Report of the
Comptroller and Auditor General of India
on
Public Sector Undertakings

for the year ended 31 March 2014

Government of Jharkhand
Report No. 1 of the year 2015

Table of Contents

Annexures

Preface

This Report deals with the results of audit of Government companies and Statutory corporation of Jharkhand for the year ended March 2014.

The accounts of Government Companies (including companies deemed to be government companies as per the provisions of the Companies Act) are audited by the Comptroller and Auditor General of India (CAG) under the provisions of Section 619 of the Companies Act, 1956. The Accounts certified by the Statutory Auditors (Chartered Accountants) appointed by the CAG under the Companies Act are subject to supplementary audit by officers of the CAG and the CAG gives his comments or supplements the reports of the Statutory Auditors. In addition, these companies are also subject to test audit by the CAG.

Reports in relation to the accounts of a Government Company or Corporation are submitted to the Government by the CAG for laying before State Legislature of Jharkhand under the provisions of Section 19-A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The instances mentioned in this Report are those, which came to notice in the course of test audit during the year 2013-14 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; matters relating to the period subsequent to 2013-14 have also been included, wherever necessary.

The Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

Overview

This Report of the Comptroller and Auditor General of India on Public Sector Undertakings, Government of Jharkhand for the year ended 31 March 2014 includes an overview of Government Companies and Statutory Corporations, one Performance Audit Report, one long paragraph and five paragraphs dealing with the Accounts as well as results of Performance Audit and Transaction Audit.

1. Overview of State Public Sector Undertakings

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. The accounts of Government companies are audited by Statutory Auditors appointed by the Comptroller and Auditor General of India (CAG). These accounts are also subject to supplementary audit conducted by the CAG. Audit of the Jharkhand State Electricity Board (JSEB), a Statutory Corporation, was governed by the Electricity Act, 2003. JSEB has been re-organised (January 2014) into a holding company, Jharkhand Urja Vikas Nigam Limited (JUVNL) and three subsidiary companies, Jharkhand Urja Utpadan Nigam Limited (JUUNL), Jharkhand Urja Sancharan Nigam Limited (JUSNL) and Jharkhand Bijli Vitran Nigam Limited (JBVNL).

As on 31 March 2014, the State of Jharkhand had 17 working Public sector Undertakings (PSUs). These include four power companies formed in January 2014 by re-structuring of JSEB. The working PSUs employed 8,160 employees and registered a turnover of ₹ 3,065.85 crore as per their latest audited accounts.

(Paragraphs 1.2, 1.4, 1.5 and 1.6)

Investments in PSUs

As on 31 March 2014, the investment in 18 PSUs (including JSEB) was ₹ 6,740.02 crore which had grown by 72.35 *per cent* from ₹ 3,910.70 crore in 2008-09. Out of total investment 2.95 *per cent* was towards capital and 97.05 *per cent* was towards Long-term loans. Power Sector accounted for nearly 98.68 *per cent* of the total investment in 2013-14. The Government contributed ₹ 1,168.79 crore towards equity, loans and grants/subsidies during 2013-14.

(Paragraphs 1.7, 1.8, 1.9 and 1.11)

Performance of PSUs

Out of 18 PSUs (including JSEB), eight PSUs earned aggregate profit of ₹ 27.92 crore and three PSUs incurred aggregate loss of ₹ 2757.06 crore as per their latest audited accounts. Out of remaining seven PSUs, three PSUs did not submit any accounts and in respect of four PSUs first accounts were not due as of September 2014. Heavy losses were incurred by JSEB and Tenughat Vidyut Nigam Limited to the extent of ₹ 2,667.56 crore and ₹ 88.17 crore as per their latest audited accounts for the years 2012-13 and 2001-02 respectively.

(Paragraph 1.15)

Arrears in accounts

14 PSUs had arrears of total 45 accounts as of September 2014. The extent of arrears was one to nine years. The PSUs need to set targets for the work relating to preparation of accounts with special focus on clearance of arrears.

(Paragraph 1.18)

Quality of accounts

Out of 14 accounts finalised by PSUs during October 2013 to September 2014 Statutory Auditors had given qualified certificates on twelve accounts. The audit reports of the Statutory Auditors appointed by the CAG and the supplementary audit of the CAG indicate that the quality of maintenance of accounts needs substantial improvement. Reports of Statutory Auditors on internal control of the companies indicated certain weak areas.

(Paragraphs 1.23 and 1.27)

Status of placement of Separate Audit Reports

Separate Audit Reports (SARs) of JSEB for the year 2001-02 to 2012-13 were issued between August 2010 to August 2014 to the Government of Jharkhand (GoJ) but no SAR was placed in the State Legislature as of December 2014.

(Paragraph 1.29)

2. Performance Audit on "Working of Jharkhand State Mineral Development Corporation Limited"

Introduction

The Jharkhand State Mineral Development Corporation Limited (Company) was incorporated as a Company wholly owned by the State Government in May 2002 after bifurcation of the State of Bihar. The main objectives of the Company are to explore, prospect, develop, administer, manage and control mines after taking mining leases in the State and sell the minerals with or without processing.

(Paragraph 2.1)

Financial position

The Company has not finalised its annual accounts for the years 2009-10 to 2013-14 as of December 2014. As per working results, the Company earned profit of ₹ 29.35 crore in 2009-10 which declined since 2010-11 and was reduced to ₹ 2.15 crore in 2013-14 owing to non production of coal from Sikni coal mine which was the only operating coal mine of the Company.

(Paragraph 2.6)

Coal Mining and Trading Activities

The Ministry of Coal (MoC), Government of India (GoI) had allocated Sikni coal mine in 1987 and Jagaldaga coal mine was transferred from Coal India Limited in 1996. The MoC further allocated eight coal blocks to the Company under Government Company dispensation during 2006-2008.

(Paragraph 2.8)

Non-operation of coal mines

The Sikni coal mine was in operation during the period April 2009 to December 2011 after which coal mining was stopped by Director General of Mines Safety (DGMS) due to violation of Coal Mines Regulations. Mining of coal in Jagaldaga coal mine was not commenced for want of forest clearance.

(Paragraphs 2.9 and 2.12)

Non-commencement of mining in eight coal blocks

The Company failed to develop and commence mining in eight coal blocks allocated under Government Company dispensation. The allocation of these coal blocks was cancelled by the Supreme Court of India on 24 September 2014 and the entire expenditure of ₹ 18.31 crore incurred by the Company on these coal blocks became infructuous.

(Paragraph 2.11)

Non allocation of coal by Coal India Limited

Coal India Limited did not allocate 279252 MT of coal to the Company during 2009-10 to 2013-14 due to delay in execution of Fuel Supply Agreement for the respective years. As a result the Company could not distribute the coal to the consumers thereby forgoing revenue of ₹ 2.16 crore.

(Paragraph 2.13)

Mineral mining and other activities

Non-operation of mines

The Company had nine leasehold mines of limestone, graphite, kyanite, stone and granite. Out of these, mining plans of five mines were approved, forest clearance for only one mine was obtained and environment clearance and consent of Jharkhand State Pollution Control Board for operating the mine were not obtained for any of the mines.

The mining operations in four mines were discontinued in 2012-13 in absence of statutory clearances. Four other mines were inoperative for more than 14 years. Chelangi granite mine was the only mineral mine which was in operation as of December 2014.

(Paragraphs 2.14, 2.16, 2.19, 2.20 and 2.22)

Idle expenditure on non-operational grinding factory

The Company failed to ensure supply of required quantity of the limestone lump to its grinding factory to produce limestone dust resulting in loss of ₹ 40.04 lakh. The Company also failed to utilise the infrastructure to earn revenue and incurred idle expenditure of ₹ 87.80 lakh.

(Paragraph 2.17)

Shortfall in production of limestone, graphite, kyanite and granite

The shortfall in production of minerals ranged between 45.90 per cent to 95.72 per cent of the target of production for different minerals for operational period of the mines during 2009-14. The shortfall in production of granite blocks in Chelangi mine was 95.72 per cent which led to under-performance of Tupudana granite tiles plant.

(Paragraphs 2.21 and 2.23)

Under-utilisation of granite tiles plant

The plant remained inoperative during 2007-2010 due to non-availability of granite blocks. The annual production of granite tiles was only 7.97 per cent to 30.12 per cent of the capacity during the years 2011-12 to 2013-14. Thus, the plant remained under-utilised.

(Paragraph 2.24)

Non-conducting annual physical verification and shortage of minerals

The Company did not carry out physical verification of stocks of minerals since May 2010 and failed to take remedial action for huge shortage of minerals found in last physical verification.

(Paragraph 2.26)

Avoidable payment of dead rent

Avoidable payment of dead rent of ₹ 99.83 lakh was made by the Company during 2009-10 to 2013-14 due to its failure to get statutory clearances for operating the mines.

(Paragraph 2.27)

Deficiencies in Internal Control Mechanism

The Company did not prepare project-wise cost sheet after 2009-10 and also did not devise any comprehensive Management Information System (MIS). The Company has no vigilance and monitoring system in order to ensure fair and transparent working in the mines. The Company had no internal audit wing of its own and had also not prepared Internal Audit manual.

(Paragraph 2.28)

3. Transaction Audit Observations

Transaction audit observations included in the Report highlight deficiencies in the management of Public Sector Undertakings involving serious financial implications. It also includes one Long Paragraph on "Short Term Power Purchase by Jharkhand State Electricity Board." The irregularities pointed out are broadly of the following nature:

Loss of ₹ 0.95 crore in three cases due to non-compliance with rules, directives, procedures, terms and conditions of contracts.

(Paragraphs 3.3, 3.4 and 3.5)

Unfruitful expenditure of ₹ 2.81 crore in three cases due to defective/deficient planning.

(Paragraphs 3.1.5, 3.1.6 and 3.6)

Loss of ₹ 287.66 crore in four cases due to inadequate/deficient monitoring.

(Paragraphs 3.1.4, 3.1.5 and 3.2)

Gist of important audit observations in the Long Paragraph are given below:

JSEB purchased 3467.99 MUs power on short term basis from Damodar Valley Corporation during 2010-11 to 2013-14 and during the same period JSEB underdrew 2174.40 MUs power for which it realised lower rate resulting in avoidable expenditure of ₹ 231.24 crore.

(Paragraph 3.1.4)

JSEB had to incur avoidable expenditure of ₹ 1.96 crore on transmission charges and trading margin for banking of 70.68 MUs power purchased on short term basis without ensuring availability of transmission line for trading the power (43.08 MUs costing ₹ 1.15 crore towards transmission charges and ₹ 0.18 crore for trading margin) and immediate requirement (27.60 MUs costing ₹ 0.63 crore).

(Paragraphs 3.1.5 and 3.1.6)

JSEB purchased 83.16 MUs power from a private power producer at higher rate without considering the availability of power at lower rate resulting in avoidable expenditure of ₹ 7.42 crore.

(Paragraph 3.1.5)

Gist of some of important audit observations in respect of other transaction audit paragraphs are given below:

Due to inordinate delay in levy of Power Factor surcharge as per the tariff by JSEB, revenue of ₹ 47.16 crore remained unrealised from a Captive Power Plant consumer.

(Paragraph 3.2)

Failure of JSEB to take effective action resulted in non-realisation of security money of ₹ 66.95 lakh and compensation charge of ₹ 50.13 lakh thereon from the consumer.

(Paragraph 3.3)

Non-payment of Advance Income Tax and delay in filing Income Tax returns for the Financial years 2010-11 to 2012-13 by Jharkhand Industrial Infrastructure Development Corporation Limited resulted in avoidable payment of interest of ₹ 28.82 lakh on Income Tax.

(Paragraph 3.4)

Jharkhand State Forest Development Corporation Limited failed to deduct Service Tax leviable on supervision charges and godown rent from the purchasers of Kendu leaves resulting in non-recovery of ₹ 15.63 lakh.

(Paragraph 3.5)

Tenughat Vidyut Nigam Limited failed to complete the preparatory works and hand over the sites resulting in non-installation of the elevators rendering expenditure of ₹ 84.57 lakh unfruitful.

(Paragraph 3.6)

Chapter-I

CHAPTER – I

1. Overview of State Public Sector Undertakings

Introduction

1.1 The State Public Sector Undertakings (PSUs) consist of State Government companies and Statutory Corporation. The State PSUs are established to carry out activities of a commercial nature while keeping in view the public welfare.

1.2 In Jharkhand, as on 31 March 2014, there were 17[1] working Government companies. None of these companies was listed in any of the stock exchanges. During the year 2013-14, Jharkhand State Electricity Board, a Statutory Corporation, was re-organised (January 2014) into four Government companies viz. holding company Jharkhand Urja Vikas Nigam Limited (JUVNL) and three subsidiary companies Jharkhand Urja Utpadan Nigam Limited (JUUNL), Jharkhand Urja Sancharan Nigam Limited (JUSNL) and Jharkhand Bijli Vitran Nigam Limited (JBVNL).

The State PSUs registered a turnover of ₹ 3065.85 crore as per their latest audited accounts as of September 2014. The PSUs incurred an aggregate loss of ₹ 2729.14 crore as per their latest audited accounts. They had employed 8160 employees as of 31 March 2014.

1.3 State PSUs do not include nine Departmental Undertakings (DUs) which carry out commercial operations but are part of Government departments and the Jharkhand State Electricity Regulatory Commission (JSERC) an autonomous body of which the Comptroller and Auditor General of India (CAG) is the sole auditor.

Audit Mandate

1.4 Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government company is one in which not less than 51 *per cent* of the paid up capital is held by Government(s). A Government company includes a subsidiary of a Government company.

1.5 The accounts of the State Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors, who are appointed by the CAG as per the provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by CAG as per the provisions of Section 619 (4) of the Companies Act, 1956.

---

[1] (i) Jharkhand State Forest Development Corporation Limited (JSFDC) (ii) Jharkhand Hill Area Lift Irrigation Corporation Limited (JHALCO) (iii) Jharkhand Industrial Infrastructure Development Corporation Limited (JIIDCO) (iv) Jharkhand Police Housing Corporation Limited (JPHCL) (v) Greater Ranchi Development Agency Limited (GRDA) (vi) Jharkhand Silk Textile and Handicraft Development Corporation Limited (JHARCRAFT) (vii) Jharkhand State Mineral Development Corporation Limited (JSMDC) (viii) Tenughat Vidyut Nigam Limited (TVNL) (ix) Karanpura Energy Limited (KEL) (x) Jharkhand Tourism Development Corporation Limited (JTDC) (xi) Jharkhand State Beverages Corporation Limited (JSBCL) (xii) Jharkhand State Food & Civil Supplies Corporation Limited (JSFCSCL) (xiii) Jharkhand State Minorities Finance Development Corporation (JSMFDC) (xiv) Jharkhand Urja Vikas Nigam Limited (JUVNL) (xv) Jharkhand Urja Utpadan Nigam Limited (JUUNL) (xvi) Jharkhand Urja Sancharan Nigam Limited (JUSNL) and (xvii) Jharkhand Bijli Vitran Nigam Limited (JBVNL).

1.6 The audit of the Statutory Corporation (JSEB) for the period upto its re-organisation (January 2014) into four power companies was governed by the Electricity Act, 2003 and the CAG was the sole auditor.

Investment in State Public Sector Undertakings

1.7 As on 31 March 2014, the investment in 18 PSUs (including JSEB) was ₹ 6740.02 crore as detailed in **Table-1.1.**

Table – 1.1

(₹ in crore)

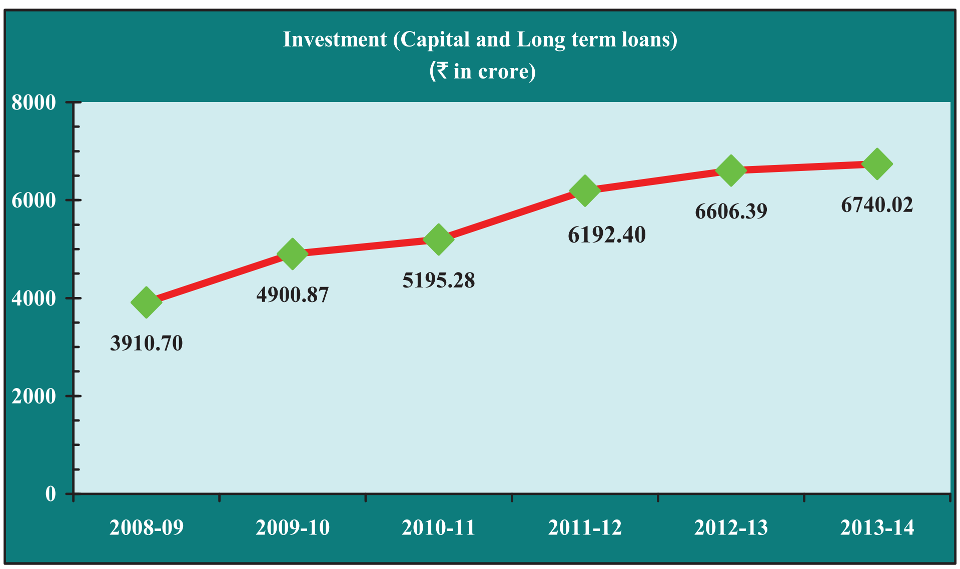
Government companies			Statutory corporation			Grand Total
Capital	Long term Loans	Total	Capital	Long term Loans	Total	
199.05	687.60	886.65	-	5853.37	5853.37	6740.02

(Source: Data compiled from the information furnished by the PSUs)

A summarised position of Government investment in State PSUs is detailed in ***Annexure-1.1***

1.8 As on 31 March 2014, of the total investment in PSUs, 2.95 *per cent* was towards Capital and 97.05 *per cent* towards Long-term loans. The investment in the PSUs has grown by 72.35 per cent from ₹ 3910.70 crore in 2008-09 to ₹ 6740.02 crore in 2013-14 as shown in **Chart-1.1**.

Chart – 1.1



1.9 The thrust of investment in the PSUs was mainly in the power sector. During the past six years the investment in this sector is showing an increasing trend. It grew by 71.65 *per cent* from ₹ 3874.65 crore in 2008-09 to ₹ 6650.97 crore in 2013-14 mainly due to the loans given by the Government and other bodies to JSEB and TVNL.

Budgetary outgo towards Equity, Grants/Subsidies, Guarantees and Loans

1.10 The details regarding budgetary outgo towards equity, loans and grants/subsidies in respect of State PSUs at the end of March 2014 are given in ***Annexure-1.2.***

The summarised details of budgetary outgo towards equity, loans and grants/subsidies for the three years ended 2013-14 are given in the **Table-1.2**.

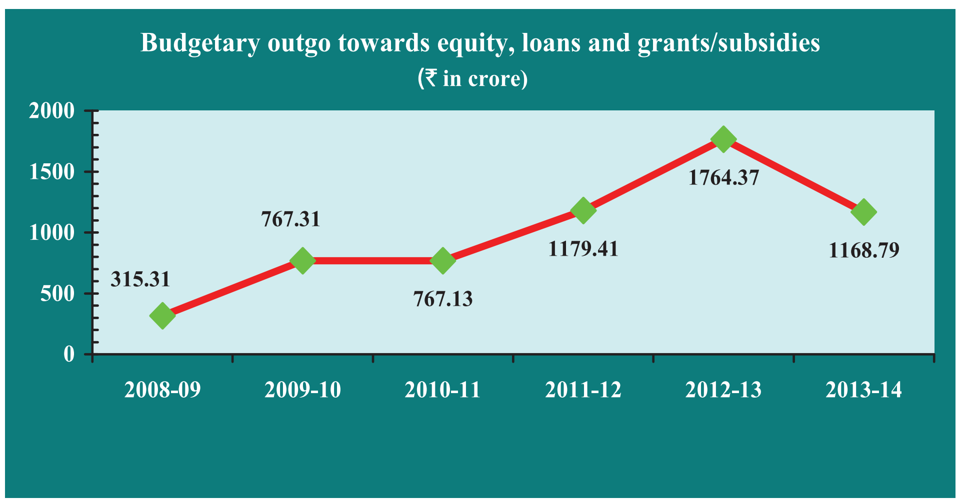
Table – 1.2

Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of PSUs	Amount (₹ in crore)	No. of PSUs	Amount (₹ in crore)	No. of PSUs[2]	Amount (₹ in crore)
1.	Equity capital outgo from budget	4	20.50	3	15.00	4	20.65
2.	Loans given from budget	2	408.91	2	561.70	1	175.34
3.	Grants/Subsidy received	1	750.00	3	1187.67	2	972.80
4.	**Total outgo**		**1179.41**		**1764.37**		**1168.79**

(Source: Data compiled from the information furnished by the PSUs)

1.11 The details regarding budgetary outgo towards equity, loans and grants/ subsidies for the past six years are given in **Chart – 1.2**.

Chart – 1.2



The budgetary outgo decreased from ₹ 1764.37 crore in 2012-13 to ₹ 1168.79 crore in 2013-14 mainly because of lower outgo towards Loans (₹ 175.34 crore) Grants and Subsidy (₹ 967.09 crore) to Jharkhand State Electricity Board.

Reconciliation with Finance Accounts

1.12 The figures in respect of equity, loans and guarantees outstanding as per records of the State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned

[2] Total outgo for six PSUs (GRDA, JIIDCO, JTDC, JHALCO, JUVNL and JSEB).

PSUs and the Finance Department are required to conduct reconciliation of the differences. The position in this regard as at 31 March 2014 is stated in the **Table-1.3**.

Table – 1.3

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	56.05	192.70	136.65
Loans	7296.75	6329.30	967.45

(Source: Data compiled from the information furnished by the Company)

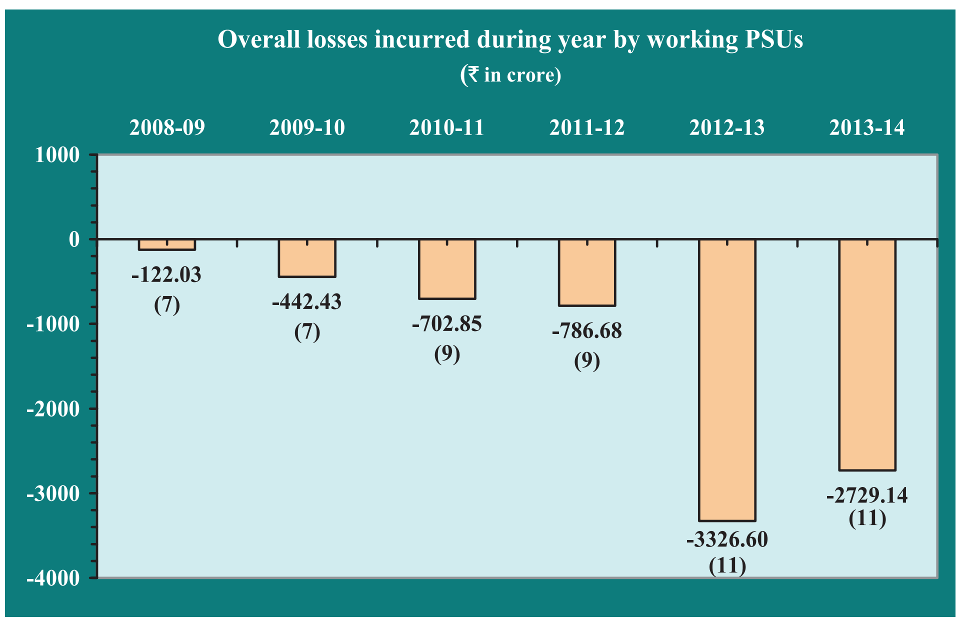
1.13 We observed that the differences occurred in respect of nine[3] PSUs and these differences were pending reconciliation since 2001-02. Though the differences between the amounts reflected in the Finance Accounts and as per the records of the PSUs were reported in the Audit Reports of earlier years, no corrective action was taken by the State Government.

Performance of Public Sector Undertakings

1.14 The financial results of PSUs and financial position and working results of the Statutory Corporation are detailed in ***Annexures-1.3, 1.4 and 1.5*** respectively.

1.15 The aggregate losses (net) incurred by State PSUs increased from ₹ 122.03 crore to ₹ 2729.14 crore during 2008-09 to 2013-14 as per their latest finalised accounts as given in the **Chart-1.3.**

Chart – 1.3



(Figures in brackets shows the number of working PSUs in the respective year based on latest audited accounts)

[3] JSMFDC, JSFCSCL, JUVNL, TVNL, JIIDCO, JHARCRAFT, GRDA, JHALCO and JSEB.

As per the latest audited accounts, out of 18 PSUs (including JSEB), eight[4] PSUs earned aggregate profit of ₹ 27.92 crore while three[5] PSUs incurred aggregate loss of ₹ 2757.06 crore. Out of remaining seven PSUs, three[6] PSUs did not submit any accounts and in respect of four[7] PSUs first accounts were not due as of September 2014. Heavy losses were incurred by JSEB (₹ 2667.56 crore) and TVNL (₹ 88.17 crore) as per their latest audited accounts for the years 2012-13 and 2001-02 respectively.

1.16 A review of the latest three years Audit Report of CAG shows that the State PSUs incurred controllable losses to the tune of ₹ 904.77 crore and infructuous investment of ₹ 40.80 crore which were controllable with the better management as given in the **Table-1.4**.

Table – 1.4

(₹ in crore)

Particulars	2011-12	2012-13	2013-14	Total
Net losses	786.68	3326.60	2729.14	6842.42
Controllable losses as per CAG's Audit Report	487.27	119.19	298.31	904.77
Infructuous Investment	10.61	11.03	19.16	40.80

1.17 The State Government had not formulated any dividend policy under which the PSUs are required to pay a minimum return on the paid up share capital contributed by the State Government. As per their latest finalised accounts, eight[8] PSUs earned an aggregate profit of ₹ 27.92 crore but did not declare any dividend.

1.18 Arrears in finalisation of accounts

The accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. Similarly, in case of the Statutory Corporation (JSEB), the accounts were to be finalised, audited and presented to the Legislature as per the provisions of the Electricity Act, 2003. The **Table-1.5** provides the details of working PSUs and the status of finalisation of their accounts (September 2014)**.**

Table – 1.5

Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Number of working PSUs	11	12	13	14	18[9]
2.	Number of accounts finalised during the year	14	12	8	20	14
3.	Number of accounts in arrears	46	46	52	45	45[10]
4.	Average arrears per PSU	4.18	3.83	4.00	3.21	2.50
5.	Number of working PSUs with arrears in accounts	11	12	13	14	14
6.	Extent of arrears (years)	1 to 16	1 to 17	1 to 16	1 to 13	1 to 9

[4] JSFDC, JPHCL, JHARCRAFT, JSMDC, JIIDCO, GRDA, JSBCL and JTDC.
[5] JHALCO, TVNL and JSEB.
[6] JSMFDC, KEL and JSFCSCL.
[7] JUVNL, JUUNL, JUSNL and JBVNL.
[8] JSFDC, JPHCL, JHARCRAFT, JSMDC, JIIDCO, GRDA, JSBCL and JTDC.
[9] Includes Jharkhand State Electricity Board and four power companies viz. JUVNL, JUUNL, JUSNL and JBVNL formed on re-organisation of JSEB in January 2014.
[10] Includes one accounts of JSEB (for the period 1 April 2013 to 5 January 2014) but does not include accounts of JUVNL, JUUNL, JUSNL and JBVNL as these were not due for audit.

1.19 The number of accounts in arrears of the PSUs had decreased over the years from 46 accounts in respect of eleven PSUs in 2009-10 to 45 in 2013-14 in respect of 14 PSUs.

1.20 The State Government had invested ₹ 1654.27 crore (equity: ₹ 19.75 crore, loans: ₹ 183.34 crore, grants: ₹ 1451.18 crore) in seven PSUs including one Statutory corporation during the years for which the accounts have not been finalised as detailed in ***Annexure-1.6***. In the absence of accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred had been properly accounted for and the purpose for which the amount was invested had been achieved. Thus, the Government's investment in such PSUs remained outside the scrutiny of the State Legislature. Further, delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

1.21 The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. Though the attention of the concerned administrative departments and officials of the Government on the issue of arrears in finalisation of accounts was drawn, no significant remedial measures were taken. As a result the Net Worth of these PSUs could not be assessed in audit. Attention of the Chief Secretary/Principal Secretary, Finance Department was also invited (August 2014) by the Principal Accountant General (PAG) to arrears in finalisation of annual accounts and the need to expedite the clearance of the backlog in accounts in a time bound manner was highlighted.

1.22 In view of the above state of arrears, it is recommended that the Government should monitor and ensure timely finalisation of accounts in conformity with the provisions of the Companies Act, 1956.

Comments on Accounts

1.23 As of 30 September 2014, seven Government companies forwarded thirteen accounts (including arrears accounts) to the PAG during the year 2013-14. Of these, nine accounts of three companies[11] were selected for supplementary audit. The Statutory Auditors had given unqualified certificates for one account and qualified certificates for twelve accounts. The audit reports of Statutory Auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts is required to be improved substantially. The details of aggregate money value of comments of the CAG are given in the **Table-1.6**.

[11] JSFDC-1, JIIDCO-2, TVNL-6

Table – 1.6

Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)
1.	Increase in profit	1	0.23	1	0.01	-	-
2.	Decrease in profit	3	3.52	3	5.29	3	0.63
3.	Increase in loss	-	-	1	0.08	2	33.72
4.	Decrease in loss	-	-	1	0.36	-	-
5.	Non-disclosure of material facts	-	-	3	-	-	-

1.24 Some of the important comments of CAG in respect of accounts of companies are stated below:

Jharkhand Industrial Infrastructure Development Corporation Limited

Accounts for the year 2011-12

Profit for the year was overstated by ₹ 27.16 lakh due to:

- Short provision for ₹ 4.40 lakh towards Income Tax liability and Non-provision for ₹ 15.85 lakh towards interest payable on the short paid amount of advance Income Tax.

- Accountal of ₹ 6.91 lakh towards consultancy charges already received and accounted for in the year 2010-11.

Accounts for the year 2012-13

Profit for the year was overstated by ₹ 8.90 lakh due to:

- Non-provision for ₹ 8.90 lakh towards interest payable on the short paid amount of advance Income Tax.

Tenughat Vidyut Nigam Limited

Accounts for the year 2000-01

Loss for the year was understated by ₹ 11.61 crore due to:

- Non-provision for ₹ 10.38 crore towards penal interest on State Government Loans.
- Non-provision for ₹ 1.23 crore towards unpaid transportation cost of coal.

Accounts for the year 2001-02

Loss for the year was understated by ₹ 22.11 crore due to:

- Non-provision for ₹ 11.90 crore towards penal interest on State Government Loans.
- Non-provision for ₹ 0.89 crore towards unpaid transportation cost of coal.
- Non-provision for ₹ 7.63 crore towards doubtful receivable from CCL.
- Non-provision for ₹ 1.69 crore towards arrear against pay revision by 5th pay commission.

Jharkhand State Forest Development Corporation Limited

Accounts for the year 2012-13

Profit for the year was overstated by ₹ 26.93 lakh due to:

- Under provision of depreciation and overstatement of Fixed Assets for ₹ 0.95 lakh.
- Non-provision for ₹ 19.76 lakh towards amount payable as service tax which was not collected by the Company from the service provider.
- Non-provision for interest of ₹ 6.22 lakh payable due to default in payment of advance Income Tax.

Comments on Annual account of Jharkhand State Electricity Board (JSEB)

1.25 Annual Accounts of JSEB for the year 2012-13 were received in 2013-14 on which Separate Audit Report (SAR) was issued (August 2014). The Audit Report of the CAG indicates that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of CAG on the accounts of JSEB in last three years are given in **Table-1.7.**

Table – 1.7

Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)
1.	Decrease in Deficit	3	56.98	1	5.58	1	1.02
2.	Increase in Deficit	6	2140.29	1	31.80	1	572.68
	Total	**6**		**1**		**1**	

1.26 Some of the important comments in respect of accounts of JSEB are discussed below:

Accounts for the year 2012-13

Deficit for the year was understated by ₹ 572.68 crore due to:

- Non-provision for ₹ 494.82 crore towards the energy bills outstanding from Government consumers (TVNL Dam and Mines Area Development Authority).
- Inclusion of non-admissible claim of ₹ 19 crore for shortage of coal supplied by Central Coalfields Limited (CCL).
- Non-provision for ₹ 91.71 lakh towards liability for the miscellaneous expenditure payable to CISF.
- Short provision of ₹ 5.66 crore for liability towards purchase of coal from CCL as per joint reconciliation of coal sales account upto 2011-12 between CCL and JSEB.
- Non-provision of Operation & Maintenance expenses of ₹ 8.16 crore.

- Non-provision for ₹ 42.11 crore towards liability in respect of power purchased from National Thermal Power Corporation, Power Grid Corporation of India Limited and National Hydro Power Corporation upto 2012-13.
- Non- accountal of ₹ 36.74 lakh towards Electricity charges for the power consumed in the offices and residential quarters.
- Non provision of ₹ 1.65 crore towards computerised billing charges.

Deficit for the year was overstated by ₹ 1.02 crore due to:

- Accountal of Tariff petition filing fee for ₹ 40.80 lakh related to the year 2013-14 to 2015-16.
- non-recognition of interest income from bank amounting to ₹ 60.22 lakh.

Comments on Internal Control

1.27 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including internal control/internal audit systems in the companies audited in accordance with the directions issued by the CAG to them under Section 619(3)(a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of major comments made by the Statutory Auditors on possible improvement in the internal audit/internal control system in respect of seven[12] companies on the accounts finalised during the year 2013-14 are given in the **Table-1.8.**

Table – 1.8

Sl. No.	Nature of comments made by Statutory Auditors	Number of companies where recommendations were made	Reference to serial number of the Companies as per Annexure 1.3
1.	Non-fixing of minimum/maximum limits of store and spares	2	A-06, A-08
2.	Absence of internal audit system commensurate with the nature and size of business of the Company	3	A-03, A-05, A-15
3	Non-maintenance of fixed assets register showing full particulars including quantitative details and location of fixed assets.	4	A-01,A-04, A-05, A-08

Recoveries at the instance of audit

1.28 During the course of audit in 2013-14, recoverable amounts of ₹ 115.06 lakh were pointed out to the Management of JSEB of which ₹ 114.68 lakh was admitted by JSEB. Recovery of ₹ 54.15 lakh was effected by JSEB as of September 2014.

Status of placement of Separate Audit Reports

1.29 The **Table-1.9** shows the status of placement of Separate Audit Reports (SARs) issued by CAG on the accounts of the JSEB in the Legislature by the Government.

[12] JSFDC, JIIDCO, JPHCL, GRDA, JHARCRAFT, TVNL and JSBCL.

Table – 1.9

Sl. No.	Statutory Corporation	Year up to which SARs placed in Legislature	Year upto which SARs not placed in Legislature		
			Year of SAR	Date of issue to Government	Reason for Delay
1.	Jharkhand State Electricity Board	--	2001-02	20.08.2010	Reason for non placement of the SARs was not furnished by the Government
			2002-03	07.02.2011	
			2003-04	07.03.2011	
			2004-05	07.06.2011	
			2005-06	09.11.2011	
			2006-07	15.12.2011	
			2007-08	31.01.2012	
			2008-09	30.03.2012	
			2009-10	30.03.2012	
			2010-11	26.04.2012	
			2011-12	22.05.2013	
			2012-13	26.08.2014	

Delay in placement of SARs weakens the legislative control over the Statutory corporation and dilutes the latter's financial accountability. The Government should ensure prompt placement of the SARs in the Legislature. The issue was brought to the attention of the Chief Secretary and Departmental Secretaries of Energy and Finance, Government of Jharkhand (August 2014). No response was however received.

Reforms in Power Sector

1.30 The State has formed Jharkhand State Electricity Regulatory Commission (JSERC) in April 2003 under Section 82 of the Electricity Act, 2003 with the objective of rationalisation of electricity tariff, advising in matters relating to electricity generation, transmission and distribution in the State and issue of licenses. During 2013-14, no order was issued by JSERC on annual revenue requirement, however, five other orders were issued. Further, the State Government restructured Jharkhand State Electricity Board by unbundling into four new companies vide notification no. 18 dated 6 January 2014 under "The Jharkhand State Electricity Reforms Transfer Scheme, 2013" as per Section 131 and 133 of the Electricity Act, 2003.

1.31 A Memorandum of Understanding (MoU) was signed in April 2001 between the Union Ministry of Power and the State Government as a joint commitment for implementation of reforms programme in the power sector with identified milestones. The progress achieved so far in respect of important milestones is stated in the **Table-1.10**.

Table – 1.10

Sl. No.	Milestone		Achievement
1.	To reduce system losses at the level of 18 *per cent* of the energy available for sale		36.23 *per cent*
2.	100 *per cent* metering of all consumers	Single Phase (Urban)	100.00 *per cent*
		Single Phase (Rural)	79.02 *per cent*
		Low Tension (LT)	99.86 *per cent*
		High Tension (HT)	100.00 *per cent*

It may be seen from the above table that Transmission & Distribution Loss suffered by JSEB in 2013-14 was 36.23 *per cent* which was much above the target of 18 *per cent*. Further, the target of 100 *per cent* metering as per MoU was not achieved in case of Single Phase (Rural) consumers.

Chapter-II

CHAPTER - II

2. Performance Audit of Government Company

Working of the Jharkhand State Mineral Development Corporation Limited (JSMDC)

Executive Summary

Introduction

The Jharkhand State Mineral Development Corporation Limited (Company) was incorporated as a Company wholly owned by the State Government in May 2002 after bifurcation of the State of Bihar. The main objectives of the Company are to explore, prospect, develop, administer, manage and control mines after taking mining leases in the State and sell the minerals with or without processing.

(Paragraph 2.1)

Financial position

The Company has not finalised its annual accounts for the years 2009-10 to 2013-14 as of December 2014. As per working results, the Company earned profit of ₹ 29.35 crore in 2009-10 which declined since 2010-11 and was reduced to ₹ 2.15 crore in 2013-14 owing to non production of coal from Sikni coal mine which was the only operating coal mine of the Company.

(Paragraph 2.6)

Coal Mining and Trading Activities

The Ministry of Coal (MoC), Government of India (GoI) had allocated Sikni coal mine in 1987 and Jagaldaga coal mine was transferred from Coal India Limited in 1996. The MoC further allocated eight coal blocks to the Company under Government Company dispensation during 2006-2008.

(Paragraph 2.8)

Non-operation of coal mines

The Sikni coal mine was in operation during the period April 2009 to December 2011 after which coal mining was stopped by Director General of Mines Safety (DGMS) due to violation of Coal Mines Regulations. Mining of coal in Jagaldaga coal mine was not commenced for want of forest clearance.

(Paragraphs 2.9 and 2.12)

Non-commencement of mining in eight coal blocks

The Company failed to develop and commence mining in eight coal blocks allocated under Government Company dispensation. The allocation of these coal blocks was cancelled by the Supreme Court of India on 24 September 2014 and the entire expenditure of ₹ 18.31 crore incurred by the Company on these coal blocks became infructuous.

(Paragraph 2.11)

Non allocation of coal by Coal India Limited

Coal India Limited did not allocate 279252 MT of coal to the Company during 2009-10 to 2013-14 due to delay in execution of Fuel Supply Agreement for the respective years. As a result the Company could not distribute the coal to the consumers thereby forgoing revenue of ₹ 2.16 crore.

(Paragraph 2.13)

Mineral mining and other activities

Non-operation of mines

The Company had nine leasehold mines of limestone, graphite, kyanite, stone and granite. Out of these, mining plans of five mines were approved, forest clearance for only one mine was obtained and environment clearance and consent of Jharkhand State Pollution Control Board for operating the mine were not obtained for any of the mines.

The mining operations in four mines were discontinued in 2012-13 in absence of statutory clearances. Four other mines were inoperative for more than 14 years. Chelangi granite mine was the only mineral mine which was in operation as of December 2014.

(Paragraphs 2.14, 2.16, 2.19, 2.20 and 2.22)

Idle expenditure on non-operational grinding factory

The Company failed to ensure supply of required quantity of the limestone lump to its grinding factory to produce limestone dust resulting in loss of ₹ 40.04 lakh. The Company also failed to utilise the infrastructure to earn revenue and incurred idle expenditure of ₹ 87.80 lakh.

(Paragraph 2.17)

Shortfall in production of limestone, graphite, kyanite and granite

The shortfall in production of minerals ranged between 45.90 per cent to 95.72 per cent of the target of production for different minerals for operational period of the mines during 2009-14. The shortfall in production of granite blocks in Chelangi mine was 95.72 per cent which led to under-performance of Tupudana granite tiles plant.

(Paragraphs 2.21 and 2.23)

Under-utilisation of granite tiles plant

The plant remained inoperative during 2007-2010 due to non-availability of granite blocks. The annual production of granite tiles was only 7.97 per cent to 30.12 per cent of the capacity during the years 2011-12 to 2013-14. Thus, the plant remained under-utilised.

(Paragraph 2.24)

Non-conducting annual physical verification and shortage of minerals

The Company did not carry out physical verification of stocks of minerals since May 2010 and failed to take remedial action for huge shortage of minerals found in last physical verification.

(Paragraph 2.26)

Avoidable payment of dead rent

Avoidable payment of dead rent of ₹ 99.83 lakh was made by the Company during 2009-10 to 2013-14 due to its failure to get statutory clearances for operating the mines.

(Paragraph 2.27)

Deficiencies in Internal Control Mechanism

The Company did not prepare project-wise cost sheet after 2009-10 and also did not devise any comprehensive Management Information System (MIS). The Company has no vigilance and monitoring system in order to ensure fair and transparent working in the mines. The Company had no internal audit wing of its own and had also not prepared Internal Audit manual.

(Paragraph 2.28)

2.1 Introduction

The Jharkhand State Mineral Development Corporation Limited (Company) was incorporated in May 2002 after bifurcation of the State of Bihar as a Company wholly owned by the State Government. All the assets and liabilities of Bihar State Mineral Development Corporation Limited (BSMDC) falling under geographical area of Jharkhand State were transferred to the Company on the date of its incorporation. The main objectives of the Company are to explore, prospect, develop, administer, manage and control mines after taking mining leases in the State and sell the minerals with or without processing.

Two coal mines *viz*. Sikni and Jagaldaga were transferred to the Company from BSMDC at the time of incorporation in May 2002. The Sikni coal mine was in operation. Further, Ministry of Coal (MoC), Government of India (GoI) allocated eight[1] coal blocks to the Company during 2006-2008 under Government dispensation route[2]. The allocation of these eight coal blocks was cancelled by Supreme Court (September 2014) as discussed in paragraph 2.11. The Company was also distributing the coal allocated to it by Coal India Limited (CIL) to meet the requirements of the small and medium sector consumers of the State under the New Coal Distribution Policy (NCDP), 2007.

Besides, the Company had nine[3] leasehold mines of limestone, graphite, kyanite, stone and granite. Out of these, four[4] mines were in operation for different periods up to the year 2012-13 and only one mine (Chelangi granite mine) was in operation as of December 2014. Remaining four[5] mines were not in operation for

[1] (i)Sugia, (ii) Rauta, (iii) Burhakhap, (iv) Latehar, (v) Pindra Devipur, (vi) Patratu, (vii) Rabodh and (viii) Jageshwar & Khas-Jageshwar.

[2] Under Government Dispensation Route the allocation of coal blocks is made by MoC through allocation to public Sector Enterprises only for their captive use or commercial mining.

[3] (i) Semra Salatua (limestone), (ii) Benti-Bagda (limestone), (iii) Salhan (limestone); (iv) Jyoti pahari (kyanite), (v) Sirboi (kyanite); (vi) Mahugain-Tulbula (graphite); (vii) Manasoti (graphite); (viii) Chelangi (granite) and (ix) Chandula-Simalgoda (stone).

[4] (i) Semra Salatua (limestone), (ii) Benti-Bagda (limestone), (iii) Jyoti pahari (kyanite), and (iv) Mahugain-Tulbula (graphite).

[5] (i) Salhan (limestone); (ii) Manasoti (graphite); (iii) Chandula-Simalgoda (stone); and (iv) Sirboi (kyanite).

more than 14 years. The Company was also operating plants for production of granite tiles (Tupudana granite plant) and limestone dust (Sudna grinding factory).

2.2 Organisational setup

The Company is under the administrative control of the Department of Mines & Geology, Government of Jharkhand (GoJ). The Managing Director (MD) is the only full time Director and is the Chief Executive Officer of the Company. The Company has seven Directors in its Board including the Chairman and the MD at present. The MD is assisted by General Manager (Finance) and General Manager (Mines) in day to day working of the Company. The Company also has a full time Company Secretary. Organisational chart of the Company is given in ***Annexure-2.1***.

2.3 Audit Objectives

The objectives of the Performance Audit were to assess whether:

- Development of allocated coal blocks and other mineral mines was carried out economically, efficiently and effectively and statutory clearances were obtained timely;
- Production and sale of minerals and mineral products were carried out economically, efficiently and effectively; and
- Effective and efficient internal control mechanism and monitoring system were prevalent in the Company.

2.4 Audit Criteria

The audit criteria were drawn from the following sources:

- Annual production plan and production reports of projects;
- Project reports /feasibility reports/ mining plans of the projects;
- Terms and conditions of tender documents and agreements with contractors;
- Regulations/provisions of Land Acquisition Act/Environment Protection Act,1986/ Forest Conservation Act, 1980/ Mineral Conservation and Development Rules (MCDR), 1988/Mines & Minerals (Regulation & Development) Act (MMDR), 1957, Coal Mines (Nationalisation) Act, 1973; Coal Mines Regulations, 1957 and
- Agenda and Minutes of the meetings of Board of Directors (BoDs).

2.5 Scope and Methodology of Audit

The performance audit was conducted during April to June 2014 covering the functioning of the Company for the period 2009-10 to 2013-14 in respect of development of mines, production activities, sale of minerals, acquisition of lease for minerals and financial performance of the Company. Audit examination involved scrutiny of records of corporate office and all five project offices[6] of the Company.

An entry conference with the Management of the Company was held (March 2014) to discuss the objectives, scope and methodology of audit. The audit findings were issued (August 2014) to the Company and the Government. Reply of the Government and the Company has been received (December 2014). The exit conference was held (December 2014) with Secretary, Department of Mines & Geology, GoJ and MD of the Company. The reply of the Government and views expressed by the Management and the Government in exit conference have been suitably incorporated in the performance audit.

2.6 Financial Position

The Company carries out its day to day activities with its internal resources such as income from sale of minerals and interest earned on fixed deposits with the banks. The Company has not finalised its annual accounts for the years 2009-10 to 2013-14 as of December 2014. The working results for five years ending 2013-14 are detailed in ***Annexure-2.2.***

The Company earned profit of ₹ 29.35 crore in 2009-10 which declined since 2010-11 and was reduced to ₹ 2.15 crore in 2013-14 owing to non-production of coal from Sikni coal mines which was the only operating coal mine of the Company. The main sources of revenue of the Company were coal mining operations, coal trading and interest on investment of own funds. Out of total revenue of ₹ 121.11 crore from sale of minerals during the period 2009-10 to 2013-14, revenue from sale of coal from Sikni coal mine was ₹ 114.84 crore (94.82 *per cent*). However, in 2012-13 and 2013-14 earnings were mainly from coal trading and interest on investment of own funds rather than from operation of mining projects.

2.7 Non-recovery of dues for more than three years

The amount recoverable from sundry debtors was ₹ 2.04 crore as on 31 March 2010 of which ₹ 1.75 crore was outstanding for more than three years. The position of sundry debtors for the years 2010-11 to 2013-14 was not furnished to audit in absence of finalisation of accounts.

The main reasons of long outstanding debtors were absence of a system in the Company for monitoring the recoveries at periodical intervals and proper follow up action. It is indicative of inefficient debt management and may result in non-recovery of long outstanding dues.

Audit Findings

2.8 Coal Mining and Trading Activities

The MoC, GoI had allocated Sikni coal mine in 1987 and Jagaldaga coal mine in 1996 to BSMDC which were transferred to the Company in May 2002 after its

[6] (i) Project office, Daltonganj (controlling Semra Salatua, Mahugain-Tulbula, Manasoti mines and Sudna grinding factory) (ii) Project office, Benti-bagda (controlling Benti-Bagda and Salhan mines) (iii) Project office, Tupudana Granite plant and Chelangi mine (iv) Project office, Bahragora (Jyoti pahari and Sirboi mines) (v) Project office, Chandula-Simalgoda (Chandula-Simalgoda mines).

incorporation. On the basis of application made by the Company and recommendation of GoJ, eight coal blocks were allocated to the Company under Government Company dispensation as per the provisions of section 3(3)(a)(i) of the Coal Mines (Nationalisation) Act, 1973 during 2006-2008. These coal blocks were to be developed and mining of coal was to be done as per the milestones set by MoC. However, all the blocks allocated under Government Company dispensation were cancelled (September 2014) by the Supreme Court of India as discussed in para 2.11.

Sikni coal mine of the Company was the only coal mine in operation during the period April 2009 to December 2011. Production of coal in the mine was 9.78 lakh metric tonne (MT) and revenue of ₹ 114.84 crore was realised by selling the coal during this period. There was no production and sale of coal from January 2012 to April 2014 due to suspension of mining operations in the mine as discussed in paragraph 2.12. The Company was also distributing the coal allocated to it by CIL to meet the requirements of the small and medium sector consumers of the State and distributed 12.37 lakh MT of coal on which it earned ₹ 12.63 crore as service charge during 2009-14.

The shortcomings noticed in audit relating to the development of coal blocks, mining of coal and trading activities are discussed in the succeeding paragraphs.

2.9 Non commencement of mining in Jagaldaga coal block

Mining in Jagaldaga coal mine was not started in absence of forest clearance even after lapse of 18 years from its allocation.

After allocation of the Jagaldaga coal block in 1996, BSMDC carried out exploration in the 94.41 acres area for which MoC, GoI approved (October 1997) the Mining Plan (MP)[7] and granted the Mining lease (February 1998). The Company (JSMDC) submitted (March 2006) the forest diversion proposal (FDP) to the Department of Forest and Environment, GoJ for obtaining forest clearance[8] in respect of 69.38 acres of forest land of the coal block after a period of 10 years from the date of allocation against the stipulated time period of 45 months. However, diversion of the forest land was not granted by the Ministry of Environment and Forest (MoEF) as of December 2014 for want of compensatory afforestation land and failure of the Company to submit the differential global positioning system (DGPS) map for the mining lease area. Thus, the mining in Jagaldaga coal mine was not started even after lapse of 18 years from allocation of the coal block for want of forest clearance. Environment clearance[9] of the coal mine area was accorded by the MoEF in May 2008.

[7] As per section 9(1) of the Mineral Conservation and Development Rules, 1988, no person shall commence mining operations in any area without an approved mining plan. Mining plan describes activities to be conducted at the site over the life of operation of the mine.

[8] As per section 2 of the Forest (Conservation) Act, 1980 for any diversion of forestry land for non forestry use prior approval of the Central Government is needed and compensatory afforestation charges are payable.

[9] To undertake any new project or the expansion or modernisation of any existing industry or project, application for environment clearance is to be submitted to the MoEF, GoI along with an Environmental Impact Assessment (EIA) and Environment Management Plan (EMP) as per the Environmental Impact Assessment Notification 2006.

The Government replied that as per decision of State Government steps were initiated for selecting Joint Venture (JV) partner for operation of mine. However, due to procedural delay the formation of JV did not materialise.

The reply is not acceptable as mining could not commence due to failure of the Company to obtain forest clearance for want of compensatory afforestation land and DGPS map.

2.10 Eight Coal blocks allocated under Government Company dispensation

For the eight coal blocks allocated to the Company under Government Company dispensation during 2006-08, prospecting/detailed exploration and mining was to be carried out by the Company or by a separate Government company eligible to do coal mining to be created with participation of the Company.

As per the terms and conditions of allocation, for explored coal blocks the Company was to purchase Geological Report (GR)[10] from the Central Mine Planning and Design Institute Limited (CMPDIL) or Geological Survey of India (GSI) within one and half month of allocation and GR for the unexplored blocks was to be prepared within two years from the date of issue of prospecting licence.

The Company had to submit Mining Plan (MP) within six months of obtaining GR and get it approved from MoC, GoI obtain forest clearance and environment clearance from MoEF, GoI within 18 months of the date of obtaining GR. Mining from the coal blocks was to be commenced within 36 to 54 months from the date of obtaining GR of the coal blocks as per the milestones prescribed by MoC, GoI. Allocation of the coal blocks was liable to be cancelled in case of non-achievement of the milestones.

2.11 Non-commencement of mining in eight coal blocks

The progress in development of the eight coal blocks allocated under Government Company dispensation was not satisfactory as per the milestones in respect of preparation of GRs, preparation and approval of MPs and obtaining forest and environment clearances as detailed in ***Annexure-2.3***. The Company decided to develop these mines through JV route. However, the JV companies were not formed as of September 2014 though expenditure of ₹ 40 lakh was incurred on the consultant employed for the formation of JV companies.

The MoC, GoI de-allocated (January 2013) four[11] coal blocks on recommendations of Inter-Ministerial Group (IMG)[12] due to failure of the Company to develop coal blocks and obtain necessary statutory clearances. Also, the MoC decided to invoke the bank guarantees (BG) of ₹ 18.82 crore[13] submitted against two de-allocated coal blocks for non-achievement of prescribed milestones. The Company however, filed (April 2013) a writ petition with the

---

[10] Geological report is a concise, informative and well documented report used to present, analyse and summarise field data for mining purpose prepared after detailed exploration of reserve area.

[11] Pindra devipur, Latehar, Rabodh and Patratu.

[12] Having members from Ministry of Power, Ministry of Steel, Ministry of Commerce & Industry, Department of IPP, Ministry of Law and Justice, Department of Legal Affairs and Department of Economic Affairs.

[13] 50 *per cent* of the BGs (₹ 31.00 crore for Rabodh and ₹ 6.64 crore for Patratu).

High Court of Jharkhand, Ranchi for restoration of these blocks, the decision on which was pending (September 2014).

The Company failed to develop and commence mining in eight coal blocks as per stipulated milestones The expenditure of ₹ 18.31 crore incurred on these blocks became infructuous on cancellation of their allocation by the Supreme Court of India.

Meanwhile, the Supreme Court of India vide its judgment dated 24 September 2014 held that the allotment of coal blocks made by the Screening Committee of the GoI and through the Government Company dispensation route were arbitrary and illegal and hence, cancelled all the eight[14] coal blocks allocated to it under Government Company dispensation. However, the Company had already incurred expenditure of ₹ 18.31 crore on consultancy service (₹ 0.40 crore), detailed geological exploration (₹ 0.84 crore), purchase of GRs (₹ 16.33 crore), bank guarantee commission (₹ 0.74 crore) etc. for development and mining of these coal blocks.

Thus, the Company failed to develop the coal blocks and commence mining in these blocks even after lapse of a period ranging from six to 59 months after the due dates as per the milestones. If production from the coal blocks had started as per stipulated milestones, the Company could have recovered the cost incurred on these mines by the revenue generated from operation of the coal mines. The entire expenditure of ₹ 18.31 crore incurred by the Company on these coal blocks became infructuous on cancellation of these coal blocks by Supreme Court of India.

The Government while accepting the facts stated that steps were initiated for selecting JV partners as per decision of State Government. However, due to procedural delay and subsequent CBI enquiry formation of JV did not materialise.

The reply is not acceptable as there were inordinate delay in development of mines by the Company. This is also evident from the fact that four coal blocks were de-allocated by MoC, GoI due to lack of progress.

2.12 Stoppage of operations in coal mine due to violation of mining regulations.

As per the Coal Mines Regulations, 1957 the sides of the coal mine were to be kept sloped at an angle not exceeding 45 degree for safety or the sides were to be kept benched[15] with height not exceeding three metres and the breadth to be not less than the height. The terms and conditions of the agreement with the contractor for Sikni coal mine stipulated that the agency will have to maintain benches as per Coal Mines Regulations, 1957.

The mining activities in Sikni mine was stopped for 28 months due to non compliance of the prescribed mining norms.

However, the contractor was carrying out mining without proper benching as height of the south western part of the quarry benches was 25 meter against the permissible height of three meters and coal was being extracted from the toe of the wall. Due to non-compliance of Mining Regulations the Director General of Mines Safety (DGMS) prohibited (October 2011) the employment of persons in the mine and mining of coal was stopped (December 2011). On request

[14] (i) Sugia, (ii) Rauta, (iii) Burhakhap, (iv) Latehar, (v) Pindra Devipur, (vi) Patratu, (vii) Rabodh and (viii) Jageshwar & Khas-Jageshwar.

[15] The mineral or overburden is removed in successive layers, each of which is a bench. Several of which may be in operation simultaneously in different part and at different elevations in an open pit mine or a quarry.

(March 2014) of the Company permission to form the benches of 10 meter high and to keep the side of bench slope up to 70 degree was granted in March 2014 and mining was started (May 2014) after rectification of the defects by the contractor.

Thus, due to non compliance of the prescribed mining norms the mining activities remained suspended for 28 months.

The Management stated that the compliance could not be ensured due to shortage of statutory/technical manpower.

The fact remains that mining operations were suspended due to non compliance to the provisions of the regulations.

2.13 Non allocation of coal by Coal India Limited

As per New Coal Distribution Policy (NCDP), 2007 of MoC, the State Government was to nominate a state nodal agency to distribute coal to the eligible consumers[16] within the State. The notified agency was to enter into Fuel Supply Agreement (FSA) with coal company to be designated by the Coal India limited (CIL). The FSA would continue to remain in force till the State Government de-notifies the agency or CIL shifts the obligation to some other coal company. The nodal agency was to charge five *per cent* as service charges over the basic price of CIL. Accordingly, the State Government notified JSMDC as the nodal agency for distributing the coal allocated by CIL to the consumers in Jharkhand.

Due to delay in signing of annual Fuel Supply Agreements there was short allocation of 279252 MT coal by Coal India Limited for distribution among small and medium sector consumers.

We observed that the State Government was nominating the nodal agency every year though as per the provisions in the NCDP, the nomination was not required to be made each year. This caused delay in execution of FSA in each year resulting in delay of one to three months in allotment of coal. In absence of valid FSA, monthly quantity of 37250 MT of coal was not allocated by CIL in the months of May 2009, April 2010 to June 2010, April 2011 and April 2012 and quantity was short allocated in May 2011 (32930 MT) and April 2013 (22822 MT). As a result, the Company could not distribute 279252 MT of coal to the consumers thereby forgoing the service charges of ₹ 2.16 crore.

The Government stated that FSA was being done on yearly basis as per CIL policy. Further, the Management stated that the matter is being taken up with CIL and State Government authorities to permit JSMDC to continue as nodal agency till nomination of any other nodal agency.

The fact remains that due to non adherence to the provisions of NCDP and in absence of valid FSA, the CIL did not allocate coal. As a result the Company could not distribute the coal to the consumers forgoing the service charges thereon.

2.14 Mineral mining and other activities

The Company had nine leasehold mines of limestone, graphite, kyanite, stone and granite. The Company was raising and selling lime stone, kyanite, and graphite in

[16] The small and medium sector consumers having requirement upto 4200 MT per annum not having any access to purchase of coal or FSA with coal companies

four[17] mines through private contractors as well as by departmental operation. Production in these mines was stopped during 2012-13 for want of environment clearances. The Company was also extracting granite blocks departmentally in Chelangi granite mine. Remaining four[18] mines were not in operation for want of statutory clearances. The status of statutory clearances of these mines of the Company is given in ***Annexure-2.4.***

The Company was also operating Tupudana granite plant for production of granite tiles and Sudna limestone grinding factory for production of limestone dust by utilising the granite blocks and limestone lump produced in its mines.

The mine-wise production and sales performance of the Company during 2009-10 to 2013-14 is given in **Table – 2.1.**

Table – 2.1

Name of the mines	2009-10		2010-11		2011-12		2012-13		2013-14	
	Qty. produced and sold (MT)	Value (₹ in lakh)	Qty. produced and sold (MT)	Value (₹ in lakh)	Qty. produced and sold (MT)	Value (₹ in lakh)	Qty. produced and sold (MT)	Value (₹ in lakh)	Qty. produced and sold (MT)	Value (₹ in lakh)
Semra Salatua limestone mine	37310	115.41	25174	79.30	10805	44.18	4048	16.82	-	-
Benti Bagda limestone mine	-	-	2818	9.51	39883	135.09	8378	28.41	-	-
Mahugain-Tulbula graphite mine	-	-	-	-	-	-	1518	9.81	-	-
Jyoti pahari kyanite mine	4420	55.55	3547	47.50	4012	54.77	1015	13.90	-	-
Chelangi granite mine (Production in No. of blocks)	-	-	-	-	133*	-	203*	-	359*	-

(Source: Data compiled from the information furnished by the Company)

It would be seen from the above table that during the period production of limestone was 128416 MT, kyanite 12994[19] MT, graphite 1518 MT and 695 granite blocks. The Company realised ₹ 6.10 crore by selling these minerals. Further, there was no production and sale of minerals during 2013-14 except 359 granite blocks produced in Chelangi granite mine.

The deficiencies noticed in operation of the mineral mines and plants of the Company are discussed in the succeeding paragraphs.

2.15 Non renewal of mining leases

As per Rule 24A of the Mineral Concession Rules (MCR), 1960, application for renewal of a mining lease was to be made to the State Government at least twelve

[17] (i) Semra Salatua (limestone) (ii) Benti-Bagda (limestone) (iii) Jyoti pahari (kyanite) and (iv) Mahugain-Tulbula (graphite)

[18] (i) Salhan (limestone) (ii) Sirboi (kyanite) (iii) Manasoti (graphite) and (iv) Chandula-Simalgoda (stone).

* The granite blocks extracted from Chelangi granite mine were transferred to Tupudana granite plant for production of granite tiles.

[19] Includes 4833 MT of kyanite extracted from Jyoti Pahari mine departmentally during April 2009 to April 2010.

months before the expiry of existing lease. The lease periods of eight[20] mines of the Company expired by the year 2004. For renewal of the leases and operating the mines, approval of their MPs and forest and environment clearances from the GoI and consent for operation from Jharkhand State Pollution Control Board (JSPCB) were to be obtained. Status of leases of various mines is illustrated in ***Annexure 2.5***.

We observed that the Company had submitted applications to the appropriate authority for renewal of eight[21] leases during 1995 to 2003. However, renewal has been granted only for Chandula-Simalgoda mines.

The Government replied that initially the environment clearance was not insisted upon by the MoEF. Subsequently, environment clearance has been made prerequisite for grant/renewal of mine leases. The Company had applied for renewal of all leases in time.

However, the fact remains that the Company failed to obtain statutory clearances consequently renewal of the leases could not be made and mines were in-operational even after lapse of 11 to 19 years from the date of application for renewal.

Limestone Mines and grinding factory

2.16 Non operation of limestone mines in absence of statutory clearances

Limestone is a sedimentary rock composed largely of calcium carbonate to be used in steel plants as lump and dust is used for cement production. The Company has three limestone mining leases at Semra-Salatua, Benti-Bagda and Salhan. Audit scrutiny revealed the following:

- The application for renewal of lease of Semra-Salatua mines over an area of 2578.28 acres was submitted (April 1995) by BSMDC and the FDP in respect of the mines was approved by MoEF (June 1998). The Company (JSMDC) submitted (June 2014) the MP of the mine to Indian Bureau of Mines (IBM) for approval after a considerable period of 19 years from submission of the application for renewal as it failed to prepare the MP due to its lackadaisical approach. The approval of same was not received (December 2014). The MoEF issued (February 2009) Terms of Reference[22] (TOR) for environment studies for three years which expired (February 2012) due to non submission of Mining Scheme[23] (MS).

[20] Lease for 20 years in respect of (i) Semra Salatua (Limestone), (ii) Benti-bagda(Limestone), (iii) Salhan(Limestone), (iv) Jyoti pahari (Kyanite), (v)Sirboi (Kyanite), (vi) Mahugain-Tulbula(Graphite), (vii)Manasoti (Graphite) and for 10 years in respect of (viii)Chandula-Simalgoda Stone mine

[21] excluding new lease of Chelangi granite mine granted in January 2011

[22] TOR is determined to address all relevant environmental concerns for preparation of Environment Impact Assessment (EIA) Report and Environment Management Plan (EMP).

[23] Under the Mineral Conservation & Development Rules 1988, lessees have to review the mining plan and submit mining scheme (MS) alongwith a progressive mine closure plan (PMCP) for the every five years of the lease of submitting mining plan. It contains activities to be conducted at the site over the next five year of the operation.

The Semra-Salatua mines remained in-operative since June 2012 for want of environment clearance.

The Company engaged (January 2013) consultant for generation of baseline data and preparation of Environment Impact Assessment (EIA) and Environment Management Plan (EMP), however, the fresh application for TOR for environment studies was not submitted (December 2014) and the environment clearance could not be obtained. The Company has also not submitted the application for obtaining consent for operating from JSPCB.

We observed that the Company was carrying out mining operation without approved MP and environment clearance. As a result, the production was suspended (June 2012) by district mining authorities due to non availability of environment clearance.

- The application for renewal of lease of Benti–Badga mines over an area of 334.87 acres was submitted (May 1995) by BSMDC. The MP of Benti-Bagda mine was approved by IBM in August 2002. The FDP over an area of 22.41 acres out of total 69.87 acres of forest land was approved by MoEF in July 2005. Subsequently, the Company submitted (July 2013) FDP for remaining forest land of 47.46 acres. We however, observed that the Company was to re-submit the FDP proposal after demarcation of potential mineralised zone and to surrender the balance unusable land which is yet to be done (December 2014).

The Benti-Bagda mine remained in-operational since July 2012 due to suspension of mines by the district mining authorities for want of environment clearance.

For obtaining environment clearance, a consultant was appointed (January 2007), who prepared EIA and EMP and the application for environment clearance was submitted in July 2007 after lapse of 12 years after application for renewal of lease. The MoEF issued (May 2008) the TOR for undertaking EIA study. As called for by the MoEF, the Company submitted the Mining Scheme (MS) cum Progressive Mine Closure Plan (PMCP)[24] in March 2013. The MoEF rejected (June 2013) the proposal owing to expiry (May 2012) of the validity of TOR. The Company again submitted (July 2013) application for TOR which was issued (December 2013) by the MoEF for environmental studies, however EIA/EMP was yet to be prepared by the Company.

Consequently, the production of the mines was suspended (July 2012) as district mining authorities did not release the mining challans due to absence of environment clearance. Further, the Company submitted (May 2014) application for consent for operating from JSPCB and the same was awaited (December 2014).

Salhan mine remained inoperative since 1997 in absence of statutory clearances.

- The application for renewal of lease of Salhan mine over an area of 257.03 acres was submitted (May 1995) by BSMDC. We noticed that the Company submitted (May 2014) MP of Salhan limestone mine to IBM for approval after a delay of 19 years from the date of application owing to lackadaisical approach of the Company and the approval of same was pending (December 2014). The Company submitted (June 2013) the FDP to State Forest Department which was yet to be forwarded by the Forest Department to the MoEF for approval. The Company did not initiate action for environment clearance and did not apply for

[24] It involves planning effectively for all activities required before, during, and after the operating life of a mine that are needed to produce an acceptable landscape and reclamation economically.

consent for operation of the mine from JSPCB so far (December 2014). As a result the mine remained inoperative since 1997.

Thus, due to failure of the Company in obtaining statutory clearances all the above limestone mines remained in-operative as of December 2014.

The Government while accepting the facts stated that the IBM has conducted the inspection for approval of the MPs for Semra-Salatua and Salhan mines. The proposals of forest clearance for Benti-Bagda and Salhan mines are pending with the Forest Department. TOR for Benti Bagda mines has been received from MoEF and preparation of EIA/EMP is under process.

The fact remains that the mines remained inoperative in absence of the statutory clearances.

2.17 Idle expenditure on non-operational grinding factory

The Company engaged (August 2007) a contractor[25] for raising limestone lumps from Semra-Salatua mines and grinding for production of limestone dust in its Sudna Grinding factory (factory) and purchase of the products for a period of three years. As per terms of the contract, the contractor was to produce and purchase minimum 36,000 MT of limestone lump per annum. Further, the contractor was required to supply and grind 3600 MT limestone lump per annum at the factory at approved rates and to purchase the limestone dust so produced after paying differential amount of selling price and raising, grinding along with transportation charges.

The Company failed to ensure supply of required quantity of the limestone lump to produce dust and suffered loss of ₹ 40.04 lakh.

We noticed that the contractor extracted 46296 MT of limestone lump though it supplied only 1,853 MT of limestone lump to the factory against the target of production of 10,500 MT of limestone dust (shortfall of 8647 MT) during September 2007 to August 2010. Thus, the Company failed to ensure the supply of required quantity of the limestone lump by the contractor to produce dust which resulted in loss of ₹ 40.04 lakh[26].

On expiry (September 2010) of the above contract the Company awarded (May 2011) the work to another contractor[27]. Although the contractor was to supply of 4800 MT limestone lump per annum to the factory for grinding as per the contract, it did not supply any limestone lump to the factory as the same was closed since September 2010 due to failure of the Company to operate it departmentally or by engaging outside agency. Further, the production of limestone lump at Semra-Salatua limestone mines, which were supplying raw material to the factory, was also discontinued since June 2012 due to non-availability of environment clearance.

Thus, the Company failed to operate the grinding factory since September 2010 resulting in idle expenditure of ₹ 87.80 lakh on salary and wages (₹ 83.43 lakh) and electricity charges (₹ 4.37 lakh) up to March 2014.

[25] MLC Ltd.
[26] Selling price ₹ 750 – (cost of raising ₹ 110 + transportation cost ₹ 75 + grinding cost ₹ 82+ penalty ₹ 20) i.e. ₹ 463 per MT * 8647 MT= ₹ 40.04 lakh.
[27] Bhawani Industries.

The Government replied that the first contractor had failed to comply with the terms and conditions of the agreement. Notices were issued and payment to the agency has been withheld to recover the penalty. Engagement of contractor could not be made as no response was received in the tender. Also, the factory could not be operated departmentally.

The fact remains that the Company failed to ensure supply of agreed quantity of limestone lump to the factory by the contractor and operate the factory which resulted in non utilisation of the infrastructure to earn revenue.

The Company needs to take steps to operationalise the factory by removing the bottlenecks and run it profitably.

2.18 Violation of Mining Regulations in limestone mines

As per rule 106 of the Metalliferous Mines Regulations, 1961 (applicable for all mines other than coal and oil) the sides of mines were to be kept benched and the height of any bench was not to exceed 1.5 metres and the breadth was not less than the height.

Director General of Mines Safety prohibited employment of persons in Semra-Salatua mines due to non compliance of regulations.

We observed from scrutiny of records that the excavation in Semra-Salatua limestone mines was carried out by creating inadequate bench widths at about 40 meter high as against the permissible bench height of 1.5 metres. The DGMS directed (September 2010) the Company to rectify the defects within 60 days. As the Company failed to comply, the DGMS prohibited (November 2011) employment of persons in the mines. However, we noticed that production in mine continued till May 2012. Thereafter, the mine remained in-operative till date (December 2014) in the absence of environment clearance.

The Government while accepting the fact stated that after obtaining statutory clearances, the Company will ensure the compliance of the provisions.

The fact remains that mining operations remained suspended due to non compliance to the provisions of the regulations.

Graphite mines

2.19 Non-operation of graphite mines for want of statutory clearances

Graphite is a crystalline modification of carbon used in manufacturing of dry cell, refractionaries, pencils, electrodes, lubricant, explosives and paints etc. The BSMDC had two graphite mines leases at Mahugain-Tulbula and Manasoti covering 1285.18 acres. After expiry of lease period (Mahugain-Tulbula - October 1996 and Manasoti -September 1999) of these mines, the renewal of leases was not granted due to non-fulfillment of the pre-requisite conditions as detailed below:

Mining operation in Mahugain-Tulbula mines without environment clearance and approved mining scheme was stopped by district mining authorities.

- The application for renewal of lease of Mahugain-Tulbula graphite mines over an area of 552.15 acres was submitted (October 1995) by BSMDC and the MP was approved (August 1999). The Company submitted (April 2008) proposal for diversion of 48.98 acres of forest land which was not cleared by the State Forest Department as it was incomplete and contained various deficiencies. Further, the application for environment clearance was submitted to MoEF in July 2013 the approval of which was awaited (December 2014).

The Company was carrying out mining operation without environment clearance and approved MS. As a result, operation of the mines was stopped (January 2013) by the district mining authorities and IBM prohibited (February 2014) the mining operation in the mines without approved MS. Further, the Company applied (July 2012) for consent from JPSCB. However, JSPCB issued (December 2012) show cause notice for operating the mine after expiry of mining lease without environment clearance, no objection certificate and consent to operate and the consent for operating the mine has not been granted so far (December 2014).

The Manasoti graphite mine remained inoperative since 1985 in absence of statutory clearances.

- The application for renewal of lease of Manasoti graphite mine over an area of 733.03 acres was submitted (August 1998) by BSMDC. The Company (JSMDC) did not prepare the MP owing to non-availability of related documents. The Company did not initiate action for approval of FDP and environment clearance as well as consent from JSPCB so far (December 2014). As a result the mine remained inoperative since 1985.

The Government while accepting the fact stated that MS and PMCP in respect of Mahugain-Tulbula mine has been prepared and being submitted to IBM for approval. The FDP submitted to the Forest Department was returned for revision of area in respect of mineralised zone. The surrender of the lease for Manasoti mine is under consideration.

The fact remains that due to failure in obtaining statutory clearances the Mahugain-Tulbula mine remained in-operative. Further, the proposal for surrender of Manasoti mine was yet to be submitted.

Kyanite Mines

2.20 In-operative kyanite mines in absence of statutory clearances

Kyanite is chemically high alumina silicate mineral mainly used in refractory production. The Company acquired two mining leases of kyanite at Jyoti pahari and Sirboi in East Singbhum. Audit scrutiny revealed the following:

- The Company submitted (August 2003) application for renewal of lease of Jyoti pahari mine over an area of 50.25 acres. The MP of mine was approved in March 2007, however mining scheme (MS) and progressive mine closure Plan (PMCP) submitted by the Company was not approved due to discrepancies therein. The Company submitted (January 2014) the revised MS which was inspected (March 2014) by the IBM however, the same has not been approved so far (December 2014).

The MoEF issued (February 2009) TOR for environment studies which expired (February 2012) due to non submission of MS and the fresh TOR was yet to be received. The EIA and EMP could not be prepared and the environment clearance could not be obtained. The Company did not apply for consent of JSPCB for operation of the mine (December 2014).

The mining operation in Jyoti pahari was stopped since August 2012 in absence of approved mining scheme and environment clearance.

We observed that the Company was carrying out mining operation without approved MS and PMCP and environment clearance. As a result, IBM suspended (June 2012) the mining operation and the district mining authorities also refused (August 2012) to issue transit challan for plying the vehicles in mining area in absence of environment clearance. Thus, the mining operations were stopped in absence of approved MS and PMCP and environment clearance.

- The Company submitted (August 2003) application for renewal of lease of Sirboi mine over an area of 168.40 acres. The MP of Sirboi was approved in July 2000. On submission (February 2008) of proposal for diversion of forest land, the Forest Department directed (May 2008) to submit no objection certificate of JSPCB and also to rectify the deficiencies in the proposal. The Company took unduly long period of more than five years in complying the same and submitted (January 2014) revised forest diversion proposal which has not been cleared by the Forest Department so far (December 2014). Thus, the proposal is yet to be forwarded to the MoEF for approval.

The Company failed to obtain forest and environment clearances and did not obtain consent of JSPCB for Sirboi mine owing to which the mine was inoperative since 1992.

The MoEF issued (February 2010) TOR for environment study, however, the Company failed to get environment clearance within the validity period (February 2013) of TOR. Subsequently, the Company did not apply for determination of TOR for environment clearance. Also, the consent of JPSCB for operation of the mine was not obtained so far (December 2014). As a result the mine remained inoperative since 1992.

The Government while accepting the facts stated that the IBM has carried out inspection for approval of the MS of Jyoti pahari mine. TOR is under finalisation by the State Environmental Impact Assessment Committee, Jharkhand and the FDP for Sirboi mine is pending with the Forest Department.

The fact remains that renewal of leases of above mines were unduly delayed and the mines remained inoperative due to delay in obtaining statutory clearances.

2.21 Shortfall in production of limestone, graphite and kyanite through private contractors

The Company was extracting limestone lump from Benti Bagda and Semra-Salatua mines and graphite from Mahugain-Tulbula mines for varying period during 2009-2013. Mining of kyanite from Jyoti Pahari mines was done through private contractors as well as departmentally. The mine-wise contractual production target vis-à-vis actual production of minerals during the period 2009-10 to 2012-13 is given in **Table - 2.2.**

Table - 2.2

(Figures in MT)

Name of mines	Name of mineral	Period of Mining	Awarded quantity	Actual production	Shortfall	Shortage (*Per cent*)
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (6)/(4)x 100
Benti-Bagda	Lime stone	01.12.10 to 30.06.12	93127	50381	42746	45.90
Semra-Salatua	Lime stone	01.04.09 to 31.05.12	153785	77337	76448	49.71
Mahugain-Tulbula	Graphite	01.05.12 to 31.12.12	10865	1518	9347	86.03
Jyoti Pahari	Kyanite	01.05.10 to 31.07.12	16370	8161	8209	50.15

(Soucre: Data compiled from information furnished by JSMDC)

There was shortfall in production of limestone, graphite and kyanite ranging from 45.90 *per cent* to 86.03 *per cent* of the awarded quantity.

From the above it is evident that the contractors failed to achieve the targets of production during the period of contract and there was shortfall in production of limestone (119194 MT), graphite (9347 MT) and kyanite (8209 MT) which ranged from 45.90 *per cent* to 86.03 *per cent* of the awarded quantity of these minerals during 2009-10 to 2012-13. The shortfalls were due to delayed and inadequate deployment of machineries, negligence on the part of the contractors and lack of monitoring on the part of the Company. The shortfalls in production resulted in significant loss of revenue to the Company.

The Company did not take effective measures to increase production despite continued failure of the contractors in achieving the target. Also it did not explore the possibility of engaging competent contractors to enhance production.

The Government replied that the Company had imposed penalty considering the shortfall in production and that the shortfall in production was also due to some unavoidable circumstances like local law and order situation, naxal bandh etc. and seasonal fluctuation in the market demand which were beyond the control of the agencies as well as the Company.

The reply is not acceptable as the penalty imposed by the Company was not sufficient to compensate for the loss of production. Further, the Company had already revised the production targets for the mines considering the above circumstances due to which their production was affected. Thus, the Company has failed to take effective action against the contractors for the shortfall in production.

The Company should ensure that contractors adhere to the production targets.

Stone Mine

2.22 Non-operation of stone mines

The Company had stone mine at Chandula-Simalgoda over a area of 172.80 acres. The MoEF, GoI approved (July 2010) the FDP (stage I clearance) of Chandula – Simalgoda stone mines subject to the payment of Net Present Value (NPV) to the GoJ for the entire forest area (69.93 hectares). The GoJ directed (August 2010) the Company for payment of ₹ 5.61 crore towards NPV (revised to ₹ 4.38 crore in

December 2011) and ₹ 1.25 crore for compensatory afforestation for diversion of the forest land.

The Company floated (May 2013) a tender for selection of Mine Developer cum Operator (MDO) for the mines. As per the condition of tender the amount of NPV and afforestation charges were to be paid by the selected agency. Though a number of bidders attended the pre-bid meeting, no bid was received owing to high initial investment and uncertainty in obtaining statutory clearances. Also, the Company did not pay the NPV and afforestation charges and the forest clearance was not obtained (December 2014).

The Chandula-Simalgoda stone mines remained in-operative since 2000 due to failure in obtaining statutory clearances.

The Company submitted MP to IBM only in January 2014 which was yet to be approved. TOR was issued (March 2014) by the MoEF for environmental studies, however EIA/EMP was yet to be prepared by the Company. Thus, the environment clearance has not been granted by MoEF so far (December 2014). The Company did not apply for consent of JSPCB for operation of the mine.

Thus, the Chandula–Simalgoda stone mines remained non-operational since 2000 due to failure of the Company in obtaining statutory clearances and engaging MDO.

The Government while accepting the fact stated that action has been taken for approval of MP. The selection of MDO is under process. The condition of initial capital investment by the MDO was fixed to avoid blockage of fund of the Company. TOR has been received from the MoEF and preparation of EIA/EMP is under process.

The fact remains that the mines were not in operation for the last 14 years in absence of the statutory clearances and appointment of MDO.

Granite mine and granite tiles plant

2.23 Under-performance of granite mine

Granite is an intrusive igneous rock extensively used in building construction and architectural design. The Company has a granite mine at Chelangi having lease areas of two acres.

There was under-performance of Tupudana granite plant due to 95.72 *per cent* shortfall in production of granite blocks by the Company.

The Company was extracting granite blocks from Chelangi granite mine departmentally. As per approved MP of the Chelangi granite mine the targeted production of granite block was 6499 cubic meter (Cu m) per year. Against the target of production of 16248 Cu m granite blocks for the period 2011-12 to 2013-14, the Company could produce 695 Cu m (4.28 *per cent*). The shortfall of 15553 Cu m (95.72 *per cent*) in production of granite blocks was due to shortage of manpower which also led to under-performance of Tupudana granite tiles plant as discussed in paragraph 2.24**.**

The Management replied that the capacity of Tupudana granite plant is sufficient to handle small blocks only and there is no market for small granite blocks in the vicinity. As the production is restricted to the capacity of the plant and therefore less manpower was engaged.

The reply is not acceptable as the plant remained under-utilised for want of granite blocks.

2.24 Under-utilisation of granite tiles plant

The BSMDC established a granite cutting and polishing plant (plant) at Tupudana in 1997 with production capacity of 2500 sq. ft. per month. The plant remained inoperative during 2007-2010 due to non-availability of granite blocks. The Company re-started (May 2011) the granite plant commencing production of granite blocks departmentally from its mine (Chelangi). The production performance of the plant for the years 2011-12 to 2013-14 is given in **Table -2.3.**

Table - 2.3

Particular	2011-12	2012-13	2013-14
Annual production capacity (Sq. ft.)	30000	30000	30000
Annual production (sq.ft.)	2392	9036	8872
Percentage of production to annual capacity	7.97	30.12	29.57

(Source: Data compiled from the information furnished by the Company)

The annual production of granite tiles was 7.97 *per cent* to 30.12 *per cent* of production capacity in 2011-12 to 2013-14.

It would be seen from **Table 2.3** that the annual production of granite tiles was 2392 sq. ft in 2011-12, 9036 sq. ft. in 2012-13 and 8872 sq. ft. in 2013-14 which was 7.97 to 30.12 *per cent* of the annual production capacity during this period. The reasons for under-utilisation of the plant were non availability of granite blocks, diamond blade, cutting oil etc.

Consequently, the plant incurred loss of ₹ 46.49 lakh, ₹ 62.11 lakh and ₹ 96.46 lakh during 2011-12, 2012-13 and 2013-14 respectively which was increasing consistently. The reasons for the loss were expenditure on salary and wages of idle manpower and non up-gradation of the plant.

We observed that the Company prepared the proposal for up-gradation of plant in May 2013, however upgradation was yet to be done (December 2014) and the Company was operating the plant without ensuring its viability.

The Government replied that the Tupudana plant was a pilot plant; the Management will endeavour to initiate corrective measures for commercial production.

The reply is not acceptable as the plant was already in commercial production. The proposal for up-gradation of the plant was yet to be approved even after more than 18 months since its initiation.

The Company should take steps to utilise the idle capacity of the plant and ensure its commercial viability.

Thus, out of nine existing non coal mines MPs of only five mines[28] were approved, forest clearance for only one (Semra-Salatua) mine was obtained and environment clearance and consent of JPSCB for none of the mines could be obtained so far (December 2014) as discussed in preceding paragraphs.

[28] Benti-Bagda, Jyoti Pahari, Sirboi, Mahugain-Tulbula, Chelangi.

As a result, eight mines were inoperative as of December 2014, though mining from four[29] mines was done during different periods and the same was stopped by the Government in absence of forest and environment clearances and MP and MS. Consequently, the manpower (115 employees) engaged in these mines remained idle since January 2013.

The Company failed to operate the Sudna grinding factory which remained closed since September 2010 resulting in idle expenditure of ₹ 87.80 lakh owing to non-operation of the factory. The Tupudana granite plant incurred loss of ₹ 2.05 crore during 2011-14 due to expenditure on salary and wages of idle manpower and non up-gradation of the plant.

The Company needs to devise system for development of mines and timely compliance with the statutory requirements.

2.25 Non disposal of stock of minerals

There was unsold stock of kyanite (921 MT), limestone (3198 MT), magnetite (304 MT) and graphite (6917 MT) as on 31 March 2010. The minerals were lying in the forest area. The estimated realisable price of these minerals was ₹ 23.71 lakh based on the reserve price fixed by the Company for tendering in 2008.

Stock of minerals valuing ₹ 23.71 lakh remained undisposed in absence of forest clearance

We noticed that tendering for disposal of these minerals was done in 2008 and 2009 and work orders were issued. As the Forest Department did not permit lifting of the minerals from forest area in absence of forest clearance, the same could not be disposed. The non-liquidation of the minerals stock resulted in blocking of working capital and its value was declining due to deterioration in their quality. Further, prolonged storage of stock of minerals was susceptible to theft and shortage.

The Government while accepting the fact stated that possibilities for its disposal including writing off will be explored.

The facts remain that Company could not obtain forest clearance and did not pursue for obtaining permission for lifting of stock of minerals in the forest area.

2.26 Non-conducting annual physical verification and shortage of minerals

As per decision (May 1989) of BSMDC, the stock of minerals at the sites of the mines should be physically verified every year and the permissible limit/norm for handling losses of the minerals was fixed at 0.25 to 1.50 *per cent.* It was however observed that the stock of minerals at the sites of the mines was last verified by a physical verification committee in May 2010 and significant shortages were found in mineral stock of four mines as depicted in **Table-2.4.**

[29] Benti Bagda (operated during December 2010 to June 2012), Semra Salatua (September 2007 to May 2012), Jyoti Pahari (May 2010 to July 2012) and Mahugain-Tulbula (May 2012 to December 2012).

Table – 2.4

Name of Project	Name of minerals	Book stock (MT)	Verified stock (MT)	Shortage	
				Quantity (MT)/ (*per cent*)	Value in ₹ lakh
Mahugain-Tulbula graphite mine	Graphite	4577.032	735.545	3841.487 (83.93)	13.83
Ranka graphites mine (Closed mine)	Graphite	21568.350	6181.086	15387.264 (71.34)	23.08
Semra-Salatua limestone mine	Limestone	21817.776	1909.700	19908.076 (91.25)	29.86
	Magnetite	16858.982	304.330	16554.652 (98.19)	48.01
Manasoti graphite mine	Graphite	8870.233	2029.740	6840.493 (77.12)	10.33
Total		**73692.373**	**11160.401**	**62531.972 (84.86)**	**125.11**

(Source: data compiled from information furnished by the Company)

Physical verification conducted in May 2010 revealed the abnormal shortage of 71.34 to 98.19 *per cent* of the stock of minerals as against the norms of 0.25 to 1.5 *per cent*.

It may be seen from the above table that there was abnormal shortage of 71.34 to 98.19 *per cent* of the stock of minerals as against the norms of 0.25 to 1.5 *per cent*. The total shortage of minerals was 62431.972 MT valuing ₹ 1.25 crore[30]. The Company had not analysed the reasons for the abnormal shortage. Further, adjustment of the shortfall in the books of account was awaited in absence of finalisation of accounts since 2009-10.

The Government while accepting the facts stated that the stock gets subsided due to prolonged stacking and weathering effect. The closing stock measurement in the recent years could not be carried out due to restrictions imposed by the Department of Forest as well as due to grown up bushes on the stock.

However, the fact remains that the Company had neither conducted physical verification after the year 2010 nor investigated the reasons for huge shortages in May 2010.

Avoidable payment of dead rent

2.27 As per provision of the Mines and Minerals (Regulation and Development) Act, 1957, the mining lease holder was liable to pay royalty to the GoJ for the mineral removed or consumed from the leased area or dead rent in case of short/non production of minerals in respect of that area whichever was higher.

Avoidable payment of dead rent of ₹ 99.83 lakh was made due to failure to get statutory clearances for operating the mines.

We observed that during 2009-10 to 2013-14, dead rent of ₹ 99.83 lakh was paid in respect of five[31] mines of the Company due to non production/short production of minerals owing to non renewal of the leases. Of this, ₹ 77.76 lakh was pertaining to the stone mines at Chandula-Simalgoda which were closed since 2000 as it did not have the forest and environment clearance due to which the Forest Department imposed restriction on operation of the mines. Although renewal of the lease has been accorded in January 2012, registration of the lease deed was not done in absence of forest and environment clearances.

Mining in the other four mines could not be done (except in Mahugain-Tulbula graphite mine during May 2012 to December 2012) owing to failure of the Company to obtain forest and environment clearance leading to payment of dead rent of ₹ 22.07 lakh during 2009-10 to 2013-14. Thus, avoidable payment of dead

[30] Based on the reserve price fixed by the Company for tendering in 2008.
[31] Salhan, Sirboi, Chandula Simalgoda, Mahugain-Tulbula and Manasoti.

rent of ₹ 99.83 lakh was made by the Company due to its failure to get statutory clearances for operating the mines.

The Government replied that dead rent is being paid as dynamic capital expenditure. Reply is not acceptable as the payment of dead rent is revenue in nature.

The fact remains that the mines were inoperative in absence of statutory clearances and the payment of dead rent was being made without any production.

2.28 Deficiencies in Internal Control Mechanism

Internal control system comprises evolving long and short term planning for achievement of objectives, periodical reviews of plans, defining controls for each responsibility area and their evaluation, designing of systems and review of the system and proper operating and accounting procedures to ensure the accuracy and reliability of accounting data. However, following deficiencies were noticed in the internal control and monitoring mechanism of the Company;

There was absence of vigilance and monitoring mechanism and comprehensive Management Information System.

- The Company did not prepare project-wise cost sheet after 2009-10. In the absence of the cost sheet, the Company was unable to take appropriate decision to operate the various mines in a cost-effective manner;

- The Company has no vigilance and monitoring system in order to ensure fair and transparent working in the mines;

- The Company had not devised any comprehensive Management Information System (MIS) for collection, consolidation and analysis of various information/data in absence of which the management was not in a position to take decisions in the best interest of the Company and to improve its profitability.

The Government stated that the audit observation has been noted for action.

2.28.1 Non-conducting of stipulated number of meetings of Board of Directors

Only five meetings of BoDs were held against required eight meetings during 2012-13 to 2013-14.

Section 285 of the Companies Act, 1956 provides that every Company shall hold a meeting of Board of Directors (BoDs) at least once in three months and at least four such meetings is to be held every year. The Company held five meetings of BoDs out of eight meetings to be held during 2012-13 to 2013-14 and did not hold any meeting after June 2013. In the absence of regular meetings, it could not be ascertained in audit if BoDs monitored the activities of the Company effectively.

The Government accepted the observation and stated that due to non formation of complete BoDs, leaving vacancy in the post of key managerial personnel, the meeting could not be held.

2.28.2 Internal Audit

Internal audit is an essential component of internal control. Internal auditors examine the effectiveness of internal control and recommend improvements. The Company had no internal audit wing of its own. The Company had also not prepared Internal Audit manual so far (December 2014). In the absence of internal

The Company had no internal audit wing of its own and had also not prepared Internal Audit manual.

audit wing, the Company hires chartered accountants for conducting internal audit of its corporate office and project offices. However, their functions were confined mainly to test check of accounts on cash basis. The auditor did not examine the project wise profitability/viability and utilisation of manpower deployed in various projects.

The Government stated that the audit observation has been noted for action.

The Company needs to establish and strengthen various internal control mechanisms and MIS system.

Conclusion

- The Company could not achieve prescribed milestones for development of the allotted coal blocks resulting in non-commencement of mining in nine blocks. Out of these eight coal blocks were cancelled by the Supreme Court of India and the entire expenditure of ₹ 18.31 crore incurred by the Company on these coal blocks became infructuous;

- The Company failed to obtain statutory clearances leading to discontinuance of mining activities in respect of four mineral mines during 2012-13. Four other mineral mines were inoperative for more than 14 years;

- There was no production and sale of coal and other minerals during 2013-14 except in Chelangi granite mine;

- There was significant shortfall in production of limestone, graphite and kyanite by private contractors ranging from 45.90 *per cent* to 86.03 *per cent* of the awarded quantity;

- There was absence of vigilance and monitoring mechanism and comprehensive Management Information System. The Company had no internal audit wing.

Chapter-III

CHAPTER - III

3. Transaction Audit Observations

Important audit findings emerging from test check of transactions made by the State Government companies and Statutory Corporation have been included in this Chapter.

Statutory Corporation

Jharkhand State Electricity Board

3.1 Long Paragraph on Short Term Power Purchase by Jharkhand State Electricity Board

3.1.1 Introduction

In Jharkhand, Generation, Transmission and Distribution of Power was carried out by the Jharkhand State Electricity Board (JSEB) up to December 2013 and after its unbundling in January 2014 into four Power companies[1] purchase of power was carried out by Jharkhand Urja Vikas Nigam Limited (JUVNL) under administrative control of Department of Energy, Government of Jharkhand (GoJ). JSEB was generating energy through its Patratu Thermal Power Station (PTPS) at Patratu and hydel power station at Sikidiri (SRHP).

JSEB submits its power requirements to Jharkhand State Electricity Regulatory Commission (JSERC) through Annual Revenue Requirement. Thereafter, JSERC approves the quantum of power requirement after reviewing the same. The details of power requirement approved by JSERC, own power generation of JSEB and gap between requirement and own power generation during 2009-10 to 2013-14 are shown in the **Table-3.1.**

Table 3.1

(Figures in MUs)

Year	Power requirement approved by JSERC[2]	Own Generation	Gap between power requirement and own generation	Percentage of gap
1	2	3	4 = (2-3)	5 = {(4/2)*100}
2009-10	7290	1084	6206	85
2010-11	7592	582	7010	92
2011-12	8383	635	7748	92
2012-13	9513	765	8748	92
2013-14	11435[3]	720	10715	94

(Source: Tariff order of JSERC and data furnished by JSEB)

The power generation of JSEB reduced from 1084 MUs in 2009-10 to 720 MUs in 2013-14. The gap of power requirement approved by JSERC and own generation was 85 *per cent* in 2009-10 which increased to 94 *per cent* in 2013-14. Thus, JSEB was unable to meet its power requirement through its own generation and was procuring power through long term[4] Power Purchase Agreements (PPAs). Besides, JSEB also purchased power on short term[5] basis from Damodar Valley Corporation (DVC), Power Trading Corporation (PTC),

---

[1] Jharkhand Urja Vikas Nigam Ltd. as holding company, Jharkhand Urja Utpadan Nigam Ltd, Jharkhand Urja Sancharan Nigam Ltd and Jharkhand Bijli Vitran Nigam Ltd. as subsidiary companies.

[2] Excluding UI sales.

[3] As per tariff proposals filed by JSEB which was yet to be approved by JSERC.

[4] Power purchase agreement for more than seven years.

[5] Power purchase agreement for less than one year.

Tata Power, Adhunik Power and Natural Resources Limited (APNRL) etc. during 2009-10 to 2013-14 and also through Unscheduled Interchange (UI) basis[6].

The expenditure incurred on short term power purchase ranged between ₹ 129.15 crore to ₹ 337.93 crore during 2009-10 to 2013-14 which was 6.69 *per cent* to 11.77 *per cent* of total power purchase cost during this period.

3.1.2 Audit Objective, Scope and Methodology

The audit assessed whether the power purchased on short term basis was economical and safeguarded the financial interest of the JSEB. Audit was conducted during April 2014 to June 2014, covering the short term purchase of power by the JSEB during 2009-10 to 2013-14. Audit examined records of erstwhile JSEB and Corporate office of JUVNL.

The audit findings were issued to the Management of JUVNL and the Government on 03 July 2014. Reply of the Management has been received (September 2014), however, reply of the Government is awaited (December 2014). The exit conference was held on 12 September 2014 with Principal Secretary, Department of Energy, GoJ and Chairman cum Managing Director, JUVNL where in audit findings were discussed. The reply of the JUVNL has been suitably incorporated in the report.

Audit Findings

3.1.3 Status of Power Purchase in the State

The details of power purchased on long term and short term basis during 2009-10 to 2013-14 are shown in the **Table-3.2.**

Table - 3.2

Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	Total
1	Long term power purchase[7] (in MUs)	7120	7710	7734	8617	9528	40709
2	Total value of long term power purchase (₹ in crore)	1671.22	2032.77	2508.32	2985.34	3527.59	12725.24
3	Short term power purchase (in MUs)	459	1052	1184	1056	902	4653
4	Total value of short term power purchase (₹ in crore)	129.15	297.83	337.93	331.22	265.91	1362.04
5	Total power purchase (in MUs) (1+3)	7579	8762	8918	9673	10430	45362
6	Total value of purchase (₹ in crore) (2+4)	1800.37	2330.60	2846.25	3316.56	3793.50	14087.28
7	Short term power purchase as percentage of total power purchased {(3/5)*100}	6.06	12.01	13.28	10.92	8.65	10.26

(Source: Tariff order of JSERC and data furnished by JSEB)

It would be seen from the above table that JSEB purchased 45362 MUs of power amounting to ₹ 14087.28 crore during 2009-10 to 2013-14 out of which 40709 MUs amounting to ₹ 12725.24 crore was on long term basis and 4653 MUs of ₹ 1362.04 crore on short term basis.

---

[6] UI is the under drawl/over drawl against the scheduled power.

[7] Excluding UI sales.

Purchase of power on Short Term basis

Deficiencies noticed in audit relating to short term power purchase by JSEB are discussed in the succeeding paragraphs.

3.1.4 Loss due to underdrawal of power available at lower rate

To meet its power requirement, JSEB was purchasing 100 MW of power from DVC on short term basis round the clock continuously since 2010-11.

JSEB purchased 3467.99 MUs power on short term basis from DVC during 2010-11 to 2013-14 at the interim rate of ₹ 2.77 per unit. Central Electricity Regulatory Commission (CERC) revised (July 2013) the tariff of power supplied for the period 2010-11 to 2013-14 and revised average rate worked out to ₹ 3.31, ₹ 3.86, ₹ 4.11 and ₹ 4.32 per unit during 2010-11, 2011-12, 2012-13 and 2013-14 respectively for power purchased from DVC on short term basis. However, the average rate of power purchase from all sources by JSEB was ₹ 2.66 in 2010-11, ₹ 3.19 in 2011-12, ₹ 3.43 in 2012-13 and ₹ 3.63 per unit in 2013-14.

We observed that during the same period (2010-14) JSEB had underdrawn significant quantity of 2174.40 MUs of power, for which it realised lower rate of ₹ 2.61 in 2010-11, ₹ 2.44 in 2011-12, ₹ 2.17 in 2012-13 and ₹ 0.96 per unit in 2013-14 resulting in avoidable expenditure of ₹ 231.24 crore due to underdrawal of power.

While accepting underdrawal of 2174.40 MUs power JUVNL stated that JSEB/JUVNL purchased power from different sources as such loss from sale of power only with reference to one source of power reflects an unjustified picture.

The reply is not acceptable as JSEB realised lower rate for power underdrawn than the average purchase rate of power from all sources. Further, JSEB was purchasing about 2.40 MUs power per day on round the clock basis from DVC and scheduling of power was on day ahead basis, so power from DVC should not have been drawn whenever cheaper surplus power from other sources was available.

JUVNL needs to assess its power requirement properly before purchasing power on short term basis so as to avoid underdrawal of power.

3.1.5 Purchase of power from a Private Power Producer for trading without ensuring the availability of transmission line

A private power producer M/s Adhunik Power & Natural Resources Limited (APNRL) had offered (February 2013) to supply 200 MW power to the JSEB. Based on the offer, JSEB decided (February 2013) to purchase 100 MW power from APNRL on short term basis at a rate of ₹ 3.50 per unit for trading/sale to Andhra Pradesh Power Co-ordination Committee (APPCC) through a power trading company (M/s Mittal Processors Private Limited). However, the rate was subsequently revised to ₹ 3.12 per unit for March 2013 and ₹ 3.14 per unit for April 2013 on the basis of recommendation of the committee constituted (August 2013) by JSEB.

We observed that JSEB had started (1 March 2013) purchasing 100 MW of power from APNRL even before getting offer (7 March 2013) for purchase of power from the power trading company. Accordingly, JSEB purchased 83.16 MUs power at a cost of ₹ 25.96 crore from 1 March 2013 to 8 April 2013. However, the power purchased from APNRL could not be sold to APPCC due to congestion in southern region transmission line.

We observed in audit that:

- As the 83.16 MUs power purchased on short term basis could not be traded, JSEB utilised 40.08 MUs and remaining 43.08 MUs power was banked with PTC. For banking of power JSEB had to pay transmission (injection and withdrawal) charges as provided in Central Electricity Regulatory Commission (Open Access in Inter-State Transmission) regulations, 2008. Further, JSEB also had to pay trading margin to the PTC for banking of power. Thus, due to purchase of power for trading without ensuring availability of transmission line, JSEB had to bank 43.08 MUs of power incurring avoidable expenditure of ₹ 1.15 crore towards transmission charges and trading margin of ₹ 0.18 crore.
- As per arrangement with APNRL, billing for the power supplied by APNRL was to be done on weekly basis. If payment was made by JSEB within seven days of receipt of the bills a rebate of two *per cent* was available to JSEB and for the amount remaining outstanding after 30 days from the due date, a surcharge of 1.25 *per cent* per month was payable to APNRL.

We observed in audit that though the bills for supply of power for the month of March 2013 and April 2013 were submitted by APNRL on due date (9, 16, 24 & 31 March and 9 April 2013), JSEB made ad-hoc payment of ₹ 10 crore in June 2013 and remaining ₹ 15.96 crore in October 2013 and thus, failed to avail the benefit of rebate of ₹ 51.93 lakh due to delayed payment and had also created avoidable liability of surcharge amounting to ₹ 1.30 crore.

- JSEB purchased power from APNRL without comparing the rates of alternative sources. It was noticed that during the same period power was available at Indian Energy Exchange (IEX) at the average rate of ₹ 2.23 per unit. The Department of Energy, GoJ also expressed (April 2013) its concern on purchase of power on short term basis at higher rate by JSEB ignoring cheaper power available from IEX. Thus, JSEB purchased power from APNRL at higher rate without considering the availability of cheaper power resulting in avoidable expenditure of ₹ 7.42 crore. As such JSEB failed to safeguard its financial interest.

JUVNL replied that the purchase of power from APNRL was for sale to APPCC, however, due to congestion in transmission line the power could not be sold.

The reply is not acceptable as the decision for purchase of power for trading was taken in February 2013 without getting any Letter of Intent or Purchase order from APPCC. JSEB should have ensured the availability of transmission line before purchasing power for trading.

JUVNL needs to prepare plan and ensure the availability of transmission line before purchase of power for trading.

3.1.6 Avoidable expenditure due to purchase of power from PTC

To ensure smooth power during summer season the JSEB decided (June 2012) to purchase 100 MW power through PTC a power trading company on short term basis. Accordingly, JSEB purchased 33.84 MUs power from PTC at a cost of ₹ 17.43 crore (at the rate of ₹ 5.15 per unit) during the period 16-30 June 2012.

Out of 33.84 MUs power purchased through PTC, JSEB utilised 6.24 MUs of power during 16-18 June 2012 and considering the availability and demand of power, remaining 27.60 MUs power purchased during 19-30 June 2012 was banked. JSEB utilised the banked power only in November 2012. Thus, due to purchase of power on short term basis without immediate requirement, JSEB had to bank 27.60 MUs power incurring avoidable expenditure of ₹ 63.49 lakh towards transmission (injection and withdrawal) charges for banking the power.

JUVNL replied that due to outage of power in TVNL there was severe crisis of power and when unit of TVNL came under operation, committed power was banked to encash it during winter season.

The reply is not acceptable as there were no outage in the TVNL plants during June 2012 and average generation of power was 254.99 MUs during June 2012 which was higher than the average generation of power (243.5 MUs) per month of TVNL during 2012-13. Moreover, JSEB failed to assess the requirement of power before purchasing power on short term basis.

Conclusion

- JSEB purchased 3467.99 MUs power on short term basis from Damodar Valley Corporation during 2010-11 to 2013-14 and during the same period JSEB underdrew 2174.40 MUs power for which it realised lower rate resulting in avoidable expenditure of ₹ 231.24 crore.

- JSEB had to incur avoidable expenditure of ₹ 1.96 crore on transmission charges and trading margin for banking of 70.68 MUs power purchased on short term basis without ensuring availability of transmission line for trading the power (43.08 MUs costing ₹ 1.15 crore towards transmission charges and ₹ 0.18 crore for trading margin) and immediate requirement (27.60 MUs costing ₹ 0.63 crore).

- JSEB purchased 83.16 MUs power from a private power producer at higher rate without considering the availability of power at lower rate resulting in avoidable expenditure of ₹ 7.42 crore.

3.2 Loss due to delay in levy of Power Factor Surcharge

Due to inordinate delay in levy of Power Factor surcharge as per the tariff, revenue of ₹ 47.16 crore remained unrealised from a Captive Power Plant consumer.

Jharkhand State Electricity Board (JSEB) entered into an agreement (May 2002) with Usha Martin Industries (UMI) for synchronous operation of its Captive Power Plant (CPP) with Gamharia Grid Sub-station (Grid) of JSEB. As per the agreement the power generated in the CPP was to be utilised by UMI and the surplus power was to be fed to JSEB system. Also, contract demand of 21.7 MVA was fixed for drawal of power by UMI from the JSEB system. As the power generated in the CPP was not adequate for meeting the requirements of UMI, JSEB was raising monthly bill on UMI for the difference of power drawn by UMI from JSEB and the power injected by UMI to JSEB as per the meter reading.

In an electrical system Power Factor (PF) is the ratio of the actual power (KW) flowing to the load to the apparent power (kVA) in the circuit and load with a low PF draws more current than a load with a higher PF for the same amount of useful power transferred. As per the applicable Tariff, if the average PF in a month for a consumer fell below 0.85, PF Surcharge of one per cent for every fall of power factor of 0.01 below 0.85 to 0.60; two per cent for every 0.01 fall below 0.60 to 0.30 was leviable on the demand and energy charges. Similarly, PF rebate was payable to the consumer if the average PF was more than 0.85.

As per the provision in the tariff the consumer was to maintain the shunt capacitor in proper condition and in the event of its becoming defective, the consumer was to get the defect rectified within one month. In case, the shunt capacitors of adequate ratings were not maintained by the consumer for six months continuously, action including disconnection of supply was to be taken by JSEB.

During the period April 2002 to March 2008 the average PF of the supply taken by UMI in each month ranged between 0.23 to 0.69 which was lower than the permissible limit of 0.85. However, UMI did not rectify the defect in the shunt capacitors during the period. Despite the low PF no action was taken by JSEB and the PF surcharge was not levied as per the provisions in the tariff.

JSEB constituted a committee (March 2008) for inspection of the Grid and the premises of the CPP consumer which found that the shunt capacitors installed by UMI was defective and inoperative resulting in low PF. After re-installation (July 2009) of the shunt capacitors by UMI the power factor increased to a level higher than the permissible limit since September 2009 which ranged between 0.890 to 0.986 during September 2009 to July 2014.

We observed that JSEB had raised (September 2010) a supplementary bill for PF surcharge only for the month of August 2008 which was not paid by UMI on the ground that there was no provision for payment of PF surcharge in the agreement. This plea was not justified as JSEB was allowing voltage rebate in the monthly bill to UMI as per the tariff. However, the bill was withdrawn and the amount was not claimed as arrear in the subsequent bills. Subsequently, a committee constituted[8] (January 2012) by JSEB to examine the matter of charging PF surcharge recommended that PF surcharge was applicable to UMI as per the provision in the tariff.

The Board of JSEB decided (December 2013) to levy the PF surcharge as per existing tariff and authorized the Chairman, JSEB to take decision regarding the period for which the PF surcharge was to be levied. Subsequently, JSEB was re-organized (January 2014) into four companies. Jharkhand Urja Sancharan Nigam Limited, the successor Company of JSEB, raised (October 2014) a supplementary bill on the UMI for a net amount of ₹ 47.16 crore claiming PF surcharge of ₹ 52.09 crore and allowing PF rebate of ₹ 4.93 crore for the period April 2002 to September 2014 which was yet to be realised (December 2014).

Thus, JSEB failed to take appropriate action for low PF against the consumer during the years 2002 to 2008 and made inordinate delay in levy of the PF surcharge for the period April 2002 to September 2014. As a result, revenue of ₹ 47.16 crore remained unrealised.

The matter was referred to Jharkhand Urja Vikas Nigam Limited (the holding company formed after reorganisation of JSEB in January 2014)/Government (June 2014); their reply had not been received (December 2014) despite reminders dated 2 September 2014 and 16 December 2014.

3.3 Loss due to non-realisation of Security deposit

Failure of JSEB to take effective action resulted in non-realisation of security money of ₹ 66.95 lakh and compensation charge of ₹ 50.13 lakh thereon from the consumer.

As per Jharkhand State Electricity Regulatory Commission (JSERC), (Electricity Supply Code) Regulations, 2005, person to whom supply or additional supply of electricity has been sanctioned is required to deposit security amount to the distribution licencee. Jharkhand State Electricity Board (JSEB) fixed security money of ₹ 3150 per kVA for High Tension Special Services (HTSS) consumers.

In order to facilitate payment of security money, the apex Board of JSEB approved (July 2010) payment of security money in maximum four installments by the new HTSS consumers alongwith compensation charge at the rate of 1.5 *per cent* per month of which first installment of not less than 40 per cent was to be deposited by Bank Draft/cash and Post Dated Cheques (PDCs) for the remaining three installments were to be submitted. In case of dishonour of any PDC, the electric line was to be disconnected without any notice.

JSEB sanctioned (September 2011) enhancement of the load of a HTSS consumer from 5000 kVA to 10,500 kVA for which the consumer was required to deposit additional security money of ₹ 1.73 crore. The Chairman, JSEB approved (December 2011) payment of the additional security of ₹ 1.73 crore in four instalments. Accordingly, JSEB entered into agreement (December 2011) with the consumer according to which the consumer paid ₹ 69.30 lakh as 40 per cent of the security money in first instalment and the

[8] Engineer-in-Chief (Chairman), Finance Controller – II (Member) and ESE/Coal Block (Member Secretary)

connection was energised (January 2012). The consumer deposited three PDCs[9] for payment of the remaining amount of ₹ 1.04 crore and compensation charge of ₹ 3.12 lakh.

During scrutiny of records we observed (March 2014) that PDCs for second and third installments for ₹ 36.21 lakh and ₹ 35.69 lakh were dishonoured by the bank and the PDC for ₹ 35.17 lakh against the fourth instalment was not presented in the Bank for payment by JSEB. Further, the electric line of the consumer was not disconnected by JSEB as per the provision in the agreement and supply of electricity to the consumer was continued without deposit of adequate security money violating the provision in the JSERC regulation.

On being pointed out by audit JSEB realised (April 2014) ₹ 37 lakh from the consumer. However, the remaining security money of ₹ 66.95 lakh and compensation charge of ₹ 50.13 lakh[10] thereon remained unrealised from the consumer (December 2014).

Thus, failure of JSEB to take effective action for realisation of security money resulted in non-realisation of security money of ₹ 66.95 lakh and compensation charge of ₹ 50.13 lakh thereon from the consumer.

The matter was referred to Jharkhand Urja Vikas Nigam Limited (the holding company formed after reorganisation of JSEB in January 2014)/Government (May 2014); their reply had not been received (December 2014) despite reminders dated 2 September 2014 and 16 December 2014.

Government Companies

Jharkhand Industrial Infrastructure Development Corporation Limited

3.4 Avoidable payment of interest on Income Tax

Non-payment of Advance Income Tax and delay in filing Income Tax returns for the financial years 2010-11 to 2012-13 resulted in avoidable payment of interest of ₹ 28.82 lakh on Income Tax.

As per section 208 of the Income Tax Act, 1961, (Act) Advance Tax is payable during a financial year if the amount of such tax payable by the assessee during the year is rupees ten thousand or more. Section 234A of the Act provides that if the return of income for any assessment year is furnished after the due date, simple interest at the rate of one *per cent* per month is chargeable on the amount of tax on the assessed income less Advance Tax paid and tax deducted/collected at source.

Further, Section 234B of the Act stipulates that where in any financial year, an assesses who is liable to pay advance tax under Section 208 failed to pay such tax or where the advance tax paid by such assessee is less than 90 *per cent* of the assessed tax, the assessee shall be liable to pay simple interest at the rate of one *per cent* for every month from the first day of April on the amount by which the advance tax paid fell short of the assessed tax. Also, Section 234C of the Act provides that if an assessee fails to pay advance tax or the advance tax paid is less than 15 *per cent*, 45 *per cent,* 75 *per cent* and 100 *per cent* of

9 PDC dated 29.02.2012 for ₹ 36,20,925, dated 31.03.2012 for ₹ 35,68,950 and dated 30.04.2012 for ₹ 35,16,975.

10 ₹ 42.10 lakh (₹ 103.95 lakh x 1.5 *per cent* x 27 months w.e.f. February 2012 to April 2014) + ₹ 8.03 lakh (₹ 66.95 lakh x 1.5 *per cent* x 8 months w.e.f. May 2014 to December 2014).

the tax due till 15 June, 15 September, 15 December and 15 March respectively, the assessee shall be liable to pay simple interest at the rate of one per cent per month on the amount of the shortfall.

We observed that the Company had no system for preparation of annual budget and assessment of income for payment of Advance tax. As such, the Company did not remit the Advance Tax on the due dates as required under Sections 234B and 234C of the Act during the financial year 2010-11, 2011-12 and 2012-13. Also, due to the delay in finalisation of the accounts[11], the Company could not file the Income Tax returns for these years within the due dates under Section 234A of the Act.

The Company assessed Income Tax of ₹ 17.47 lakh for the Financial year 2010 - 11 and filed the Income Tax return in March 2013. The returns for the financial year 2011-12 and 2012-13 for an assessed tax of ₹ 47.40 lakh and ₹ 58.53 lakh respectively were filed by the Company in March 2014. As a result of non-payment of Advance Tax and delay in filing Income Tax returns for the year 2010-11 to 2012-13, the company had to pay interest of ₹ 28.82 lakh[12] in November 2012 and March 2014.

The Company stated (September 2014) that filing of Income tax returns was delayed due to delay in finalisation of the accounts and they have adopted the practice of payment of Advance Tax from the year 2013-14.

The reply is not acceptable as the Company failed to comply with the requirements of the Act and had to make avoidable payment of ₹ 28.82 lakh.

Thus, failure of the Company to make timely payment of Advance Tax and file Income Tax returns on the due dates resulted in avoidable payment of interest of ₹ 28.82 lakh under Section 234A, 234B and 234C of the Act.

The matter was referred to the Government (June 2014); their reply had not been received (December 2014) despite reminders dated 2 September 2014 and 16 December 2014.

Jharkhand State Forest Development Corporation Limited

3.5 Avoidable payment of Service Tax

The Company failed to deduct Service Tax leviable on supervision charges and godown rent from the purchasers of Kendu leaves resulting in non-recovery of ₹ 15.63 lakh.

As per Section 65 (105) (zza) of Service Tax Act (Act) as amended in Finance Act, 2002, provision for the levy and collection of service tax on the cost of services on Storage and warehousing was made. Further, renting of immovable property for business purpose was also brought under service tax[13] w.e.f. 1 June 2007. As per the Act, the person who provides the taxable service on receipt of service charges is responsible for paying the Service Tax to the Government.

---

[11] the Company finalised its accounts for the year 2010-11 on 17 October 2012 and for the year 2011-12 and 2012-13 on 10 January 2014.

[12] Under Section 234A - ₹ 1.46 lakh for 2010-11, ₹ 6.06 lakh for 2011-12, ₹ 2.32 lakh for 2012-13: Section 234B - ₹ 2.08 lakh for 2010-11, ₹ 8.08 lakh for 2011-12, ₹ 4.64 lakh for 2012-13: Section 234C - ₹ 0.52 lakh for 2010-11, ₹ 1.70 lakh for 2011-12, ₹ 1.95 lakh for 2012-13.

[13] vide Notification No. 23/2007 dated 22 May 2007

The Government of India (GoI) introduced (May 2013) Service Tax Voluntary Compliance Encouragement Scheme (VCES), 2013 providing for payment of all tax due or payable from October 2007 to December 2012 to be paid by 30 June 2014 after declaration to the designated authority on or before 31 December 2013.

Jharkhand State Forest Development Corporation Limited (Company), the authorised agency of the GoJ for collection and sale of Kendu leaves in Jharkhand sells the Kendu leaves in advance through tender before commencement of collection season of Kendu leaves. The Kendu leaves collected are stored in the Godowns of the Company or authorised private godowns until receipt of payment for the Kendu leaves and its lifting by the purchaser.

As per the terms and conditions of the tender, the purchaser was to pay to the Company supervision charges for storage and safeguard of kendu leaves as well as rent for storage of the Kendu leaves in the godowns owned by the company including all the applicable taxes and duties. Hence, the company was to realise the service tax on the supervision charges and Godown rent from the purchasers of Kendu leaves for deposit to the Government.

We, however, observed (March 2014) that the Company had not recovered the Service Tax on supervision charges and godown rent from the purchasers of Kendu leaves and did not deposit the amount with the Government. The Company assessed Service Tax[14] liability of ₹ 14.21 lakh and ₹ 5.55 lakh payable on supervision charges and godown rent respectively for the period April 2008 to December 2012. As the Company was liable for payment of the Service Tax, it paid (30 December 2013) the service tax amount of ₹ 19.76 lakh under VCES. Although the Company issued instruction to its Divisional Managers to recover the amount of service tax from the purchasers ₹ 4.13 lakh could be recovered (December 2014).

The Company stated (December 2014) that applicability of Service Tax on supervision charges and warehouse rent was known to them only when the VCES was introduced.

The reply is not acceptable as the Company failed to comply with the requirement of the Service Tax Act in time resulting in non-recovery of Service Tax of ₹ 15.63 lakh from the purchasers of Kendu leaves.

The matter was referred to the Government (June 2014); their reply had not been received (December 2014) despite reminders dated 2 September 2014 and 16 December 2014.

Tenughat Vidyut Nigam Limited

3.6 Unfruitful expenditure due to non-installation of elevators

The Company failed to complete the preparatory works and hand over the sites resulting in non-installation of the elevators rendering expenditure of ₹ 84.57 lakh unfruitful.

Tenughat Vidyut Nigam Limited (Company) placed (August 2004) a purchase order on an Agency[15] for design, manufacture, inspection, supply, erection and commissioning of three elevators and their operation and maintenance for one

[14] Including Education Cess and Secondary & Higher Education Cess
[15] Essar Sky Mark (India) Pvt. Ltd, Kolkata

year. One 884 kg capacity passenger elevator was to be installed in reception building and two freight cum passenger elevators of two Ton capacity were to be installed in two boilers sites of Tenughat Thermal Power Station (TTPS). The contract price was ₹ 1.41 crore comprising of ₹ 1.23 crore for supply of materials, ₹ 1.65 lakh for erection and commissioning and ₹ 16.71 lakh for operation and maintenance of the elevators for one year.

As stipulated in the purchase order 20 *per cent* of the contract price against supply of materials was to be paid against Bank Guarantee (BG) of equivalent amount valid upto 18 months, 70 *per cent* against delivery of materials and the balance 10 per cent after the guarantee period of 18 months. The delivery of materials was scheduled to complete within 52 weeks from the date of the purchase order i.e., by August 2005. Erection and commissioning of the elevators was to complete within 16-20 weeks of receipt of the materials i.e., by January 2006.

From scrutiny of records (February 2014), we observed that the Agency had supplied materials valuing ₹ 22.80 lakh in January 2006 and the balance materials were supplied between March 2007 to April 2007. The Agency requested (September 2006) the Company to execute the preparatory works viz. construction of machine room, encapsulation of the lift wells by steel sheets and electrical works for power supply for the elevators as the same were not in the scope of work as per the purchase order.

The Company completed (January 2008) the preparatory works for 884 Kg elevator in reception building at a cost of ₹ 0.44 lakh and the elevator was installed (February 2008). Although the preparatory works for Boiler I site was executed during March to September 2008 at a cost of ₹ 2.36 lakh, the work relating to encapsulation of the lift well was yet to be completed and the sites for installation of the elevators were not handed over to the agency. Also, the preparatory work in the Boiler II site was not executed.

Thus, the Company failed to complete the preparatory works and hand over the sites for installation of the two elevators resulting in non-installation of the elevators even after more than seven years of their supply. Further, the guarantee of the materials against manufacturing defect, bad workmanship, defective materials and unsatisfactory services as per the purchase order has already expired in October 2008. The Company paid ₹ 1.09 crore to the Agency against supply of materials which included ₹ 84.57 lakh for the two elevators which remained uninstalled so far (December 2014).

The Government attributed (July 2014) frequent transfer of the officers in charge of the sites and lack of expertise of the officers of TTPS in executing similar work as the reasons for non-installation of the elevators. It further stated that the works required to be done by the Company for installation of the elevators have been identified jointly with the Agency and installation of the elevators would be complete by December 2014.

The reply is not acceptable as the Company failed to complete the preparatory works and hand over the site to the agency owing to which the elevators remained uninstalled even after more than seven years of their supply. The installation of elevators was not completed even by December 2014 as stated by the Government in reply.

Thus, the expenditure of ₹ 84.57 lakh on procurement of the elevators remained unfruitful and the envisaged benefits of the elevators could not be realised**.**

GENERAL

3.7 Follow up action on Audit Reports

3.7.1 Audit Reports of the Comptroller and Auditor General of India represent the culmination of the process of audit scrutiny starting with initial inspection of accounts and records maintained in various offices and departments of the Government. It is, therefore, necessary that they elicit appropriate and timely response from the Executive.

Audit Reports for the years 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13 were placed in the State Legislature in August 2010, August 2011, September 2012, July 2013 and March 2014 respectively. Twenty eight paragraphs/ Performance Audits involving nine PSUs under three Departments were featured in the Audit Reports (Civil & Commercial) for the years 2008-09 to 2010-11 and Audit Reports (PSUs) for the year 2011-12 and 2012-13 respectively, no replies in respect of the paragraphs/Performance Audit have been received from the Government by 30 September 2014 as indicated in the **Table-3.3.** Department wise analysis is given in ***Annexure-3.1.***

Table – 3.3

Year of Audit Report	Total Paragraphs/Performance Audit in Audit Report	No. of Departments involved	No. of Paragraphs/Performance Audit for which replies were not received
2008-09	5	2	5
2009-10	7	2	7
2010-11	4	3	4
2011-12	6	8	6
2012-13	6	3	6
Total	**28**		**28**

Compliance with the Reports of Committee on Public Undertakings

3.7.2 In the Audit Reports (Civil & Commercial) for the years 2001-02 to 2010-11 and Audit Reports (PSUs) for the years 2011-12 and 2012-13, 45 paragraphs and ten Performance Audits were included. Out of these, seven paragraphs and four Performance Audits had been discussed by Committee on Public Undertakings (COPU) upto 30 September 2014. COPU had made recommendations in respect of three paragraphs and three sub-paragraphs in respect of two Performance Audits of the Audit Reports for the years 2001-02 to 2007-08.

As per the working rules of the COPU, the concerned departments are required to submit Action Taken Notes (ATNs) to COPU on their recommendations within three months. However, the departments had not furnished ATNs on the above recommendations of COPU.

Response to Inspection Reports, Draft Paragraphs and Performance Audits

3.7.3 Audit observations noticed during audit and not settled on the spot are communicated to the heads of PSUs and concerned administrative department of the State Government through Inspection Reports (IRs). The heads of PSUs are required to furnish replies to the IRs within a period of four weeks of its receipt. IRs issued upto March 2014 pertaining to 10 PSUs disclosed that 1425 paragraphs related to 421 IRs remained outstanding at the end of September 2014. Department-wise break-up of IRs and audit observations outstanding as on 30 September 2014 is given in ***Annexure-3.2***.

Similarly, draft paragraphs and performance audit on the working of PSUs are forwarded to the Principal Secretary/Secretary of the administrative department concerned and the Principal Secretary, Finance demi-officially, seeking confirmation of facts and figures and their comments thereon within a period of six weeks. Out of six draft paragraphs (including one long draft paragraph) and one performance audit forwarded to the concern departments during May to August 2014, the Government had replied to the performance audit and one draft paragraph only so far (December 2014); replies to the five draft paragraphs (including one long draft paragraph) have not been received as detailed in ***Annexure-3.3.***

We recommend that the Government should ensure that (a) procedure exists for taking action against the officials who failed to send replies to Inspection Reports/Draft Paragraphs/Performance Audits and Action Taken Notes on the recommendations of COPU as per the prescribed time schedule, (b) action is taken to recover loss/outstanding advances/overpayments in a time bound manner, and (c) the system of responding to audit observations is revamped.

Ranchi **(MRIDULA SAPRU)**
The **Principal Accountant General (Audit)**
Jharkhand

Countersigned

New Delhi **(SHASHI KANT SHARMA)**
The **Comptroller and Auditor General of India**

Annexures

Annexure – 1.1

Statement showing particulars of up to date paid-up capital, loans outstanding and manpower as on 31 March 2014 in respect of Government companies and Statutory corporation

(Referred to in paragraph 1.7)

(Figures in column 5 (a) to 6 (d) are ₹ in lakh)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees as on 31.3.2014)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
A. Working Government Companies													
AGRICULTURE & ALLIED													
1.	Jharkhand State Forest Development Corporation Limited	Forest & Environment	27.3.2002	5.00	-	-	5.00	-	-	-	-	-	246
2.	Jharkhand Hill Area Lift Irrigation Corporation Limited	Water Resources	22.3.2002	500.00	-	-	500.00	525.00	-	-	525.00	1.05:1	199
Sector wise total				**505.00**	**-**	**-**	**505.00**	**525.00**	**-**	**-**	**525.00**	**1.04:1**	**445**
INFRASTRUCTURE													
3.	Jharkhand Industrial Infrastructure Development Corporation Limited	Industry	15.12.2004	1200.00 (200.00)	-	-	1200.00 (200.00)	-	-	-	-	-	13
4.	Jharkhand Police Housing Corporation Limited	Home	13.03.2002	200.00	-	-	200.00	-	-	-	-	-	48
5.	Greater Ranchi Development Agency Limited	Planning & Development	23.01.2003	3500.00 (3450.00)	-	-	3500.00 (3450.00)	-	-	-	-	-	10
Sector wise total				**4900.00 (3650.00)**	**-**	**-**	**4900.00 (3650.00)**		**-**	**-**	**-**	**-**	**71**
MANUFACTURING													
6.	Jharkhand Silk Textile and Handicraft Development Corporation Limited	Industry	23.08.2006	1000.00	-	-	1000.00	-	-	450.00	450.00	0.45:1	275*
7.	Jharkhand State Mineral Development Corporation Limited	Mines & Geology	07.05.2002	200.00	-	-	200.00	-	-	-	-	-	342
Sector wise total				**1200.00**	**-**	**-**	**1200.00**	**-**		**450.00**	**450.00**	**0.38:1**	**617**
POWER													
8.	Tenughat Vidyut Nigam Limited	Energy	26.11.1987	10500.00	-	-	10500.00	66589.87	-	-	66589.87	6.34:1	608
9.	Karanpura Energy Limited	Energy	19.09.2008	-	-	5.00	5.00	-	-	1195.75	1195.75	239.15:1	❖
10.	Jharkhand Urja Vikas Nigam	Energy	16.09.2013	840.00	-	-	840.00	-	-	-	-	-	-

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital[$]				Loans outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees as on 31.3.2014)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
	Limited Limited												
11.	Jharkhand Urja Utpadan Nigam	Energy	23.10.2013	-	-	210.00[+]	210.00	-	-	-	-	-	-
12.	Jharkhand Urja Sancharan Nigam Limited	Energy	23.10.2013	-	-	210.00[+]	210.00	-	-	-	-	-	-
13.	Jharkhand Bijli Vitran Nigam Limited	Energy	23.10.2013	-	-	210.00[+]	210.00	-	-	-	-	-	-
Sector wise total				**11340.00**	**-**	**635.00**	**11975.00**	**66589.87**	**-**	**1195.75**	**67785.62**	**5.67:1**	**608**
SERVICES													
14.	Jharkhand Tourism Development Corporation Limited	Tourism	22.3.2002	325.00 (25.00)	-	-	325.00 (25.00)	-		-	-	-	93
15.	Jharkhand State Beverages Corporation Limited	Excise & Prohibition	26.11.2010	500.00 (300.00)	-	-	500.00 (300.00)	-	-	-	-	-	56
16.	Jharkhand State Food and Civil Supplies Corporation Limited	Public Distribution & Consumer Affairs	18.06.2010	500.00	-	-	500.00	-	-	-	-	-	222
17.	Jharkhand State Minorities Finance Development Corporation	Welfare	15.03.2012	#	-	-	-	-	-	-	-	-	5
Sector wise total				**1325.00 (325.00)**	**-**	**-**	**1325.00 (325.00)**	**-**	**-**	**-**	**-**	**-**	**376**
Total A (All sector wise working Government companies) (Share Application Money)				19270.00 (3975.00)		635.00	19905.00 (3975.00)	67114.87	-	1645.75	68760.62	3.45:1	2117
B. Working Statutory corporations								-		-			
POWER													
1.	Jharkhand State Electricity Board[@]	Energy	20.3.2001	-	-	-	-	565815.00	-	19521.57	585336.57	-	6043
Sector wise total				**-**	**-**	**-**	**-**	**565815.00**	**-**	**19521.57**	**585336.57**	**-**	**6043**
Total B (All sector wise working Statutory corporations)				**-**	**-**	**-**	**-**	**565815.00**	**-**	**19521.57**	**585336.57**	**-**	**6043**
Grand Total (A + B) (Share Application Money)				**19270.00 (3975.00)**	**-**	**635.00**	**19905.00 (3975.00)**	**632929.87**	**-**	**21167.32**	**654097.19**	**32.86:1**	**8160**
C. Non working Government companies		NIL	-	-	-	-	-	-	-	-	-	-	-
D. Non working Statutory corporations		NIL	-	-	-	-	-	-	-	-	-	-	-
Grand Total (A + B + C + D)				**19270.00**	**-**	**635.00**	**19905.00**	**632929.87**	**-**	**21167.32**	**654097.19**	**32.86:1**	**8160**

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[$]				Loans outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees as on 31.3.2014)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
(Share Application Money)				(3975.00)			(3975.00)						

(Source: Data furnished by Government companies/Statutory corporation)

The figures appearing in brackets in col. 5(a) & 5(d) represent Share Application Money.

@ Jharkhand State Electricity Board, a Statutory Corporation was re-organised (January 2014) into a holding company, Jharkhand Urja Vikas Nigam Limited (JUVNL) and three subsidiary companies, Jharkhand Urja Utpadan Nigam Limited (JUUNL), Jharkhand Urja Sancharan Nigam Limited (JUSNL), Jharkhand Bijli Vitran Nigam Limited (JBVNL).

$ Paid-up capital includes Share Application Money.

❖ The affairs of the company are managed by the officials of the JSEB.

Subscribed capital of ₹ 1.00 lakh has not been paid by the Government yet.

* Including manpower (239) engaged on outsourcing.

+ Paid by the holding company.

Annexure – 1.2

Statement showing equity, loans, grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2014

(Referred to in paragraph 1.10)

(Figures in column 3 (a) to 6 (d) are ₹in lakh)

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
A. Working Government Companies													
INFRASTRUCTURE													
1.	GRDA	1000.00	-	-	-	-	-	-	-	-	-	-	-
2.	JIIDCO	200.00											
Sector wise total		**1200.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
AGRICULTURE													
3.	JHALCO	-	-	-	571.00	-	571.00	-	-	-	-	-	-
Sector wise total		**-**	**-**	**-**	**571.00**	**-**	**571.00**	**-**	**-**	**-**	**-**	**-**	**-**
SERVICES													
4.	JTDC	25.00	-	-	-	-	-	-	-	-	-	-	-
Sector wise total		**25.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
POWER													
5.	JUVNL	840.00	-	-	-	-	-	-	-	-	-	-	-
Sector wise total		**840.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total A (All sector wise working Government companies)		**2065.00**	**-**	**-**	**571.00**	**-**	**571.00**	**-**	**-**	**-**	**-**	**-**	**-**
B. Working Statutory corporations													
Power													
1.	JSEB	-	17534.00	-	96709.00	-	96709.00	-	-	-	-	-	-
Sector wise total		**-**	**17534.00**	**-**	**96709.00**	**-**	**96709.00**	**-**	**-**	**-**	**-**	**-**	**-**
Total B (All sector wise working Statutory corporations)		**-**	**17534.00**	**-**	**96709.00**	**-**	**96709.00**	**-**	-	-	-	-	-
Grand Total (A + B)		**2065.00**	**17534.00**	**-**	**97280.00**	**-**	**97280.00**	**-**	**-**	**-**	**-**	**-**	**-**

(Source: Data furnished by Government companies/Statutory corporation)

Annexure – 1.3

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

(Referred to in paragraph 1.14)

(Figures in column 5 (a) to (11) are ₹in lakh)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreci-ation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A. Working Government Companies														
AGRICULTURE & ALLIED														
1.	Jharkhand State Forest Development Corporation Limited	2012-13	2014-15	778.03	-	22.34	755.69	10024.76	26.93	5.00	2444.71	2449.71	755.69	30.85
2.	Jharkhand Hill Area Lift Irrigation Corporation Limited	2009-10	2013-14	(-)133.39	-	0.73	(-)134.12	71.02	36.28	500.00	(-)1040.86	(-)15.86	(-)134.12	-
Sector wise total				**644.64**	**-**	**23.07**	**621.57**	**10095.78**	**63.21**	**505.00**	**1403.85**	**2433.85**	**621.57**	**25.54**
INFRASTRUCTURE														
3.	Jharkhand Industrial Infrastructure Development Corporation Limited	2012-13	2014-15	120.60	-	1.90	118.70	16.44	8.90	1000.00 (100.00)	324.28	1324.28	118.70	8.96
4.	Jharkhand Police Housing Corporation Limited	2012-13	2013-14	314.10	-	6.43	307.67	324.53	-	200.00	1879.78	2079.78	307.67	14.79
5.	Greater Ranchi Development Agency Limited	2012-13	2013-14	138.17	-	4.00	134.17	-	-	2500.00 (2450.00)	870.90	3370.90	134.17	3.98
Sector wise total				**572.87**	**-**	**12.33**	**560.54**	**340.97**	**8.90**	**3700.00 (2550.00)**	**3074.96**	**6774.96**	**560.54**	**8.27**
MANUFACTURING														
6.	Jharkhand Silk Textile and Handicraft Development Corporation Limited	2012-13	2014-15	331.48	201.77	92.59	37.12	3574.55	-	1000.00	100.27	1100.27	238.89	21.71
7.	Jharkhand State Mineral	2008-09	2013-14	1409.10	-	15.00	1394.10	5190.59	-	200.00	9824.24	10024.24	1394.10	13.91

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreci-ation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Development Corporation Limited													
Sector wise total				**1740.58**	**201.77**	**107.59**	**1431.22**	**8765.14**	**-**	**1200.00**	**9924.51**	**11124.51**	**1632.99**	**14.68**
POWER														
8.	Tenughat Vidyut Nigam Limited	2001-02^	2014-15	9486.70	9021.68	9281.68	(-)8816.66	22400.06	2211.00	10000.00	(-)48590.76	117611.21	205.02	0.17
9.	Karanpura Energy Limited	$$	-	-	-	-	-	-	-	-	-	-	-	-
10.	Jharkhand Urja Vikas Nigam Limited Limited	$$	-	-	-	-	-	-	-	-	-	-	-	-
11.	Jharkhand Urja Utpadan Nigam	$$	-	-	-	-	-	-	-	-	-	-	-	-
12.	Jharkhand Urja Sancharan Nigam Limited	$$	-	-	-	-	-	-	-	-	-	-	-	-
13.	Jharkhand Bijli Vitran Nigam Limited	$$	-	-	-	-	-	-	-	-	-	-	-	-
Sector wise total				**9486.70**	**9021.68**	**9281.68**	**(-)8816.66**	**22400.06**	**2211.00**	**10000.00**	**(-)48590.76**	**117611.21**	**205.02**	**0.17**
SERVICES														
14.	Jharkhand Tourism Development Corporation Limited	2004-05	2012-13	15.61	-	4.19	11.42	103.38	1.47	50.00	44.30	94.30	11.42	12.11
15.	Jharkhand State Beverages Corporation Limited	2012-13	2013-14	35.54	1.36	0.89	33.29	3283.98	-	500.00 (300.00)	33.29	533.29	34.65	6.50
16.	Jharkhand State Food and Civil Supplies Corporation Limited	$$	-	-	-	-	-	-	-	-	-	-	-	-
17.	Jharkhand State Minorities Finance Development Corporation	$$	-	-	-	-	-	-	-	-	-	-	-	-
Sector wise total				**51.15**	**1.36**	**5.08**	**44.71**	**3387.36**	**1.47**	**550.00 (300.00)**	**77.59**	**627.59**	**46.07**	**7.34**

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreci-ation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Total A (All sector wise working Government companies)				**12495.94**	**9224.81**	**9429.75**	**(-)6158.62**	**44989.31**	**2284.58**	**15955.00 (2850.00)**	**(-)34109.85**	**138572.12**	**3066.19**	**-**
B. Working Statutory Corporations														
Power														
1.	Jharkhand State Electricity Board	2012-13	2014-15	(-)174828.43	78337.52	13589.68	(-)266755.63	261595.52	57250.00	-	(-)1195770.40	(-)11181.47	(-)188418.11	-
Sector wise total				**(-)174828.43**	**78337.52**	**13589.68**	**(-)266755.63**	**261595.52**	**57250.00**	**-**	**(-)1195770.40**	**(-)11181.47**	**(-)188418.11**	**-**
Total B (All sector wise working Statutory corporations)				**(-)174828.43**	**78337.52**	**13589.68**	**(-)266755.63**	**261595.52**	**57250.00**	**-**	**(-)1195770.40**	**(-)11181.47**	**(-)188418.11**	**-**
Grand Total (A + B)				**(-)162332.49**	**87562.33**	**23019.43**	**(-)272914.25**	**306584.83**	**59534.58**	**15955.00 (2850.00)**	**(-)1229880.24**	**127390.65**	**(-)185351.92**	**-**

Note: There is no non-working Government Company/Statutory Corporation in the State of Jharkhand.

Impact of accounts comments include the net impact of comments of Statutory Auditors and CAG and is denoted by (+) increase in profit/ decrease in losses and (-) decrease in profit/ increase in losses.

@ Capital employed represents Shareholders Fund plus Long Term Borrowings as per requirement of schedule VI of the Companies Act, 1956. In case of JSEB capital employed represents net fixed assets + capital expenditure in progress + working capital as schedule VI is not applicable to JSEB.

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

$$ The company has not submitted first accounts so far.

^ Accounts for the year 2002-03 to 2005-06 were received which were not finalised upto September 2014 have since been finalised.

Annexure – 1.4

Statement showing financial position of Jharkhand State Electricity Board

(Referred to in paragraph 1.14)

(Amount: ₹ in crore)

Particulars	2010-11	2011-12	2012-13
A. Assets			
Gross Block	2351.60	2500.79	3345.95
Less: Depreciation	1115.61	1232.97	1369.80
Net Fixed Assets	1235.99	1267.82	1976.15
Capital Expenditure in progress	1813.99	1752.26	1920.40
Assets not in use	2.29	2.29	2.29
Investment	200.27	179.07	373.16
Total Current Assets	4740.45	5450.15	6718.99
Deficit	6079.12	9290.15	11957.70
Total A	**14072.11**	**17941.74**	**22948.69**
B. Liabilities			
Borrowings for working Capital	218.98	274.93	305.53
Payment due on capital liabilities	4481.13	5383.28	6123.01
Capital liabilities	210.10	205.58	182.89
Funds from State Government	2958.65	2743.16	3183.19
Contributions, Grants and Subsidies	1570.38	1676.22	2426.73
Total Current liabilities	4632.87	7658.57	10727.34
Total B	**14072.11**	**17941.74**	**22948.69**
C. Capital Employed*	**3157.56**	**811.66**	**(111.80)**

*** Capital employed represents net fixed assets (including Capital Expenditure-in-Progress) plus working capital.**

Annexure – 1.5

Statement of working results of Jharkhand State Electricity Board

(Referred to in paragraph 1.14)

(Amount: ₹ in crore)

Sl. No.		Particulars	2010-11	2011-12	2012-13
1.	a.	Revenue Receipts	2010.69	2229.05	2615.96
	b.	Revenue Subsidies and Grants, Other income	652.85	961.23	1377.84
	c.	Total	2663.54	3190.28	3993.80
2.		Revenue expenditure (net of expenses capitalised including write off of intangible assets but excluding depreciation and interest)*	3036.58	3531.75	4149.90
3.		Gross surplus (+)/ deficit (-) for the year (Dr.)	(-) 373.04	(-) 341.47	(-)156.10
4.		Adjustment relating to previous year (Dr.)	97.26	(-) 2252.70	(-)1520.03
5.		Final gross surplus (+)/deficit (-) for the year (3+4)	(-) 275.78	(-) 2594.17	(-)1676.13
6.		Appropriation			
	A)	Depreciation	50.99	117.37	135.90
	B)	Interest on Capital / Loans	554.67	622.13	899.98
	C)	Less Interest Capitalised	158.61	122.64	116.60
	D)	Net Interest charged to revenue (B-C)	396.06	499.49	783.38
7.		Surplus (+) Deficit (-) before accountal of subsidy from State Government {5-6A-6D-1b (grant only)}	(-) 1172.83	(-) 3961.03	(-)3695.41
8.		Net surplus (+) Deficit (-) (5-6A-6D)	(-) 722.83	(-) 3211.03	(-)2595.41
9.		Total return on capital employed** (8+6D)	(-) 326.76	(-) 2711.54	(-)1812.03
10.		Percentage of return on capital employed***	-	-	-

NOTES: * Revenue expenditure does not include depreciation and interest on the loans.

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

*** Percentage of return on Capital Employed not calculated as there was deficit in all the year.

Annexure – 1.6
Statement showing investments made by State Government in PSUs whose accounts are in arrears

(Referred to in paragraph 1.20)

(₹ in lakh)

Sl No.	Name of PSU	Year upto which accounts finalised	Paid up capital as per latest finalised accounts*	Period during which accounts are in arrears	Investment made by State Government during the years for which accounts are in arrears			
					Equity	Loan	Grant	Others
Working Companies/Corporations								
A. Government companies								
1.	Jharkhand Hill Area Lift Irrigation Corporation Limited	2009-10	500.00	2010-11	-	-	-	-
				2011-12	-	-	-	-
				2012-13	-	-	542.00	-
				2013-14	-	-	571.00	-
2.	Jharkhand Tourism Development Corporation Limited	2004-05	50.00	2005-06	25.00	-	-	-
				2006-07	-	-	-	-
				2007-08	-	-	-	-
				2008-09	-	-	-	-
				2009-10	25.00	-	-	-
				2010-11	50.00	-	-	-
				2011-12	100.00	-	-	-
				2012-13	50.00	-	-	-
				2013-14	25.00			
3.	Greater Ranchi Development Agency Limited	2012-13	2500.00 (2450.00)	2013-14	1000.00			
4	Tenughat Vidyut Nigam Limited	2005-06	10500.00	2006-07	-	800.00	-	-
				2007-08 to 2013-14	-	-	-	-
5.	Jharkhand State Food and Civil Supplies Corporation Limited	-	-	2010-11	500.00	-	9400.00	
				2011-12	-	-	24396.00	
				2012-13	-	-	13500.00	-
				2013-14	-	-	-	-
6.	Jharkhand Industrial Infrastructure Development Corporation Limited	2012-13	1000.00 (100.00)	2013-14	200.00	-	-	-
	Total (A)		**14550.00 (2550.00)**		**1975.00**	**800.00**	**48409.00**	**-**
B.	**Statutory corporation**							
1.	Jharkhand State Electricity Board	2012-13	-	2013-14	-	17534.00	96709.00	-
	Total(B)				**-**	**17534.00**	**96709.00**	**-**
	Total (A)+(B)		**14050.00 (2550.00)**		**1975.00**	**18334.00**	**145118.00**	**-**

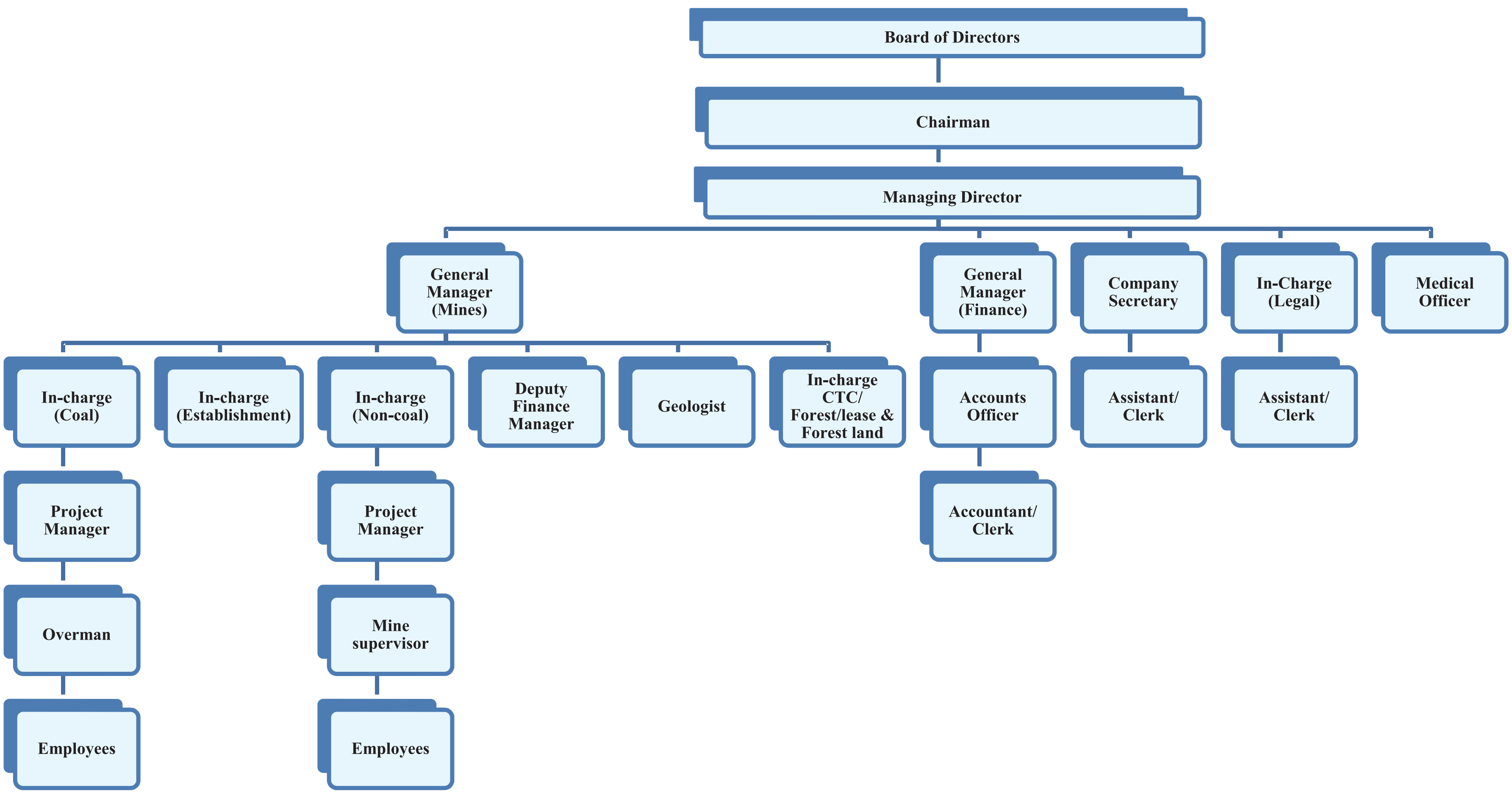
(Source: Data furnished by Government companies/Statutory corporation)

* The figures appearing in brackets represent Share Application Money.

Annexure – 2.1

Organisational Structure of Jharkhand State Mineral Development Corporation Limited

(Referred to in paragraph 2.2)



Annexure-2.2

Statement showing working results of the Company during the years 2009-10 to 2013-14

(Referred to in paragraph 2.6)

(₹ in crore)

Particulars	Provisional					
	2009-10	2010-11	2011-12	2012-13	2013-14	Total
A. Income						
Sale of minerals	51.27	50.08	19.00	0.69	0.07	121.11
Coal trading	52.26	45.91	61.57	93.16	62.34	315.24
Interest earned	10.64	10.87	10.45	10.61	12.00	54.57
Total	**114.17**	**106.86**	**91.02**	**104.46**	**74.41**	**490.92**
B. Expenditure						
Coal trading	50.09	43.92	59.08	89.55	59.97	302.61
Production (minerals)	18.37	16.88	5.66	0.25	0.07	41.23
Royalty/Dead rent	4.97	4.58	1.83	0.20	0.18	11.76
Other expenses	11.39	13.66	13.55	12.16	12.04	62.80
Total	**84.82**	**79.04**	**80.12**	**102.16**	**72.26**	**418.40**
C. Profit/Loss	**29.35**	**27.82**	**10.90**	**2.30**	**2.15**	**72.52**

(Source: As per information furnished by the Company)

Annexure 2.3

Statement showing target *vis-a-vis* achievement of milestones of the MoC, GoI

(Referred to in paragraph 2.11)

Name of Coal Blocks	Milestone in No. of Months	Date of Allocation	Purchase of Geological Report (GR)	Preparation of GR[1]	Mining plan approval	Forest clearance	Environment clearance	Grant of mining lease	Land acquisition	Grant of permission for Operating	Production[2]
			1.5 months of Allocation	27 months of Allocation	8 months of GR	18 months of GR	18 months of GR	24 months of GR	36 months of GR	41/53 months of GR	42/54 months of GR
Coal Blocks allocated under Government Companies Dispensation Route											
Patratu (UG[3])	**Scheduled date**	-	-	25.09.09	25.05.10	25.03.11	25.03.11	25.09.11	25.09.12	25.02.14	25.03.14
	Achievement/ delay in months	25.06.07	-	62 months	54 months	45 months	45 months	39 months	26 months	09 months	08 months
Rabodh (OCP[4])	**Scheduled date**		09.08.07	-	25.02.08	10.02.09	10.02.09	10.08.09	10.08.10	25.01.11	10.02.11
	Achievement/ delay in months	25.06.07	June 2012 (59 Months)	-	81 months	69 months	69 months	63 months	51 months	46 months	45 months
Pindra devipur (Mixed[5])	**Scheduled date**		-	02.11.08	02.07.09	02.05.10	02.05.10	02.11.10	02.11.11	02.04.12	02.05.12
	Achievement/ delay in months	02.08.06	-	72 months	64 months	54 months	54 months	48 months	36 months	31 months	30 months
Latehar (OCP)	**Scheduled date**		-	02.11.08	02.07.09	02.05.10	02.05.10	02.11.10	02.11.11	02.04.12	02.05.12
	Achievement/ delay in months	02.08.06	-	72 months	64 months	54 months	54 months	48 months	36 months	31 months	30 months
Jageshwar &khas jageswar (OCP)	**Scheduled date**		26.05.08	-	26.01.09	02.11.09	02.11.09	26.05.10	26.05.11	26.10.11	11.11.11
	Achievement/ delay in months	11.04.08	June 2012 (50 months)	-	70 months	60 months	60 months	54 months	42 months	37 months	36 months
Sugia (OCP)	**Scheduled date**		15.03.06	-	15.11.06	15.09.07	31.07.07	31.03.08	31.03.09	30.08.09	31.09.09
	Achievement/ delay in months	31.01.06	06.09.06 (6 months)	-	04.09.08 (22 months)	86 months	02.02.09 (21 months)	81 months	69 months	63 months	62 months
Burhakhap (OCP)	**Scheduled date**		-	10.04.08	31.12.08	31.10.09	31.10.09	30.04.10	30.04.11	30.09.11	31.10.11
	Achievement/ delay in months	31.01.06	-	06.06.12 (50 months)	71 months	61 months	61 months	55 months	43 months	38 months	33 months
Rauta (OCP)	**Scheduled date**		-	31.03.08	31.12.08	31.10.09	31.10.09	30.04.10	30.04.11	30.09.11	31.10.11
	Achievement/ delay in months	30.01.06	-	80 months	71 months	61 months	61 months	55 months	43 months	38 months	33 months
Coal Block transferred from Coal India Limited											
Jagaldaga (OCP)	**Scheduled date**		-	31.10.96	16.05.97	16.03.98	16.03.98	16.09.98	16.09.99	16.02.00	16.03.00
	Achievement/ delay in months	16.09.96	-	Prepared	20.10.97 (5 months)	200 months	28.05.08 (122 months)	02.02.98	182 months	177 months	176 months

(Source: Data compiled from the information furnished by the Company)

[1] For partly explored and unexplored coal blocks, milestones for preparation of GR is 27 months from the date of allocation considering three months period of application of prospecting license and 24 months period of detailed exploration and for preparation of GR. Patratu, Latehar, Pindra-Devipur, Rauta and Burhakhap were either unexplored or partly explored.

[2] Milestones for grant of permission for operating and production in respect of open cast mine (OC) was 41 and 42 months and in respect of underground mine (UG) it was 53 and 54 months respectively from the date of GR

[3] Underground project

[4] Open Cast Project

[5] Underground and Open Cast Project

Annexure 2.4

Statement showing status of statutory clearances of mineral mines

(Referred to in paragraph 2.14)

Statutory clearances	Date of approval$[6]								
	Benti Bagda	Salhan	Jyoti Pahari	Sirboi Kyanite	Chandula – Simalgoda	Mahugain - Tulbula	Manasoti	Chelangi[7]	Semra Salatua
Mining Plan	22.08.2002	-	21.03.2007	18.07.2000	-	24.08.1999	-	10.01.2011	-
Renewal of Mining Lease		-	-	-	17.03.2011 (Simalgora) 09.01.2012 (Chandula)	-	-	19.01.2011	-
Forest Clearance		-	Not required as no forest land was involved.	-	-	-	-	Not required as no forest land was involved.	10.06.1998
Environmental Clearance		-	-	-	-	-	-	-	-
NOC from SPCB		-	-	-	-	-	-	-	-

(Source: Data compiled from the information furnished by the Company)

[6] There were no milestones fixed for obtaining of statutory clearances and development of mines.
[7] New lease granted in 19.01.2011.

Annexure-2.5
Statement showing grant of mining lease and their renewal in respect of mineral mines as on 31 March 2014

(Referred to in paragraph 2.15)

Name of the lease area	District	Mineral	Lease area (in acres)	Date of grant/renewal of lease area	Period for M.L (in Year)	Date of filing for M.L renewal application	Period of renewal (in Year)	Present status
Semra Salatua	Palamau	Limestone	2578.28	03.04.1976	20	02.04.1995	20	Not renewed
Benti Bagda	Ranchi	Limestone	334.87	05.05.1976	20	04.05.1995	20	Not renewed
Salhan	Ranchi	Limestone	257.03	05.05.1976	20	04.05.1995	20	Not renewed
Jyoti Pahari	East Singhbhum	Kyanite	50.25	19.08.1984	20	14.08.2003	20	Not renewed
Sirboi	East Singhbhum	Kyanite	168.40	19.08.1984	20	14.08.2003	20	Not renewed
Chandula-Simalgoda	Sahebganj	Stone	172.80	17.03.2011 09.01.2012	10	-	-	Granted[8]
Mahugain - Tulbula	Palamau	Graphite	552.15	14.10.1976	20	13.10.1995	20	Not renewed
Manasoti	Palamau	Graphite	733.03	13.09.1979	20	21.08.1998	20	Not renewed
Chelangi (New lease)	Khunti	Granite	2.00	19.01.2011	20	-	-	Granted
Total area			**4848.81**					

(Source: Data compiled from the records of the Company)

[8] The renewal of lease for Simalgoda (86.80 acres) and Chandula (86 acres) was granted on 17.03.2011 and 09.01.2012 respectively.

Annexure - 3.1

Statement showing paragraphs/Performance Audits for which replies were not received

(Referred to in paragraph 3.7.1)

Sl. No.	Name of Department	2008-09		2009-10		2010-11		2011-12		2012-13	
		No. of paras in Audit Report	No. of paras for which replies were not received	No. of paras in Audit Report	No. of paras for which replies were not received	No. of paras in Audit Report	No. of paras for which replies were not received	No. of paras in Audit Report	No. of paras for which replies were not received	No. of paras in Audit Report	No. of paras for which replies were not received
1.	Energy	4	4	6	6	2	2	3	3	4	4
2.	Forest & Environment	1	1	-	-	-	-	1	1	1	1
3.	Home	-	-	1	1	1	1	1	1	-	-
4.	Mines & Geology	-	-	-	-	1	1	-	-	-	-
5.	Industry	-	-	-	-	-	-	-	-	1	1
6.	Water Resources, Industry, Energy, Home, Tourism, Forest & Environment, Urban Development, and Mines & Geology	-	-	-	-	-	-	1	1	-	-
	Total	**5**	**5**	**7**	**7**	**4**	**4**	**6**	**6**	**6**	**6**

Annexure – 3.2

Statement of department wise outstanding Inspection Reports (IRs)

(Referred to in paragraph 3.7.3)

Sl. No.	Name of Department	No. of PSUs	No. of outstanding IRs	No. of outstanding paragraphs	Year from which paragraphs outstanding
1.	Energy	2	345	1123	2005-06
2.	Forest & Environment	1	27	103	2006-07
3.	Mines and Geology	1	4	18	2010-11
4.	Tourism	1	7	36	2007-08
5.	Industry	2	6	22	2008-09
6.	Home	1	12	59	2006-07
7.	Water Resources	1	18	52	2006-07
8.	Urban Development	1	2	12	2009-10
Total		**10**	**421**	**1425**	

Annexure – 3.3

Statement of department wise draft paragraphs replies to which were awaited

(Referred to in paragraph 3.7.3)

Sl. No.	Name of Department	No. of draft paragraphs	Period of issue
1.	Energy	3	May to July 2014
2.	Forest & Environment	1	June 2014
3.	Industry	1	June 2014
	Total	**5**	