(455030.72)**	-	-	**348178.00** **(506831.42)**	-	-	-	-	**8324.83**	-
B.	**Working Statutory Corporations**															
1.	Haryana Financial Corporation	-	-	-	-	-	3525.00 (24148.00)	-	-	3525.00 (24148.00)	-	-	-	-	-	-
2.	Haryana Warehousing Corporation	81.15	-	-	81.15	32500.00 (27323.09)	-	-	-	32500.00 (27323.09)	-	-	-	-	-	-
Total B		**81.15**	-	-	**81.15**	**32500.00** **(27323.09)**	**3525.00** **(24148.00)**	-	-	**36025.00** **(51471.09)**	-	-	-	-	-	-
Grand total (A+B)		**1453.80** **329.13$^{\Psi}$**	**83801.26** **(63290.89)** **479.00$^{\Psi}$**	**118.61$^{\Psi}$**	**85255.06** **(63290.89)** **926.74$^{\Psi}$**	**71850.00** **(79123.79)**	**312353.00** **(479178.72)**	-	-	**384203.00** **(558302.51)**	-	-	-	-	**8324.83**	-
C.	**Non-Working Companies**			-	-	-	-	-	-	-	-	-	-	-	-	-
1.	Haryana Dairy Development Corporation Limited.	-		-	-	-	-	-	-	-	-	-	-	-	-	-
2.	Haryana Tanneries Limited	-	-	-	-	-	- (30.00)	-	-	- (30.00)	-	-	-	-	-	-
3.	Punjab State Irons Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.	Haryana Concast Limited*	-	-	-	-	- (2586.19)	-	- (568.04)	-	- (3154.23)	-	-	-	-	-	-
Total C		-	-	-	-	- **(2586.19)**	- **(30.00)**	- **(568.04)**	-	- **(3184.23)**	-	-	-	-	-	-

\# Subsidy included subsidy receivable at the end of the year which also shown in brackets.

@ Figures in brackets indicate guarantees outstanding at the end of the year.

* Subsidiary companies

Ψ Represents grants received.

ANNEXURE-4

Statement showing financial position, working results and operational performance of power sector companies

(Referred to in paragraph No. 1.2.4)

1. Haryana Power Generation Corporation Limited

Financial position

Particulars	1998-99	1999-2000	2000-01 (Provisional)
	(Rs in crore)		
A. Liabilities			
Equity capital	75.10	150.10	212.35
Loans from Government	-	-	-
Other long term loans (including bonds)	1095.85	1335.58	1347.43
Reserves and surplus	-	-	0.05
Current liabilities and provisions	461.83	443.30	548.18
Total –A	**1632.78**	**1928.98**	**2108.01**
B. Assets			
Gross fixed assets	502.75	507.01	520.38
Less: Depreciation	18.44	79.95	127.76
Net fixed assets	484.31	427.06	392.62
Capital works-in-progress	568.61	915.45	1132.42
Investments	47.50	0.15	0.15
Deferred cost	-	-	-
Current assets	480.43	533.98	530.90
Miscellaneous expenditure	0.02	0.43	0.01
Accumulated losses	51.91	51.91	51.91
Total – B	**1632.78**	**1928.98**	**2108.01**
C. Capital employed*	**1071.52**	**1433.19**	**1507.76**

Working results

Sl. No.	Particulars	1998-99	1999-2000	2000-01 (Provisional)
		(Rs in crore)		
1.	(a) Revenue receipts	517.49	807.55	798.50
	(b) Subsidy/subvention from Government	--	-	-
	Total	517.49	807.55	798.50
2.	Revenue expenditure (net of expenses capitalised) including write off of intangible assets but excluding depreciation and interest	446.44	633.52	679.32
3.	Gross surplus(+)/deficit(-) for the year (1-2)	(+) 71.05	(+) 174.03	(+)119.18
4.	Adjustments relating to previous years	6.76	(-) 21.15	(-) 4.34
5.	Final gross surplus (+)/deficit(-) for the year (3+4)	(+) 64.29	(+) 152.88	(+)114.84
6.	Appropriations:			
	(a) Depreciation (less capitalised)	18.45	61.53	47.82

* Capital employed represents net fixed assets (including works-in-progress) plus working capital. While working out working capital, the element of deferred cost and investments are excluded from current assets.

	(b) Interest on Government loans	--	-	-
	(c) Interest on other loans, bonds, advance, etc. and finance charges	85.94	180.31	179.89
	(d) Total interest on loans and finance charges (b+c)	85.94	180.31	179.89
	(e) Less: Interest capitalised	40.10	88.96	112.87
	(f) Net interest charged to revenue (d-e)	45.84	91.35	67.02
	(g) Total appropriation (a+f)	64.29	152.88	114.84
7.	Surplus(+)/deficit(-) before accounting for subsidy from State Government {5-6 (g)-1(b)}	Nil	Nil	Nil
8.	Net surplus (+) deficit(-) {5-6(g)}	Nil	Nil	Nil
9.	Total return on capital employed*	45.84	91.35	67.02
10.	Percentage of return on capital employed	4.28	6.37	4.45

Operational performance

Particulars		1998-99	1999-2000	2000-01 (Provisional)
Installed capacity			(MW)	
(a)	Thermal	815	815	815**
(b)	Hydro	48	48	48
(c)	Gas	-	-	-
(d)	Other/Nuclear	-	-	-
Total		863	863	863
Normal maximum demand Power generated			(MKWH)	
(a)	Thermal	2376.03	3811.39	3550.61
(b)	Hydro	149.15	239.94	241.81
(c)	Gas	-	-	-
(d)	Other	-	-	0.48
Total		**2525.18**	**4051.33**	**3792.90**
Less: Auxiliary consumption				
(a)	Thermal (Percentage)	280.48 (11.80)	445.86 (11.70)	419.04 (11.80)
(b)	Hydro (Percentage)	-	1.47 (0.61)	1.61 (0.67)
(c)	Gas (Percentage)	-	-	-
(d)	Other (Percentage)	-	-	0.01 (2.08)
Total (Percentage)		280.48 (11.80)	447.33 (11.04)	420.66 (11.09)
Net power generated		2244.70	3604	3372.24
	Total power available for sale	2244.70	3604	3372.24
	Power sold:			
(a)	With in the State***	2244.70	3604	3372.24
(b)	Outside the State	--	--	--
	Transmission and distribution losses	--	--	-

* Total return on capital employed represents net surplus/deficit plus total interest charged to profit and loss account (less interest capitalised).

** Excluding Unit VI (210 MW) of Panipat Thermal Power Station, which was synchronised in March 2001 but generation was started from June 2001.

*** The entire generation of power is sold to Haryana Vidyut Prasaran Nigam Limited.

	Load factor (percentage)			
	Panipat Thermal plant	50.43	50.02	47.91
	Faridabad Thermal plant	63.33	65.91	56.91
	Percentage of transmission and distribution losses to total power available for sale	--	--	-
	Number of villages/towns electrified	--	--	-
	Number of pump sets/well energised	--	--	-
	Number of sub-stations	--	--	-
	Transmission/distribution lines (in kms.)	--	--	-
(a)	High/medium voltage	--	--	-
(b)	Low voltage	--	--	-
	Connected load (in MW)	--	--	-
	Number of consumers	--	--	-
	Number of employees	5015	5232	5005
	Consumer/employees Ratio	--	--	-
	Total expenditure on staff during the year (Rupees in crore)	35.04	62.45	72.56
	Percentage of expenditure on staff to total revenue expenditure	7.85	9.86	10.68
		(Paise per KWH)		
(a)	Revenue (excluding subsidy from Government)	230.54	224.07	236.79
(b)	Expenditure	208.24	175.78	201.44
(c)	Profit(+)/Loss(-)	(+) 22.30	48.29	35.35
(d)	Average subsidy claimed from Government	-	-	-
(e)	Average interest charges	19.29	25.35	19.87

2. Haryana Vidyut Prasaran Nigam Limited

Financial position

Particulars	1998-99	1999-2000 (Provisional)	2000-01 (Provisional)
	(Rupees in crore)		
A. Liabilities			
Equity Capital	254.91	477.72	534.16
Loans from Government	88.39	4.61	94.30
Other long term loans (including bonds)	935.97	927.76	2796.39
Reserves and surplus	12.26	0.76	3.48
Current liabilities and provisions	2303.67	2286.20	1494.34
Total – A	**3595.20**	**3697.05**	**4922.67**
B. Assets			
Gross fixed assets	2349.14	648.29	704.51
Less: Depreciation	92.88	43.54	76.44
Net fixed assets	2256.26	604.75	628.07
Capital works-in-progress	176.34	222.97	214.57
Investments	-	1289.09	1339.67
Deferred cost	-	-	-
Current assets	946.45	1332.86	2491.62
Miscellaneous expenditure	2.86	2.14	0.64
Accumulated losses	213.29	245.24	248.10
Total – B	**3595.20**	**3697.05**	**4922.67**
C. Capital employed*	**1075.38**	**(-) 125.62**	**1839.92**

* Capital employed represents net fixed assets (including works-in-progress) plus working capital. While working out working capital the element of deferred cost and investments are excluded from current assets.

Working results

Sl. No.	Particulars	1998-99	1999-2000 (Provisional)	2000-01 (Provisional)
		(Rupees in crore)		
1.	(a) Revenue receipts	1412.76	2800.16	3309.18
	(b) Subsidy/subvention from Government	267.47	83.79	1.19
	Total	**1680.23**	**2883.95**	**3310.37**
2.	Revenue expenditure (net of expenses capitalised) including write off of intangible assets but excluding depreciation and interest	1530.45	2681.34	3019.73
3.	Gross surplus(+)/deficit(-) for the year (1-2)	(+) 149.78	202.61	(+) 290.64
4.	Adjustments relating to previous years	-	-	(+) 0.75
5.	Final gross surplus (+)/deficit(-) for the year (3+4)	(+) 149.78	202.61	291.39
6.	**Appropriations:**			
	(a) Depreciation (less capitalised)	92.88	56.29	34.30
	(b) Interest on Government loans	1.63	4.74	1.35
	(c) Interest on other loans, bonds, advance, etc. and finance charges	98.42	190.78	276.54
	(d) Total interest on loans and finance charges (b+c)	99.05	195.52	277.89
	(e) Less: Interest capitalised	8.97	17.24	20.72
	(f) Net interest charged to revenue (d-e)	90.08	178.28	257.17
	(g) Total appropriation (a+f)	182.96	234.57	291.47
7.	Surplus(+)/deficit(-) before accounting for subsidy from State Government {5-6(g)-1(b)}	(-) 300.65	(-)115.76	(-) 1.27
8.	Net Surplus (+) deficit(-) {5-6(g)}	(-) 33.18	(-)31.96	(-) 0.08
9.	Total return on capital employed*	56.90	146.32	257.09
10.	Percentage of return on capital employed	5.29	-	13.97

Operational performance

Particulars		1998-99	1999-2000 (Provisional)	2000-01 (Provisional)
Power Purchased		(MKWH)		
(a)	Thermal	338.50	361.50	361.50
(b)	Hydro	1058.30	1058.30	1058.30
(c)	Gas	104.10	420.10	566.10
(d)	Other/Nuclear	28.10	65.60	65.60
Total		**1529.00**	**1905.50**	**2051.50**
Normal maximum demand		2619.00	2619.00	2693.00
	Power generated	(MKWH)		
(a)	Thermal	60.73	216.97	215.67
(b)	Hydro	2304.00	3431.60	3006.56
(c)	Gas	-	-	-
(d)	Other	-	-	-
Total		**2364.73**	**3648.57**	**3222.23**

* Total return on capital employed represents net surplus/deficit plus total interest charged to profit and loss account (less interest capitalised).

Less: Auxiliary consumption				
(a)	Thermal (Percentage)	6.42 (10.57)	-	-
(b)	Hydro (Percentage)	-	-	-
(c)	Gas (Percentage)	-	-	-
(d)	Other (Percentage)		-	-
Total (Percentage)		6.42 (10.57)	-	-
Net power generated		2358.31	3648.57	3222.23
Power Purchased		6263.66	11957.16	13650.37
(a)	With in the State	-		-
	Government	-	-	-
	Private	-	-	-
(b)	Other States		-	-
(c)	Central Grid	-	-	-
	Total power available for sale	8621.97	15605.73	16872.60
	Power sold:			
(a)	With in the State	5814.93	12728.51	15423.13
(b)	Outside the State	-	358.46	63
	Transmission and distribution losses	2807.04	2518.76	1386.47
	Percentage of transmission and distribution losses to total power available for sale	32.56	16.14	8.22
	Number of villages/towns electrified	7154	7154	-
	Number of pump sets/wells energised	358764	-	-
	Number of sub-stations	414	417	-
	Transmission/distribution lines (in kms.)	168986	170445	172896
(a)	High/medium voltage	63720	64696	-
(b)	Low voltage	105266	105749	-
	Connected load (in MW)	6987	7221	-
	Number of consumers	3381667	3411180	3449224
	Number of employees	37994	5481	4940
	Consumer/employees Ratio	89:1	-	-
	Total expenditure on staff during the year (Rupees in crore)	247.29	184.04	143.33
	Percentage of expenditure on staff to total revenue expenditure	16.16	7.03	4.75
	Units sold	(MKWH)	-	
(a)	Agriculture (Percentage share to total units sold)	2462.937 (42.36)	-	-
(b)	Industrial (Percentage share to total units sold)	1186.852 (20.41)	-	-
(c)	Commercial (Percentage share to total units sold)	223.526 (3.84)	-	-
(d)	Domestic (Percentage share to total units sold)	1291.167 (22.20)	-	-

(e)	Others (Percentage share to total units sold)	650.444 (11.19)	-	-
	Total	**5814.93 (100)**	-	
		(paise per KWH)		
(a)	Revenue (excluding subsidy from Government)	242.95	213.96	213.68
(b)	Expenditure*	263.19	204.88	195.00
(c)	Profit(+)/Loss(-)	(-)20.24	(+) 9.08	18.68
(d)	Average subsidy claimed from Government	46.00	6.40	0.08
(e)	Average interest charges	15.49	13.62	16.61

3. Uttar Haryana Bijli Vitran Nigam Limited

Financial position

Particulars	1999-2000	2000-01 (Provisional)
	(Rupees in crore)	
A. Liabilities		
Equity Capital	573.08	660.87
Loans from Government	-	-
Other long term loans (including bonds)	190.23	331.78
Reserves and surplus	14.09	29.66
Current liabilities and provisions	720.61	1176.59
Total – A	**1498.01**	**2198.90**
B. Assets		
Gross fixed assets	787.09	852.38
Less: Depreciation	94.59	156.87
Net fixed assets	692.50	695.51
Capital works-in-progress	1.71	5.75
Deferred cost	-	-
Current assets	569.01	1173.42
Investments	-	-
Miscellaneous expenditure	0.63	0.47
Accumulated losses	234.16	323.75
Total – B	**1498.01**	**2198.90**
C. Capital employed**	**542.61**	**698.09**

Working results

Sl. No.	Particulars	1999-2000	2000-01 (Provisional)
		(Rupees in crore)	
1.	(a) Revenue receipts	789.59	1373.39
	(b) Subsidy/subvention from Government	189.62	455.27
	Total	**979.21**	**1828.66**
2.	Revenue expenditure (net of expenses capitalised) including write off of intangible assets but excluding depreciation and interest	1154.31	1825.73
3.	Gross surplus(+)/deficit(-) for the year (1-2)	(-) 175.10	(+) 2.93
4.	Adjustments relating to previous years	-	(-) 0.81

* Revenue expenditure includes depreciation but excludes interest on long-term loans.

** Capital employed represents net fixed assets (including works-in-progress) plus working capital. While working out working capital the element of deferred cost and investments are excluded from current assets.

5.	Final gross surplus (+)/deficit (-) for the year (3+4)	(-) 175.10	(+) 2.12
6.	**Appropriations:**		
	(a) Depreciation (less capitalised)	44.22	61.77
	(b) Interest on Government loans	0.68	-
	(c) Interest on other loans, bonds, advance, etc. and finance charges	14.72	28.99
	(d) Total interest on loans and finance charges (b+c)	15.40	28.99
	(e) Less: Interest capitalised	0.56	1.18
	(f) Net interest charged to revenue (d-e)	14.84	27.81
	(g) Contingency reserve	-	2.13
	(h) Total appropriation (a+f+g)	59.06	91.71
7.	Surplus (+)/deficit(-) before accounting for subsidy from State Government {5-6(h)-1(b)}	(-) 423.78	(-) 544.86
8.	Net Surplus (+) deficit (-) {5-6(h)}	(-) 234.16	(-) 89.59
9.	Total return on capital employed*	(-) 219.32	(-) 61.78
10.	Percentage of return on capital employed	--	-

Operational performance

Particulars		1999-2000 (July 1999 to March 2000)	2000-01 (Provisional)
Power Purchased		(MKWH)	
(a)	With in the State		
	Government:	5213.330	7326.05
	Private:	-	-
(b)	Other States	-	-
(c)	Central Grid	-	-
	Total power available for sale	5213.330	7326.05
	Power sold:		
(a)	With in the State	3893.601	5256.749
(b)	Outside the State	-	-
	Transmission and distribution losses	1319.729	2069.301
	Load factor (percentage)	-	-
	Percentage of transmission and distribution losses to total power available for sale	25.31	28.25
	Number of villages/towns electrified	-	-
	Number of pump sets/wells energised	218065	221200
	Number of sub-stations	132	134
	Transmission/distribution lines (in kms.)	-	-
(a)	High/medium voltage	28905	29006
(b)	Low voltage	58157	58255
	Connected load (in MW)	3754.90	3957.743
	Number of consumers	1877156	1931486
	Number of employees	17929	17728
	Consumer/employees Ratio	105:1	109:1
	Total expenditure on staff during the year (Rupees in crore)	147.84	205.37
	Percentage of expenditure on staff to total revenue expenditure	12.81	11.25

* Total return on capital employed represents net surplus/deficit plus total interest charged to profit and loss account (less interest capitalised).

	Units sold	(MKWH)	
(a)	Agriculture (Percentage share to total units sold)	2116.549 (54.36)	2617.848 (49.80)
(b)	Industrial (Percentage share to total units sold)	638.736 (16.40)	917.003 (17.44)
(c)	Commercial (Percentage share to total units sold)	154.236 (3.96)	228.699 (4.35)
(d)	Domestic (Percentage share to total units sold)	830.512 (21.33)	1130.655 (21.51)
(e)	Others (Percentage share to total units sold)	153.568 (3.95)	362.544 (6.90)
	Total	**3893.601** **(100)**	**5256.749** **(100)**
		(Paise per KWH)	
(a)	Revenue (excluding subsidy from Government)	151.46	261.26
(b)	Expenditure*	221.42	347.31
(c)	Profit(+)/Loss(-)	(-) 69.96	(-) 86.05
(d)	Average subsidy claimed from Government	36.37	86.61
(e)	Average interest charges	2.85	5.29

4 Dakshin Haryana Bijli Vitran Nigam Limited

Financial position

Particulars	1999-2000	2000-01 (Provisional)
	(Rupees in crore)	
A. Liabilities		
Equity Capital	463.37	521.89
Loans from Government	--	-
Other long term loans (including bonds)	130.27	164.39
Reserves and surplus	15.57	45.62
Current liabilities and provisions	685.04	937.45
Total – A	**1294.25**	**1669.35**
B. Assets		
Gross fixed assets	726.48	783.78
Less: Depreciation	80.18	134.87
Net fixed assets	646.30	648.91
Capital works-in-progress	8.15	11.22
Investments	-	-
Deferred cost	-	-
Current assets	459.24	744.45
Miscellaneous expenditure	0.63	0.47
Accumulated losses	179.93	264.30
Total – B	**1294.25**	**1669.35**
C. Capital employed**	**428.65**	**467.13**

* Revenue expenditure includes depreciation but excludes interest on long-term loans.

** Capital employed represents net fixed assets (including works-in-progress) plus working capital. While working out working capital the element of deferred cost and investments are excluded from current assets.

Working results

Sl. No.	Particulars	1999-2000	2000-01 (Provisional)
		(Rupees in crore)	
1.	(a) Revenue receipts	801.80	1369.13
	(b) Subsidy/subvention from Government	138.59	314.03
	Total	**940.39**	**1683.16**
2.	Revenue expenditure (net of expenses capitalised) including write off of intangible assets but excluding depreciation and interest	1074.02	1697.97
3.	Gross surplus (+)/deficit(-) for the year (1-2)	(-) 133.63	(-) 14.81
4.	Adjustments relating to previous years	-	(+) 0.09
5.	Final gross surplus (+)/deficit (-) for the year (3+4)	(-) 133.63	(-) 14.72
6.	**Appropriations:**		
	(a) Depreciation (less capitalised)	37.68	53.54
	(b) Interest on Government loans	-	-
	(c) Interest on other loans, bonds, advance, etc. and finance charges	9.40	15.70
	(d) Total interest on loans and finance charges (b+c)	9.40	15.70
	(e) Less: Interest capitalised	0.78	1.55
	(f) Net interest charged to revenue (d-e)	8.62	14.15
	(g)Contingency Reserve	-	1.96
	(h) Total appropriation (a+f+g)	46.30	69.65
7.	Surplus(+)/deficit(-) before accounting for subsidy from State Government {5-6(h)-1(b)}	(-) 318.52	(-) 398.40
8.	Net Surplus (+) deficit (-) {5-6(h)}	(-) 179.93	(-) 84.37
9.	Total return on capital employed*	(-) 171.31	(-) 70.22
10.	Percentage of return on capital employed	-	-

Operational performance

Particulars		1999-2000 (July 1999 to March 2000)	2000-01 (Provisional)
Power Purchased		(MKWH)	
(a)	With in the State		
	Government:	5014.56	6971
	Private:	-	-
(b)	Other States	-	-
(c)	Central Grid	-	-
	Total power available for sale	5014.56	6971
	Power sold:		
(a)	With in the State	3493.89	4894.017
(b)	Outside the State	-	-
	Transmission and distribution losses	1520.67	2076.983
	Load factor (percentage)	-	-
	Percentage of transmission and distribution losses to total power available for sale	30.33	29.79
	Number of villages/towns electrified	3333	3333
	Number of pump sets/wells energised	135100	137369
	Number of sub-stations	163	113
	Transmission/distribution lines (in kms.)		

* Total return on capital employed represents net surplus/deficit plus total interest charged to profit and loss account (less interest capitalised).

(a)	High/medium voltage	28726	29221
(b)	Low voltage	47541	47960
	Connected load (in MW)	3364.82	3657.06
	Number of consumers	1534324	1547541
	Number of employees	13920	13528
	Consumer/employees Ratio	110:1	114:1
	Total expenditure on staff during the year (Rupees in crore)	117.74	163.02
	Percentage of expenditure on staff to total revenue expenditure	10.96	9.60
	Units sold	(MKWH)	
(a)	Agriculture (Percentage share to total units sold)	1483.610 (42.46)	2134.934 (43.62)
(b)	Industrial (Percentage share to total units sold)	786.45 (22.51)	1189.532 (24.31)
(c)	Commercial (Percentage share to total units sold)	150.43 (4.31)	230.214 (4.70)
(d)	Domestic (Percentage share to total units sold)	752.090 (21.52)	1028.950 (21.03)
(e)	Others (Percentage share to total units sold)	321.31 (9.20)	310.387 (6.34)
	Total	**3493.89** **(100)**	**4894.017** **(100)**
		(Paise per KWH)	
(a)	Revenue (excluding subsidy from Government)	229.49	279.76
(b)	Expenditure*	307.40	346.95
(c)	Profit (+)/Loss (-)	(-)77.91	(-) 67.19
(d)	Average subsidy claimed from Government	39.67	64.17
(e)	Average interest charges	2.47	2.89

* Revenue expenditure includes depreciation but excludes interest on long-term loans.

ANNEXURE – 5
Statement showing financial position of Statutory Corporations
(Referred to in paragraph No.1.2.4)

1. Haryana Financial Corporation

	Particulars	1997-98	1998-99	1999-2000
			(Rupees in crore)	
A.	**Liabilities**			
	Paid-up capital	33.87	33.87	33.87
	Share application money	-	-	-
	Reserve fund and other reserves and surplus	20.46	14.41	14.41
	Borrowings:			
(i)	Bonds and debentures	206.63	223.46	223.46
(ii)	Fixed deposits	24.10	29.32	26.68
(iii)	Industrial Development Bank of India and Small Industries Development Bank of India	278.46	279.69	243.66
(iv)	Reserve Bank of India	5.45	6.00	-
(v)	Loan in lieu of share capital:			
(a)	State Government	-	-	-
(b)	Industrial Development Bank of India	-	-	-
(vi)	Others (including State Government)	79.27	53.58	35.63
	Other liabilities and provisions	49.97	72.40	96.16
	Total A	**698.21**	**712.73**	**673.87**
B.	**Assets**			
	Cash and Bank balances	32.73	50.49	35.60
	Investments	10.25	10.25	9.93
	Loans and Advances	589.41	577.02	534.78
	Net Fixed assets	28.55	24.14	23.01
	Other assets	12.03	14.54	14.57
	Miscellaneous expenditure and deficit	25.24	36.29	55.98
	Total B	**698.21**	**712.73**	**673.87**
C.	**Capital employed***	**668.17**	**632.06**	**596.02**

* Capital employed represents the mean of the aggregate of opening and closing balances of paid-up capital, loans in lieu of capital, seed money, debentures, reserves (other than those which have been funded specifically and backed by investments outside), bonds, deposits and borrowings (including refinance).

2. Haryana Warehousing Corporation

	Particulars	1998-99	1999-2000	2000-01
			(Rupees in crore)	
A.	**Liabilities**			
	Paid-up-capital	5.84	5.84	5.84
	Reserves and surplus	142.68	155.03	177.71
	Borrowings:-Government Others	 84.41	 133.54	274.18
	Trade dues and current liabilities (including provision)	25.91	30.71	38.41
	Total-A	**258.84**	**325.12**	**496.14**
B.	**Assets**			
	Gross block	48.92	54.49	63.61
	Less: Depreciation	11.20	12.27	13.59
	Net Fixed assets	37.72	42.22	50.02
	Capital works-in-progress	4.21	9.73	6.52
	Current assets, loans and advances	216.91	273.17	439.60
	Total B	**258.84**	**325.12**	**496.14**
C.	**Capital employed***	**232.93**	**294.41**	**457.73**

* Capital employed represents the net fixed assets (including capital works-in-progress) plus working capital.

ANNEXURE-6

Statement showing working results of Statutory corporations

(Referred to in paragraph 1.2.4)

1. Haryana Financial Corporation

	Particulars	1997-98	1998-99	1999-2000
		(Rupees in crore)		
1.	**Income**			
(a)	Interest on loans	102.20	85.72	78.77
(b)	Other income	8.44	6.29	4.88
	Total-1	**110.64**	**92.01**	**83.65**
2.	**Expenses**			
(a)	Interest on long-term loans	90.98	80.15	76.03
(b)	Other expenses	17.08	10.09	12.89
	Total-2	**108.06**	**90.24**	**88.92**
3.	Profit before tax (1-2)	2.58	1.77	(-) 5.27
4.	Provision for tax	0.34	0.19	-
5.	Other appropriations	0.63	0.55	-
6.	Provision for non performing assets	8.30	16.88	-
7	Amount available for dividend	(-) 6.69	(-) 15.85	(-) 5.27
8	Dividend paid/payable	1.45	1.94	1.94
9	Total return on Capital employed	93.56	81.73	70.76
10	Percentage of return on capital employed	14	13	12

2. Haryana Warehousing Corporation

	Particulars	1998-99	1999-2000	2000-01
		(Rupees in crore)		
1	**Income**			
(a)	Warehousing charges	15.76	17.58	25.50
(b)	Other income	19.40	12.20	13.07
	Total-1	**35.16**	**29.78**	**38.57**
2	**Expenses**			
(a)	Establishment charges	6.20	7.62	8.05
(b)	Other expenses	6.66	9.10	11.40
	Total-2	**12.86**	**16.72**	**19.45**
3	Profit (+)/Loss(-) before tax	22.30	13.06	19.12
4	Prior period adjustments	0.20	-	-
5	Other appropriations	21.52	12.48	18.54
6	Amount available for dividend	0.58	0.58	0.58
7	Dividend for the year	0.58	0.58	0.58
8	Total return on capital employed	22.44	13.17	19.20
9	Percentage of return on capital employed	9.6	4.5	4.2

ANNEXURE – 7

Statement showing operational performance of Statutory corporations

(Referred to in paragraph No. 1.2.4.2.3)

1. Haryana Financial Corporation

Particulars	1998-99		1999-2000		2000-01	
	Number	Amount	Number	Amount	Number	Amount
	(Amount Rupees in crore)				(provisional)	
Applications pending at the beginning of the year	157	52.26	85	28.42	113	44.00
Applications received	419	133.00	390	132.83	362	147.27
Total	**576**	**185.26**	**475**	**161.25**	**475**	**191.27**
Applications sanctioned	380	115.34	293	87.83	325	127.14
Applications cancelled/withdrawn/ rejected/ reduced	111	41.50	69	29.42	88	40.07
Applications pending at the close of the year	85	28.42	113	44.00	62	24.06
Loans disbursed	512	78.89	352	65.45	311	54.56
Loan outstanding at the close of the year	5725	584.85	5248	540.72	4753	488.98
Amount overdue for recovery at the close of the year						
(a) Principal		133.00		161.37		180.86
(b) Interest		312.07		412.36		543.65
Total	**3904**	**445.07**	**3825**	**573.73**	**NA**	**724.51**
Amount involved in recovery certificate cases		NA		507.54		650.22
Percentage of overdue to the total loans outstanding		22.74		29.84		36.99

2. Haryana Warehousing Corporation

Particulars	1998-99	1999-2000	2000-01
Number of stations covered	103	104	105
Storage capacity created up to the end of the year (tonne in lakh)			
(a) Owned	8.17	8.35	8.25
(b) Hired	2.27	2.19	4.08
Total	**10.44**	**10.54**	**12.33**
Average capacity utilised during the year (tonne in lakh)	8.65	7.20	11.68
Percentage of utilisation	82.85	68.31	94.73
Average revenue per tonne per year (Rupees)	182.11	244.17	218.32
Average expenses per tonne per year (Rupees)	145.49	232.22	166.52

ANNEXURE - 8

Statement showing the department wise break-up of Inspection Reports outstanding as on 30 September 2001

(Referred to in paragraph No. 1.8)

Sl. No.	Name of Department	No. of SLPSUs	No. of Outstanding IRs	No. of Outstanding Paragraphs	Year from which observations outstanding
A.	Working PSUs				
1.	Agriculture	5	53	123	1993-94
2.	Industry	3	8	51	1996-97
3.	Transport	1	5	25	1994-95
4.	Electronics	2	3	6	1997-98
5.	Forest	1	3	11	1996-97
6.	Mining and Geology	1	5	22	1995-96
7.	Home	1	1	3	1999-2000
8.	Scheduled Castes and Backward Classes Welfare Department	2	6	16	1992-93
9.	Women and Child Development Department	1	6	15	1994-95
10.	Tourism and Public Relations	1	3	3	1995-96
11.	Power	4	463	805	1981-82
	Total	**22**	**556**	**1080**	
B.	Non-Working PSUs				
1.	Agriculture	1	1	1	1995-96
2.	Industry	1	2	5	1994-95
	Total	**2**	**3**	**6**	
	Grand Total (A+B)	**24**	**559**	**1086**	

ANNEXURE – 9

Statement showing the department wise draft paragraphs/reviews, reply to which were awaited.

(Referred to in paragraph No. 1.8)

Sl. No.	Name of the Department	No. of draft paragraphs	No. of reviews	Period of issue of draft paragraphs/ reviews
1.	Agriculture	4	-	February 2001 to May 2001
2.	Industry	3	2	April 2001 to May 2001
3.	Power	4	2	February 2001 to May 2001
4.	Mining & Geology	1	-	March 2001
	Total	**12**	4	

ANNEXURE-10

Statement showing operational and financial performance of the erstwhile Board and companies before and after restructuring

(Referred to in paragraph 2A.11)

Sl. No.	Particulars	Pre restructuring period			Post restructuring period					
		1996-97	1997-98	1 April 98 to 14 August 98	14 August 1998 to 31 March 1999		1999-2000		2000-01	
					As per Reform Programme	Actual	As per Reform Programme	Actual	As per Reform Programme	Actual
1.	Plant load factor (per cent)									
	Panipat Thermal Power Station(Units I toV)	48.36	50.38	40.27	57	50.43	61	50.02	66	47.91
	Faridabad Thermal Power Station	44.92	44.41	52.93	57	63.33	61	65.91	66	56.91
2.	Transmission and distribution losses (per cent)	31.71	33.37	36.12	32	32.56	31	36.56	29	38.80
3.	Percentage of damage of transformers	31.77	34.17	28.84	26	28.84	24	25.83	22	NA
4.	Increase in agriculture tariff (per cent)	-	0	-	0	0	37	Nil	33	47.8
5.	Increase in non-agriculture tariff (per cent)	20	0	15	15	15	10	Nil	10	9.15
6.	Average revenue (paise per Kwh)	169.83	207.13	190.80	269	242.94	299	224.98	330	NA
7.	Average cost of supply (paise per Kwh)	235.40	287.53	296.70	284	292.64	292	330.28	320	NA
8.	Percentage of subsidy to total revenue	40.79	39.89	14.56	18.6	18.93	16.4	18.64	10.8	NA
9.	Return on net worth (per cent)*	-	-	-	(-) 56	(-)542.54	10	(-)177.80	16	NA
10.	Net receivables (month's sales)	4.1	4.8	5.9	3.00	5.10	2.4	6.33	2.1	NA

* Return on net worth represents profit (excluding subsidy from State Government) divided by paid-up capital *plus* reserves less intangible assets.

ANNEXURE-11

Statement showing operational performance of the five Units of Panipat Thermal Power Station for the five years up to 2000-01

(Referred to in paragraph 2B.4.1)

Sl. No.	Particulars	Unit	1996-97	1997-98	1998-99	1999-2000	2000-01
1.	Generating capacity* (MUs) (110x8760/1000 210x8760/1000)	I	963.6	963.6	963.6	966.2	963.6
		II	963.6	963.6	963.6	966.2	963.6
		III	963.6	963.6	963.6	966.2	963.6
		IV	963.6	963.6	963.6	966.2	963.6
		V	1839.6	1839.6	1839.6	1844.6	1839.6
2	Total hours available in a year (Per Unit)		8760	8760	8760	8784	8760
3.	Actual running hours	I	5220	4464	3221	6890	7326
		II	4873	4989	5210	0	0**
		III	3737	5426	3756	4772	4458
		IV	5811	4529	6992	6541	7554
		V	7820	7752	6628	7833	6388
		Total	**27461**	**27160**	**25807**	**26036**	**25726**
4	Percentage of plant availability (Item 3/Item 2x100)	I	59.59	50.96	36.77	78.44	83.63
		II	55.63	56.95	59.47	0	0
		III	42.66	61.94	42.88	54.33	50.89
		IV	66.34	51.70	79.82	74.46	86.23
		V	89.27	88.49	75.66	89.17	72.92
5.	Possible generation with reference to hours actually operated (MUs) (Item 3 x unit capacity in MW/1000)	I	574.20	491.04	354.31	757.90	805.86
		II	536.03	548.79	573.10	0	0
		III	411.07	596.86	413.16	524.92	490.38
		IV	639.21	498.19	769.12	719.51	830.94
		V	1642.20	1627.92	1391.88	1644.93	1341.48
6.	Actual generation (MUs)	I	318.20	261.79	211.02	429.66	444.87
		II	276.59	289.45	307.93	0	0
		Total	**594.79**	**551.24**	**518.95**	**429.66**	**444.87**
		III	274.00	403.08	268.22	317.00	352.08
		IV	326.74	371.35	551.68	490.74	603.10
		Total	**600.74**	**774.43**	**819.90**	**807.74**	**955.18**
		V	1558.10	1543.17	1317.19	1618.64	1327.94
7.	Shortfall (Item 5-Item 6)/Percentage of actual generation to possible generation (in brackets) (Item 6 / Item 5x 100)	I	256.00	229.25	143.29	328.24	360.99
			(55.42)	(53.31)	(59.56)	(56.69)	(55.20)
		II	259.44	259.34	265.17	0	0
			(51.60)	(52.74)	(53.73)	(0)	(0)
		III	137.07	193.78	144.94	207.92	138.30
			(66.66)	(67.53)	(64.92)	(60.39)	(71.80)
		IV	312.47	126.84	217.44	228.77	227.84
			(51.12)	(74.54)	(71.73)	(68.20)	(72.58)
		V	84.10	84.75	74.69	26.29	13.54
			(94.88)	(94.79)	(94.63)	(98.40)	(98.99)
8.	Actual generation per KW of installed capacity (KWH) (Item 6/unit capacity in MW x 1000)	I	2893	2380	1918	3906	4044
		II	2514	2631	2799	0	0
		III	2491	3664	2438	2882	3201
		IV	2970	3376	5015	4461	5483
		V	7420	7348	6282	7708	6324

* Generating capacity means required generation during total hours available in a year.

** Unit II placed under shutdown from 22 January 1999 for refurbishment work.

Sl. No.	Particulars	Unit	1996-97	1997-98	1998-99	1999-2000	2000-01
9.	Plant load factor (*per cent*)* (Item 6/Item 1 x 100)	I	33.02	27.17	21.90	44.47	46.17
		II	28.70	30.04	31.96	0	0
		III	28.44	41.83	27.84	32.81	36.54
		IV	33.91	38.54	57.25	50.79	62.59
		V	84.70	83.89	71.60	87.75	72.19
10.	Auxiliary consumption (MUs)	I&II	87.82	69.63	67.50	55.43	57.02
		III & IV	75.53	96.85	104.72	104.25	120.70
		V	171.94	172.08	139.95	166.20	134.21
11.	Percentage of auxiliary consumption (Item 10/Item 6 x 100)	I&II	14.76	12.63	13.00	12.90	12.82
		III&IV	12.57	12.51	12.77	12.91	12.64
		V	11.04	11.15	10.62	10.27	10.11

* Plant load factor represents the percentage of actual generation to generating capacity.

ANNEXURE-12

Statement showing cost of generation per unit, cost per unit of power sent out at Panipat Thermal Power Station during five years up to 2000-01

(Referred to in paragraph 2B.5)

Sl. No.	Particulars	1996-97	1997-98	1998-99	1999-2000	2000-01
1.	(a) Gross generation (MUs) (b) Auxiliary consumption (MUs) (c) Power available for sale (a-b) (MUs)	2753.63 335.29 2418.34	2868.84 338.56 2530.28	2656.04 312.17 2343.87	2856.04 325.88 2530.16	2727.99 311.93 2416.06
2.	Cost of generation (Rs in crore) i) Coal ii) Oil iii) Operation and maintenance iv) Salaries and Wages v) Indirect cost (interest and depreciation) **Total cost of generation**	 293.64 32.51 23.86 23.72 101.68 **475.41**	 345.67 26.16 21.77 24.19 101.82 **519.61**	 403.42 22.82 34.07 35.65 83.57 **579.53**	 405.59 12.78 32.82 29.56 84.77 **565.52**	 377.07 17.09 37.44 33.91 111.87 **577.38**
3.	Total cost per Unit (Paise) (a) Power generated (b) Power available for sale	 172.65 196.59	 181.12 205.36	 218.19 247.25	 198.01 223.51	 211.64 238.97
4.	Break up of cost per Unit available for sale (Paise) i) Coal ii) Oil iii) Operation and Maintenance iv) Salaries and wages v) Indirect cost (Interest and depreciation) **Total**	 121.42 13.44 9.87 9.81 42.05 **196.59**	 136.61 10.34 8.61 9.56 40.24 **205.36**	 172.12 9.73 14.54 15.21 35.65 **247.25**	 160.30 5.05 12.97 11.68 33.51 **223.51**	 156.07 7.07 15.50 14.03 46.30 **238.97**
5.	Average revenue per unit (Paise)	155.29	187.36	168.41* 229.36	222.15	236.00
6.	Loss per unit (Paise)	41.30	18.00	78.84 17.89	1.36	2.97
7.	**Total loss (Rupees in crore)**	**99.88**	**45.55**	**87.54**	**3.44**	**7.18**

* Power available was sold to the erstwhile Board: 748.36 MUs (average revenue: 168.41 Paise per unit) and HVPNL: 1595.50 MUs (average revenue: 229.36 Paise per unit).

ANNEXURE-13

Statement showing average calorific value of coal, stipulated heat rate, standard consumption of coal, actual and excess consumption of coal at Panipat Thermal Power Station during five years up to 2000-01

(Referred to in paragraph 2B.6)

Sl. No.	Particulars	Unit	1996-97	1997-98	1998-99	1999-2000	2000-01
1.	Average calorific value of coal (K.cal/Kg.)		3855	3865	3902	3979	4053
2.	Stipulated heat rate as per standard adopted* (K.cal/KWH)	I to IV V	2232 1988.02	2232 1988.02	2232 1988.02	2232 1988.02	2232 1988.02
3.	Stipulated heat rate at 87 *per cent* (Unit I to IV) boiler efficiency and 86 *per cent* (Unit V) boiler efficiency (k. cal/KWH) (Item 2 x 100)/87/86	I to IV V	2566 2312	2566 2312	2566 2312	2566 2312	2566 2312
4.	Standard consumption of coal for generation per KWH (gms) (Item 3 ÷ Item 1x1000)	I to IV V	666 600	664 598	658 593	645 581	633 570
5.	Actual generation (MUS)	I to IV V	1195.53 1558.10	1325.67 1543.17	1338.85 1317.19	1237.40 1618.64	1400.05 1327.94
6.	Standard consumption of coal for actual generation (tonnes) (Item 4xItem 5)	I to IV V	796223 934860	880245 922816	880963 781094	798123 940430	886232 756926
7.	Actual consumption of coal (tonnes)	I to IV V	1115433 1134935	1237190 1136851	1245089 943017	1111122 1126969	1231772 926394
8.	Excess consumption of coal (tonnes) (Item 7 - Item 6)	I to IV V	319210 200075	356945 214035	364126 161923	312999 186539	345540 169468
	Total		**519285**	**570980**	**526049**	**499538**	**515008**
9.	Average procurement cost of coal (Rupees per tonne)		1304.84	1456.04	1843.72	1812.23	1747.18
10.	Cost of excess coal consumed (Rupees in lakh)		6775.84	8313.70	9698.87	9052.78	8998.12

* Turbine load has been considered as 65 MW per unit for Units I to IV and full load (210 MW) for Unit V.

ANNEXURE-14

Statement showing inflow and outflow of funds for industrial activity of Haryana State Industrial Development Corporation Limited during the five years up to 1999-2000

(Referred to in paragraph 2C.4)

INFLOW												
Particulars	1995-96		1996-97		1997-98		1998-99		1999-2000		Total	
	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual
(Rupees in crore)												
Recovery from allottees	20.35	36.78	44.49	43.81	104.00	48.54	87.79	48.26	98.21	78.51	354.84	255.90
Equity	8.00	8.00	-	-	-	0.75	-	-	6.00	-	14.00	8.75
Grants	4.34	2.00	14.54	4.00	11.74	3.20	10.69	6.31	8.60	1.30	49.91	16.81
Loan from Financial Institutions	2.00	-	193.50	13.50	133.00	88.00	161.20	47.00	83.00	45.50	572.70	194.00
Total	**34.69**	**46.78**	**252.53**	**61.31**	**248.74**	**140.49**	**259.68**	**101.57**	**195.81**	**125.31**	**991.45**	**475.46**
OUTFLOW												
Development expenditure	15.92	10.84	13.00	10.34	66.25	11.16	76.18	20.33	106.97	42.20	278.32	94.87
Payment of land to HUDA/ Private agency	9.00	19.58	224.20	57.37	130.50	83.95	152.20	27.70	30.60	33.68	546.50	222.28
Repayment of loan and interest	0.88	0.51	0.50	-	24.54	29.13	36.32	22.19	44.49	37.81	106.73	89.64
Refund of application money	4.00	6.48	11.50	15.19	1.81	4.33	3.00	17.03	10.70	6.62	31.01	49.65
Salary and administrative expenses	-	-	-	-	-	2.63	3.73	3.87	4.19	4.37.	7.92	10.87
Total	**29.80**	**37.41**	**249.20**	**82.90**	**223.10**	**131.20**	**271.43**	**91.12**	**196.95**	**124.68**	**970.48**	**467.31**
Surplus (+)/ Deficit (-)	**(+) 4.89**	**(+)9.37**	**(+) 3.33**	**(-)21.59**	**(+)25.64**	**(+)9.29**	**(-)11.75**	**(+)10.45**	**(-) 1.14**	**(+)0.63**	**(+) 20.97**	**(+) 8.15**

ANNEXURE - 15

Statement showing financial position of Haryana State Small Industries and Export Corporation Limited for the five years up to 1999-2000

(Referred to in Paragraph No. 2D.6)

Sl. No.	Particulars	1995-96	1996-97	1997-98	1998-99	1999-2000
		(Rupees in lakh)				
A.	**LIABILITIES**					
(a)	Paid-up-capital	128.67	169.05	185.05	188.22	190.88
(b)	Reserve and Surplus					
	(i) Capital Reserve	107.08	107.38	110.01	108.20	115.04
	(ii)General Reserve	1.81	21.90	24.30	42.44	-
(c)	Borrowings	518.07	308.77	452.28	744.40	692.81
(d)	Trade dues and other current liabilities (including provisions)*	2376.44	3658.53	2125.68	2124.20	2345.45
	TOTAL 'A'	**3132.07**	**4265.63**	**2897.32**	**3207.46**	**3344.18**
B.	**ASSETS**					
(a)	Gross block	252.31	253.68	263.75	265.99	277.78
(b)	Less: depreciation	77.79	82.82	91.54	95.52	95.45
(c)	Net fixed assets	174.52	170.86	172.21	170.47	182.33
(d)	Investments	0.70	0.70	0.70	0.70	0.70
(e)	Current assets loans and advances	2956.85	4094.07	2724.41	3036.29	3068.65
(f)	Accumulated loss	-	-	-	-	92.50
	TOTAL 'B'	**3132.07**	**4265.63**	**2897.32**	**3207.46**	**3344.18**
C.	Capital employed **	761.15	612.62	777.16	1088.78	905.53
D.	Net worth ***	130.48	190.95	209.35	230.66	98.38

* Includes provision for gratuity amounting to Rs 6.22 lakh during 1995-96 to 1998-99.

** Capital employed represents net fixed assets plus working capital.

*** Net worth represents paid-up capital plus free reserves less intangible assets.

ANNEXURE - 16

Statement showing working results of Haryana State Small Industries & Export Corporation Limited for the five years up to 1999-2000

(Referred to in paragraph No. 2D.6)

Sl.No.	Particulars	1995-96	1996-97	1997-98	1998-99	1999-2000
				(Rupees in lakh)		
A.	**Income**					
(a)	Sales	13619.84	18703.37	14248.23	16406.36	13453.80
(b)	Other Income	162.66	226.37	231.85	157.96	161.30
(c)	Grants received	45.00	27.68	35.22	27.69	24.50
(d)	Accretion (+)/decretion (-) to stock	(+) 334.44	(+) 668.92	(-) 16.41	(-) 817.56	(+)1170.47
	TOTAL 'A'	**14161.94**	**19626.34**	**14498.89**	**15774.45**	**14810.07**
B.	Expenditure					
(a)	Purchases	13513.35	18818.28	13857.81	15069.99	14225.40
(b)	Employees remuneration and other benefits	350.36	452.07	492.10	560.42	609.74
(c)	Other expenses	184.83	178.57	92.62	98.68	87.25
(d)	Interest	76.80	122.66	51.59	17.85	22.62
	TOTAL 'B'	**14125.34**	**19571.58**	**14494.12**	**15746.94**	**14945.01**
	Profit (+)/Loss(-)	(+) 36.60	(+) 54.76	(+) 4.77	(+) 27.51	(-) 134.94
	Provision for tax	-	25.37	2.37	9.37	-
	Profit/loss after tax	(+) 36.60	(+) 29.39	(+) 2.40	(+) 18.14	(-)134.94

ANNEXURE-17

Statement showing working results of raw material depots of Haryana State Small Industries & Export Corporation Limited for the last five years up to 2000-01

(Referred to in paragraph No.2D.7.1 2)

(Rupees in lakh)

		Ambala	Karnal	Panipat	Chandigarh	Sonepat	Rohtak	Y.Nagar	Gurgaon	Faridabad	Hisar	Kurukshetra	Bhiwani	Jind	M.Dabwali	Rewari	Bahadurgarh
1996-97	Turnover	88.02	318.75	90.73	4046.09	11.42	147.55	113.08	61.82	10966.86	29.47	19.01	11.81	4.20	4.92	68.46	207.71
	Income	2.46	9.98	2.78	98.91	0.52	5.47	4.11	7.01	417.30	0.81	0.51	0.33	0.10	0.10	3.15	6.39
	Expenditure	6.16	11.67	7.66	31.37	6.55	9.08	6.68	5.22	128.15	5.61	4.40	4.22	3.61	3.61	5.26	6.31
	Profit(+)/ Loss (-)	(-) 3.70	(-) 1.69	(-) 4.88	(+) 67.54	(-) 6.03	(-) 3.61	(-) 2.57	(+) 1.79	(+) 289.15	(-) 4.80	(-) 3.89	(-) 3.89	(-) 3.51	(-) 3.51	(-) 2.11	(+) 0.08
1997-98	Turnover	57.84	179.08	59.06	3031.52	12.85	118.55	164.88	95.06	7915.73	35.87	21.82	22.09	8.84	1.14	209.70	-
	Income	1.75	5.27	1.68	77.34	0.41	3.41	4.99	2.74	328.42	1.04	0.59	0.60	0.21	0.07	5.28	-
	Expenditure	6.47	7.32	8.15	15.93	7.06	10.37	7.17	5.21	51.87	6.30	5.00	5.25	4.17	3.66	6.55	5.15
	Profit (+)/ Loss (-)	(-) 4.72	(-) 2.05	(-) 6.47	(+) 61.41	(-) 6.65	(-) 6.96	(-) 2.18	(-) 2.47	(+) 276.55	(-) 5.26	(-) 4.41	(-) 4.65	(-) 3.96	(-) 3.59	(-) 1.27	(-) 5.15
	Turnover	20.16	148.90	27.20	5099.12	12.24	77.23	196.11	139.58	8586.30	21.57	24.35	28.12	7.62	-	217.28	-
1998-99	Income	0.68	4.94	0.89	139.12	0.41	2.59	6.52	4.64	370.82	0.71	0.80	0.92	0.26	-	7.22	-
	Expenditure	6.19	6.90	7.91	15.59	6.90	9.94	6.59	5.12	39.18	5.77	5.14	5.04	4.71	3.34	6.19	5.47
	Profit (+)/ Loss (-)	(-) 5.51	(-) 1.96	(-) 7.02	(+) 123.53	(-) 6.49	(-) 7.35	(-) 0.07	(-) 0.48	331.64	(-) 5.06	(-) 4.34	(-) 4.12	(-) 4.45	(-) 3.34	(+) 1.03	(-) 5.47
1999-2000	Turnover	14.89	119.49	19.38	4783.43	-	10.91	115.97	79.31	6605.97	3.07	8.40	2.47	22.77	1.94	21.04	–
	Income	0.40	4.50	0.67	166.19	-	0.30	4.25	2.30	241.78	0.05	0.10	0.02	0.55	0.01	0.60	–
	Expenditure	7.09	8.02	9.69	18.89	6.96	12.01	7.31	6.00	37.07	6.95	5.90	7.12	4.69	3.80	5.26	5.79
	Profit (+)/ Loss (-)	(-) 6.69	(-) 3.52	(-) 9.02	(+) 147.30	(-) 6.96	(-) 11.71	(-) 3.06	(-) 3.70	(+) 204.71	(-) 6.90	(-) 5.80	(-)7.10	(-)4.14	(-)3.79	(-)4.66	(-) 5.79
2000-2001	Turnover	12.92	119.87	22.28	6373.27	1.30	6.17	138.15	141.69	14062.59	-	36.16	7.79	5.93	0.34	12.57	1.88
	Income	0.27	2.92	0.59	141.18	0.03	0.15	3.62	3.94	339.39	9.50	0.98	0.14	0.13	-	0.28	0.04
	Expenditure	5.56	8.94	9.13	26.30	2.63	11.21	7.29	5.63	41.44	8.79	5.43	7.57	4.04	1.93	6.05	2.11
	Profit (+)/ Loss (-)	(-) 5.29	(-) 6.02	(-) 8.54	(+) 114.88	(-) 2.60	(-) 11.06	(-) 3.67	(-) 1.69	(+) 297.95	(+) 0.71	(-) 4.45	(-) 7.43	(-) 3.91	(-) 1.93	(-) 5.77	(-) 2.07
Total	Turnover	193.83	886.09	218.65	23333.43	37.81	360.41	728.19	517.46	48137.45	89.98	109.74	72.28	49.36	8.34	529.05	209.59
	Income	5.56	27.61	6.61	622.74	1.37	11.92	23.49	20.63	1697.71	12.11	2.98	2.01	1.25	0.18	16.53	6.43
	Expenditure	31.47	42.85	42.54	108.08	30.10	52.61	35.04	27.18	297.71	33.42	25.87	29.20	21.22	16.34	29.31	24.83
	Profit (+)/ Loss (-)	(-) 25.91	(-) 15.24	(-)35.93	(+) 514.66	(-) 28.73	(-) 40.69	(-) 11.55	(-) 6.55	(+) 1400.00	(-) 21.31	(-) 22.89	(-) 27.19	(-)19.97	(-) 16.16	(-) 12.78	(-) 18.40

Note: Working results of Chandigarh, Faridabad and Hisar depots include the results of agencies.

ANNEXURE-18

Statement showing working results of emporia of Haryana State Small Industries and Export Corporation Limited for five years up to 2000-01

(Referred to in paragraph No. 2D.7.2 1)

(Rupees in lakh)

Year		Ambala	Mumbai	Chandigarh	Kolkata	Delhi	Hissar	Lucknow	Agra
1996-97	Income	16.26	8.37	24.44	21.94	31.29	12.74	8.41	1.73
	Expenditure	8.57	4.43	26.31	10.01	27.97	13.75	4.46	2.40
	Profit (+)/Loss (-)	(+) 7.69	(+) 3.94	(-) 1.87	(+) 11.93	(+) 3.32	(-) 1.01	(+) 3.95	(-) 0.67
1997-98	Income	8.38	1.59	17.13	18.71	25.09	4.10	4.23	-
	Expenditure	6.80	2.44	15.50	9.11	25.45	6.49	2.82	-
	Profit (+)/Loss (-)	(+) 1.58	(-) 0.85	(+) 1.63	(+) 9.60	(-) 0.36	(-) 2.39	(+) 1.41	-
1998-99	Income	5.19	0.88	21.99	14.49	23.64	1.29	3.37	-
	Expenditure	7.64	2.73	17.89.	8.74	27.98	8.12	3.05	-
	Profit (+)/Loss (-)	(-) 2.45	(-) 1.85	(+) 4.10	(+) 5.75	(-) 4.34	(-) 6.83	(+) 0.32	-
1999-2000	Income	8.04	2.71	18.94	11.48	27.06	4.17	4.89	-
	Expenditure	9.05	3.18	20.56	10.35	30.04	8.19	3.64	-
	Profit (+)/Loss (-)	(-) 1.01	(-) 0.47	(-) 1.62	(+) 1.13	(-) 2.98	(-) 4.02	(+) 1.25	-
2000-2001	Income	5.04	2.07	16.04	8.32	23.85	5.36	3.58	-
	Expenditure	9.88	3.67	21.09	10.37	28.87	9.62	4.21	-
	Profit (+)/Loss (-)	(-) 4.84	(-) 1.60	(-) 5.05	(-) 2.05	(-) 5.02	(-) 4.26	(-) 0.63	-
Total	Income	42.91	15.62	98.54	74.94	130.93	27.66	24.48	1.73
	Expenditure	41.94	16.45	101.35	48.58	140.31	46.17	18.18	2.40
	Profit (+)/Loss (-)	(+) 0.97	(-) 0.83	(-) 2.81	(+) 26.36	(-) 9.38	(-)18.51	(+) 6.30	(-) 0.67