



सत्यमेव जयते

**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

**UNION GOVERNMENT
No. 4 (COMMERCIAL) OF 1992**

BHARAT LEATHER CORPORATION LIMITED

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PREFACE

Audit Boards are set up under the supervision and control of the Comptroller and Auditor General of India (CAG) to undertake comprehensive appraisal of the performance of the Companies and Corporations subject to audit by CAG.

2. The report on Bharat Leather Corporation Limited was finalised by an Audit Board consisting of the following members:-

| | |
|-------------------------|--|
| Shri N. Sivasubramanian | Deputy Comptroller and Auditor General (Commercial)-cum-Chairman, Audit Board |
| Shri A.K. Chakrabarti | Principal Director of Commercial Audit & Ex-officio Member, Audit Board-II, NEW DELHI. |
| Shri Vijay Kumar | Principal Director of Commercial Audit & Ex-officio Member, Audit Board-I, NEW DELHI. |
| Shri K.S. Menon | Principal Director (Commercial) and Member-Secretary, Audit Board. |
| Shri B. Minj | Industrial Advisor (Chemical), D.G.T.D., New Delhi - Part time member. |

The part time members are appointed by the Government of India (in the respective Ministry or Department controlling the company or corporation) with the concurrence of the Comptroller and Auditor General of India.

3. Audit Board held discussions with the representatives of the Ministry of Industry, Department of Heavy Industry.

4. The Comptroller & Auditor General of India wishes to place on record his appreciation of the work done by the Audit Board.

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OVERVIEW

The Company Bharat Leather Corporation Limited (BLC) was set up on 30th March, 1976 primarily to develop and assist the leather industry and secondarily to engage in trading activities. The value of production of leather goods in the country was Rs.4740 crores in 1990-91 and was expected to go up to Rs.7800 crores by 1994-95. The turnover of Bharat Leather Corporation in 1990-91 was a meagre Rs.275 lakhs. In 1990-91 the employment in leather sector was 6.5 lakhs excluding cottage sector. The strength of BLC in 1990-91 was 255 persons. BLC has failed to develop the industry or effectively engage in trading activities. None of the plans, projects or schemes taken up by the Company was adequately planned or properly executed.

(Paragraphs 1, 2 and 5 to 9)

(ii) The paid up capital of the Company as on 31st March, 1992 amounting to Rs.556.16lakhs was fully eroded by the accumulated losses amounting to Rs.665.36 lakhs. BLC is surviving on loans received from Government which stood at Rs.290 lakhs on 31.3.92. Interest accrued amounting to Rs.38.46 lakhs was still due to be paid to Government. It is understood that though the Company is in effect sick technically not being an industrial company, it has not been referred to Board of Industrial and Financial Reconstruction.

(Paragraphs 3 and 4)

(iii) As per recommendations of a High Powered Group in Government a scheme for trading in Snake Skin was entrusted to the Company on which it incurred a loss of Rs.51.39 lakhs mainly on undisposible stock which was not reflected in the accounts. The accounts reflected the profit of Rs.171.38 lakhs only. The Company admitted that it did not have expertise and sufficient knowledge about export market and internal demand. It, therefore, appeared that the High Powered Group entrusted the scheme to the Company, more to enable it to earn some profits.

(Paragraph 6)

(iv) The Company accumulated stocks of footwear and leather goods by procuring sub-standard and poor quality goods and carried inventory of finished goods at around 25% of annual sales. Company failed to make a success of its Package Assistance Scheme designed to get footwear from manufacturers in the cottage sector by assisting them. Under the scheme it imported a Direct Injection Moulding Plant in

1984 at a cost of Rs.14.70 lakhs which remained un-installed till April 1989. Similarly, a Unit Sole Plant imported in 1977 at a cost of Rs.16.52 lakhs and given to BLC in 1985 remained un-installed till May 1989. Even when commissioned in 1989 the machines remained largely under-utilised.

(Paragraphs 7 and 9)

v) A close look needs to be taken at the future of the Company and its role.

The Bharat Leather Corporation Limited, (BLC) was set up on 30th March, 1976 to act as an apex body for the promotion and development of leather and leather goods industry. Calcutta, Madras, Bangalore and Agra/Kanpur are the important leather manufacturing and trading centres in the country. In 1990-91 the employment in the leather sector was 6.5 lakhs excluding cottage sector. The strength of BLC in 1990-91 was 255 persons.

The registered office of the Company initially at Agra was shifted to Noida (Ghaziabad) in September, 1980 and later again shifted to Agra in January, 1986. The Corporate Office is located at New Delhi.

2. OBJECTIVES

2.1 Main objectives of the Company are:

- To promote leather industries and provide capital, credit and technical and managerial assistance to them.
- To develop new finishing processes for raw, semi-processed and manufactured leather.
- To explore and develop new markets for all types of leather and leather goods, leather based sports goods and other allied products dealt in by the Company.
- To provide institutional frame-work for regulating and planning the leather industry for export of finished and fully processed leather and leather manufactures.
- To devise an information mechanism.
- To give developmental assistance to export-oriented units.
- To take steps for building up infrastructure for the development of leather and leather goods industry.
- To promote, finance and carry on research and development in leather and leather goods industry.
- To acquire controlling interest in Tannery and Footwear Corporation of India Limited (TAFCO)
- To execute and to carry out agreements of sole-selling agency and other marketing arrangements.
- To establish, maintain, run and control shops, offices, branches and other selling points.

2.2 In January 1981, Government of India directed the Company to take up only trading activities so as to become commercially viable.

2.3 The following shortcomings were noticed in the achievement of the objectives:-

(a) The Company was unable to save funds to acquire any shares in Tannery and Footwear Corporation (TAFCO) which was one of the objectives.

(b) Though one of the objectives of the Company was to take steps for building up of infrastructure for the development of leather and leather goods industry, the objective was by and large, not achieved. The Ministry was of the view that building up of infrastructure for the development of leather and leather goods industry is a vast subject and setting up of Package Assistance Scheme as was done in Agra is only one item.

(c) The Company could not develop exports of finished and fully processed leather and leather manufactures. While export of leather and leather goods increased from Rs.290 crores in 1976-77 to Rs. 2,030 crores in 1989-90, the share of the Company in the exports rose from Rs.0.47 crore in 1983-84 to Rs.1.64 crores only in 1986-87 and came down to Rs.0.34 crore in 1989-90. There were no exports by the Company during 1990-91.

The Ministry stated that the Company had not entered into the export areas as the exports were being handled by another Public Sector Undertaking, i.e. State Trading Corporation of India Limited. Further the Company is not having any production facilities of its own for exportable items. Only for canalised item of Snake Skin products BLC was specifically authorised.

(d) The value of production of leather goods in the country in 1990-91 was Rs.4740 crores (including finished leather of Rs.630 crores).The Company's turnover during the same period was only Rs.275.31 lakhs. The sales of BLC had come down from Rs.469 lakhs to Rs.316 lakhs between 1987-88 and 1989-90 while that of Leather Development Corporations set up by several State Governments increased, e.g. that of Tamilnadu Leather Development Corporation Limited went up from Rs.156 lakhs to Rs.230 lakhs and that of U.P. State Leather Development and Marketing Corporation Limited from Rs.175 lakhs to Rs.313 lakhs. This indicated that the directive to take up trading activities was not implemented by BLC very effectively.

2.4 In the view of the Management of BLC there was a need to draw up a new charter for the Company's activities and to re-define its objectives. In the view of the Ministry there is a need to take a close look at the future of the Company.

| | 1985-86 | 1986-87 | 1987-88 | 1988-89 | 1989-90 | 1990-91 | 1991-92* |
|---|----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|
| <u>INCOME</u> | | | | | | | |
| Sales | 319.43 | 378.61 | 468.98 | 325.02 | 316.01 | 275.31 | |
| Closing Stock | 167.73 | 180.57 | 191.41 | 155.26 | 141.41 | 129.35 | |
| Other Income | 11.49 | 6.67 | 7.53 | 4.23 | 6.90 | 7.10 | |
| Total Income | 498.65 | 565.85 | 667.92 | 484.51 | 464.32 | 411.76 | 389-95 |
| <u>EXPENDITURE</u> | | | | | | | |
| Opening Stock | 123.41 | 167.73 | 180.65 | 191.41 | 155.26 | 141.41 | 129.35 |
| Purchases | 191.51 | 214.06 | 287.94 | 158.29 | 196.60 | 198.24 | |
| Manufacturing expenses | 71.28 | 92.61 | 90.48 | 37.64 | 22.39 | 14.38 | |
| <u>Administrative overheads</u> | | | | | | | |
| Salaries etc. | 47.96 | 61.58 | 70.82 | 78.61 | 85.90 | 95.32 | 108.00 |
| Interest | 1.39 | 0.70 | 7.18 | 11.79 | 23.68 | 31.65 | 38.46 |
| Rent | 13.28 | 13.35 | 13.17 | 13.59 | 13.29 | 14.87 | |
| Depreciation | 2.79 | 2.73 | 3.14 | 3.23 | 4.43 | 4.53 | |
| Other expenses. | 27.34 | 27.54 | 38.56 | 23.08 | 28.24 | 32.67 | |
| Selling Overheads | 27.82 | 26.83 | 34.00 | 16.82 | 11.68 | 7.88 | |
| Total Expenditure | 506.78 | 607.13 | 725.94 | 534.46 | 541.47 | 540.95 | 472.73 |
| Net Loss | 8.13 | 41.28 | 58.02 | 49.95 | 77.15 | 129.19 | 82.78 |
| Cash Loss | 5.34 | 38.55 | 54.88 | 46.72 | 72.72 | 124.66 | 78.69 |
| <u>Break up of Profit(+) & Loss(-)</u> | | | | | | | |
| 1.Precision Shoe Last Factory, Agra | (-)2.02 | (-)1.97 | (+)2.44 | (+)6.12 | (+)4.72 | (-)1.99 | (+)2.80 |
| 2.Package Assistance Scheme, Agra | (+)0.83 | (+)0.85 | (+)2.50 | (-)0.07 | (+)1.42 | (+)2.78 | (+)8.59 |
| 3.Snake Skin Scheme Madras/Delhi | (+)37.92 | (+)26.93 | (+)18.55 | (+)18.40 | (+)5.52 | (-)18.21** | |
| 4.Marketing Operations of the Company | (+)1.78 | (-)4.32 | (-)0.24 | (+)1.70 | (+)1.37 | (+)4.65 | (+)35.89 |
| 5.Corporate & Regional Offices(unallocated) | (-)46.64 | (-)62.77 | (-)81.27 | (-)76.10 | (-)90.18 | (-)116.42 | (-)130.06 |
| Total: | (-)8.13 | (-)41.28 | (-)58.02 | (-)49.95 | (-)77.15 | (-)129.19 | (-)82.78 |

* Figures for 1991-92 are provisional.

** Represents the value of defective and damaged snake skins written off.

4.2 The reasons for the Company incurring losses were given out as;

- (i) High cost of labour.
- (ii) Sales at discounts to dispose off goods and materials due to poor marketing.
- (iii) High cost of interest on borrowings

The Company had been incurring cash losses in all the years since its incorporation in 1976 except during 1984-85. The cash

losses were met by loans given by Government which to that extent are doubtful debts for Government.

The Management is hopeful (September, 1991) of improving the performance of the Company by :

- (i) Increasing turnover by contacting bulk customers in Public Sector Undertakings etc.
- (ii) Reducing material cost.
- (iii) Reducing man-power
- (iv) Reducing overheads.

There is little evidence to indicate that the hopes of the Management will be borne out in the future except for the plans for voluntary retirement scheme to shed surplus employees.

5. PLANS, PROJECTS & SCHEMES

5.1 A programme of action, outlining the short and long term plans to be pursued by the Company was approved, in principle, by the Board of Directors on 16th July, 1977 and modified on 27th April, 1978.

As per plan, the Company was to take up seven developmental activities and five commercial activities :

DEVELOPMENTAL ACTIVITIES;

- i) Collection of Statistics,
- ii) Technical Services
- iii) Research and Development,
- iv) Training and Development of Personnel,
- v) Carcass Recovery and Flaying Centres,
- vi) Shelters-cum-Working facilities for cottage workers,
- vii) Design Centres and Training Laboratories.

COMMERCIAL ACTIVITIES;

- i) Consultancy Services
- ii) Supply of raw materials
- iii) Finishing-cum-common facilities centre
- iv) Integrated Leather component complexes and
- v) Marketing.

5.2 Eleven projects and schemes were considered by the Company for execution during the years 1976-77 to 1985-86. The following six schemes were not taken up for the reasons given against them in the "Remarks" column. They are indicative of inadequate management planning.

| Name of the Project/ Scheme | Remarks |
|---|--|
| 1. Integrated Meat & Leather Project Jodhpur sanctioned by Govt. in 1976 (at a cost of Rs.550 lakhs) | As the maintenance of slaughter Houses & Meat industry was outside of objectives of the Company the project was not taken up. Payment of Rs.0.50 lakh made to NIDC was treated as revenue expenditure. |
| 2. Establishment of Integrated leather component complexes approved by the Board in 1977-78 at a cost of Rs.10 lakhs. | The scheme for establishment for integrated leather component complexes at Agra, Bombay, Calcutta, Madras, Kanpur and Jalandhar was not implemented. |
| 3. Functional Industrial estate for footwear at Agra approved by the Board at a cost of Rs.190.10 lakhs. | The Board of Directors wanted a consultancy organisation to prepare a bankable and economically and commercially viable scheme. No further action was taken. |

4. Technological Laboratories and Training Centre (common facility centre for footwear at Agra) sanctioned by Govt. in Dec. 1980 at a cost of Rs.5.03 lakhs.

A sum of Rs.5.03 lakhs was released by Govt. to BLC in Dec.1980. The project was not undertaken and similar projects in other regions were also not undertaken on the ground that setting up of the Technological Laboratories and Training Centres were pending approval of the Ministry.

5. Canalisation of wattle extracts approved by the Board in August 1980.

The import of wattle extract was placed under the Open General Licence (from the restricted category) with effect from 1st April, 1981. Therefore the Board dropped the scheme for canalisation of wattle extract.

6. Dog Leather Project

It was felt that market for such products had not been developed and the project was dropped in March '82 after incurring an expenditure of Rs.1000.

5.3 The following five schemes, were undertaken but were subsequently discontinued, indicating lack of experience and inadequate study in the planning of commercial schemes.

(a) RAW MATERIAL BANK SCHEME

To help exporters a raw material bank with a capital expenditure of Rs.1.5 lakhs was approved in August 1980. During 1982-83, the Company imported 86,400 zippers and 1200 Nos. of locks worth Rs.7.77 lakhs to equip its raw material bank. In March 1991 materials worth Rs.6.41 lakhs (77,738 zippers & 296 locks) were still lying in stock (including Rs.0.43 lakh worth in damaged condition). Interest at the rate of 15.5 per cent per annum on the blocked funds of Rs.6.41 lakhs during the years 1983-84 to 1990-91 amounted to Rs.8.48 lakhs. This is the quantum of commercial loss incurred by the company as a result of the poorly designed and executed scheme.

(b) DESIGN CELL

The Company set up a design cell in December 1980 to introduce Indian fashions abroad. An amount of Rs.1.00 lakh (equity capital) was released by Govt. in March, 1980 to finance the cell. As the suppliers had started developing designs for the Company, the Design Cell was wound up in the year 1983. It is not clear why suppliers were not requested to develop designs in the first instance instead of planning a design cell.

The Management stated (July 1991) that the design cell was not significant to the leather industry.

(c) FINISHING-CUM-COMMON FACILITY CENTRES

Five common facility centres were sanctioned by Govt. in 1976 for being set up in the states of Uttar Pradesh, Bihar, Tamilnadu, Andhra Pradesh and West Bengal with assistance from the Leather Development Fund which is operated by the State Trading Corporation of India Ltd. They were introduced to assist small scale manufacturers in converting the semi-finished leather into finished leather for export as well as for use with in the country. The proposal for setting up of the first common facility centre at Jajamau, Kanpur (U.P.) was approved by the Board of Directors on 2nd June, 1978. The requirement of funds for the purpose was estimated at Rs.23.40 lakhs.

It was estimated that the centre at Jajamau, Kanpur would suffer a loss of Rs.0.19 lakh in 1979-80, but make a profit of Rs.1.36 lakhs per annum from 1980-81 onwards provided funds required were released by Central Government in the form of equity. In December, 1978 a sum of Rs.23.40 lakhs was released by the Government. For purchase of land and for construction of building a sum of Rs.15 lakhs was received in February, 1980 from Government of Uttar Pradesh as loan. The Company incurred expenditure of Rs.6.66 lakhs on acquisition of land (Rs.6.59 lakhs) and other miscellaneous expenses (Rs.0.07 lakh) upto August 1985. But, in April 1981 the Board of Directors decided that there was no need to set up the centre for the time being.

In April, 1984 revised cost of common facility centre was estimated at Rs.91.00 lakhs and the Board approached Leather

Development Fund for funds amounting to Rs.52.60 lakhs (Rs.91.00 lakhs less Rs.38.40 lakhs) in July, 1984. But in the meantime the U.P.State Leather Development and Marketing Corporation Ltd. had set up a common facility centre at Unnao, near Kanpur and there was no necessity for another centre at Jajmau, Kanpur. On 27th September, 1985 it was again decided that the proposal to set up a common facility centre at jajmau (Kanpur) be dropped and the amount of Rs.23.40 lakhs received from the Govt. of India be used for other schemes. The land purchased at Jajmau was to be transferred to the State Government of U.P.and the unspent balance amount of Rs.8.34 lakhs was also to be refunded to the State Government of U.P. The Government of India approved dropping of the scheme.

Till March,1992 the Company had not transferred the plot of land or refunded Rs.8.34 lakhs to the State Government of U.P.

No action has been initiated by the Company for setting up any other centre in the States of Andhra Pradesh, Bihar, Tamilnadu and West Bangal.

d) CHAMBA SANDAL PROJECT

Company decided to set up a unit at Chamba in Himachal Pradesh for the manufacture of 14400 pairs of traditional Chamba Chappals annually. Raw material was to be transported from Agra to Chamba and finished product was to be brought to Delhi and Agra for marketing. Rs.1.18 lakhs for the project were released by the Government of India in March, 1981. But the scheme was closed in 1984 because of poor progress in production of chappals as may be seen from the following table :-

| Year | Target (Pairs) | Actual produ- ction | Shortfall in production (%) |
|---------|-------------------|------------------------|--------------------------------|
| 1980-81 | - | 213 | - |
| 1981-82 | 2000 | 1412 | 29.4 |
| 1982-83 | 3000 | 1512 | 49.6 |
| 1983-84 | 3000 | 1162 | 61.3 |

The Unit incurred losses which amounted to Rs.0.89 lakh till March 1984.

The Management stated (July, 1991) that Chamba Sandal Project was abandoned due to lack of demand, high cost of transportation of raw material and finished Chappals. This is indication of inadequate study and evaluation of the viability of the project by the Management before approving it.

e) CONSULTANCY SERVICES

The Company extended consultancy services to the outside agencies in preparing pre-feasibility studies, project profile and feasibility reports . The following project reports were prepared.

1) Project Report on leather finishing unit of Uttar Pradesh State Industries Development Corporation Limited.

2) Project Report on Leather and Leather Goods manufacturing unit proposed to be set up by Rajasthan Government and

3) Report on the re-organisation of existing tanning units of Orissa Leather Development Corporation.

In addition in 1980-81, a Consultancy Project in Syria was undertaken. The project did not materialise and the expenditure of Rs.0.32 lakh incurred by the Company proved infructuous.

Rs. 37,450 was earned as the income by the Company from Consultancy services during the years 1980-81 and 1981-82. No Consultancy projects were undertaken by the Company thereafter.

Clearly the Company has been unable to achieve most of its objectives.

6. SNAKE SKIN SCHEME

6.1 The export of snake skins and garments made of such skins was banned by Government in 1972 for ecological reasons. By 1980 a large quantity of confiscated snake skins had accumulated with the Customs Authorities and registered stockists. A High Powered Group in the Government decided in October 1980 that the Bharat Leather Corporation be designated as the nodal agency for purchase of snake skins from registered stockists (6.73 lakh pieces) and Customs (74.04 lakh pieces) and be allowed to export products manufactured from these skins. It is likely that BLC was selected as the agency for the export of snake skin, with a view to add to its profits.

The cost of skins to be purchased from Customs over a period of three years was estimated at Rs.27.80 lakhs. The snake skins were to be processed by licenced tanners in Madras. The value of finished skins was estimated at Rs.61.40 lakhs.

The tanning and finishing of snake skins were done at Madras; and fabrication of garments at Madras, Delhi, Bombay and Bangalore.

As per the accounts the sales (internal as well as export) and profit earned by the Company under the Scheme during the years 1982-83 to 1989-90 were as under:-

(Rs.in lakhs)

| | 1982-83 | 1983-84 | 1984-85 | 1985-86 | 1986-87 | 1987-88 | 1988-89 | 1989-90 |
|-------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Sale Target | 15.00 | 70.00 | 120.00 | 150.00 | 190.00 | 200.00 | 200.00 | 200.00 |
| Actual Sale | | | | | | | | |
| Internal | 2.28 | 4.13 | 4.76 | 3.47 | 1.44 | - | - | - |
| Exports | 3.34 | 46.60 | 147.62 | 106.29 | 163.59 | 159.84 | 78.35 | 33.51 |
| Total | 5.62 | 50.73 | 152.38 | 109.76 | 165.03 | 159.84 | 78.35 | 33.51 |
| PROFIT(+)/ | | | | | | | | |
| LOSS(-) | 0.77 | 14.55 | 48.74 | 37.92 | 26.93 | 18.55 | 18.40 | 5.52 |

6.2 Though in February, 1983 the Company was authorised by the Government of India as the canalising agency for export of snake skin goods till 31st March, 1990 permission for internal trade in value added products made out of snake skins was disallowed from 23rd January, 1987.

The value of undisposed skins held at the close of each year during the years 1982-83 to 1990-91 is given below :

(Rs. in lakhs)

| | 1982-83 | 1983-84 | 1984-85 | 1985-86 | 1986-87 | 1987-88 | 1988-89 | 1989-90 | 1990-91 |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 1. Vegetable tanned skins | 9.10 | 9.47 | 12.75 | 14.21 | 11.75 | 12.57 | 14.94 | 17.73 | 5.57 |
| 2. Finished skins | 1.54 | 8.44 | 2.44 | 26.35 | 29.82 | 31.20 | 32.78 | 29.66 | 24.57 |
| 3. Snake skin Products | 4.50 | 8.23 | 8.64 | 7.83 | 8.13 | 14.11 | 12.21 | 13.61 | 14.46 |
| Total | 15.14 | 26.14 | 23.83 | 48.39 | 49.70 | 57.88 | 59.93 | 61.00 | 44.60 |

It will be seen from the above table that value of inventory of finished skins had been increasing year after year from the year 1985-86 to 88-89 indicating that the Company was not able to fabricate and export the snake skin articles to the level of the snake skins finished during the years.

Stock of unusable snake skins valued at Rs.18.77 lakhs had accumulated at Madras Depot due to (i) dereliction of duty on the part of some senior officers of the Company in the procurement of snake skins, (ii) damage of goods by flood in 1986 and other reasons. In February, 1990 the Board, approved write off of snake skins valued at Rs.18.77 lakhs.

The Government of India did not permit export of snake skin articles after 31st March, 1990. The Company's request to allow them more time was not agreed to by the Government (July 1991). The holdings of vegetable tanned skins, finished skins and snake skin products valued at Rs.44.60 lakhs as on 31st March, 1991 could neither be exported nor sold in the local market. The Company has thus incurred a loss of Rs.44.60 lakhs which is still to be reflected in the accounts as loss.

6.3 The Company acquired only 23.68 lakh pieces of snake skins from Custom and Wildlife Departments (21.73 lakh pieces) and private traders (1.95 lakh pieces) as against 80.77 lakh pieces of available skins estimated at the time of finalisation of the scheme in May, 1982. Non-availability of funds and higher prices demanded by private traders were cited as reasons. But procurement included unusable skins also.

The water snake skins are filmy and of small size. They cannot be used for fabrication of large size articles for export. There was no compulsion to acquire skins which were not required. Still, the Company acquired 5,40,339 water snake skins valuing Rs.2.03 lakhs, from Customs and Wildlife departments (4,40,739) and private traders (99,600) in the year 1982-83 to 1988-89. The Company also incurred expenditure of Rs.1.36 lakhs on tanning and finishing of 90,846 water snake skins.

The manufacture of lizard skin articles for local sale and export was prohibited under the Wildlife (Protection) Amendment Act, 1972. Still the Company acquired 76,280 pieces of lizard skins valuing Rs.1.11 lakhs .

1,27,340 pieces of snake skins had to be refinished during the years from 1984-85 to 1988-89 at a cost of Rs.2.29 lakhs as the earlier finishing was done without assessing market fashions.

In all the infructuous avoidable expenditure or loss amounted to Rs.51.39 lakhs vis-a-vis profits of Rs. 171.38 lakhs only reflected in the accounts.

The Management stated (July, 1991) that due to lack of information on export market, non-availability of expertise and insufficient knowledge about market demand, the Company procured all sorts of skins. This confession reflects on the inappropriateness of the agency that was recommended by the High Powered Committee vis-a-vis what was needed for such a commercial scheme.

6.4 In February, 1983 Government of India released an amount of Rs.15 lakhs to the Company (as loan with interest at 15.5 per cent per annum). The loan was repayable in five annual instalments starting one year from the date of drawal. The loan was repaid in full by 27th March, 1986. The loan was however not necessary as the Company had fixed deposits in banks for equal or more amount which earned yearly interest at the rate of 6 per cent per annum only.

6.5 The prices of skins were fixed in 1983 and revised in 1984 by a Joint Pricing Committee consisting of representatives of the Company, Customs Department and experts. In Maharashtra there were slight upward variations in prices. In Tamilnadu, a committee consisting of the representatives of the Company, State Forest Department and Dy. Director (Wildlife) Southern Region (Govt. of India) revised the prices upward in 1985. However, this was not in line with the recommendations of High Powered Group on Imports and Exports of Agricultural Commodities that the prices should not be too attractive, from the environmental point of view.

7. PACKAGE ASSISTANCE SCHEME

7.1 In the cottage sector, the footwear manufacturing units lack production facilities, information on modern technology, design and fashion. The Company approved (October, 1979) a Package Assistance Scheme (PAS) for construction of a working shed consisting of 30 compartments to be used by cottage sector entrepreneurs on hire purchase/rent basis. Capital investment of Rs.7.00 lakhs was approved. The scheme was enlarged in May, 1981 and was to provide opportunity to 130 artisans . The machines with sheds were to be allotted to co-operatives formed by the artisans but owned by the Company. The shoes manufactured were to be sold through retail outlets of company and the payment to the units released on despatch of the goods from the finished goods warehouse to retail outlet.

7.2 Till 31st March, 1990 the Company received from Government of India Rs.135 lakhs as loan towards implementation of the scheme. Funds amounting to Rs.33.35 lakhs received from Govt. of India were diverted for other purposes and funds amounting to Rs.42.00 lakhs were kept in term deposits fetching interest at the rate of 8 per cent per annum against the interest rate of 15.5 per cent per annum paid/payable to the Government of India by the Company. The Management clarified (July, 1991) that the funds were meant for specific purpose and were kept in fixed deposits till needed.

7.3 The Package Assistance Scheme started functioning in Agra with effect from 22nd March, 1984 with 2 entrepreneurs. Four entrepreneurs used the scheme in 1985-86, but number came down to 3 in 1987-88 and to 2 in 1989-90. Production under the scheme varied from 20,000 to 46,000 pairs per year between 1984-85 and 1990-91.

The Company failed to create co-operatives of artisans and engaged private entrepreneurs, who further employed their labour for manufacturing footwear. The rates of wages payable to artisans were fixed by the Company but there was no direct mechanism to ensure that payment was made at the approved rates to labourers.

As against the six units only four working sheds were constructed on a smaller size plot that was available . But in 1989-90 two vacant sheds were utilised for installation of Unit Sole Plant and Direct Injection Moulding Plant.

While the number of entrepreneurs engaged declined from 4 in 1985-86 to 2 in 1990-91 the overhead expenses went up from Rs.4.33 lakhs to Rs.13.12 lakhs during the same period.

In the Annual Report for 1980-81 it was mentioned that similar schemes for footwear and leather goods were being prepared by the Company for implementation at Jagdishpur

(Amethi), Delhi, Bombay and Madras. But no such scheme has, been set up in any of these places so far (July 1991).

7.4 One Direct Injection Moulding Plant (DIP) for soling of footwear with Poly Vinyl Chloride (PVC) Thermo-plastic rubber and Thermoplastic Polyurethane (PU) was imported in August, 1986 at a cost of Rs.14.70 lakhs from West Germany from the loan funds received from the Central Government, it remained uninstalled till April, 1989 for want of moulds, which were initially proposed to be developed indigenously. The Moulds were imported in July, 1988 at a cost of Rs.2.67 lakhs and the Plant installed in April 1989 after spending Rs.1.33 lakhs on chilling plant, air-compressor and installation charges. Commercial production commenced in May, 1989 and the plant produced only 25,510 pairs of shoes during 1989-90 and 11,369 pairs of shoes during 1990-91. The production capacity was 90,000 pairs of shoes per year.

7.5 The State Trading Corporation of India Ltd. (S.T.C) imported in 1977 a Unit Sole Plant consisting of 39 machines at a cost of Rs.16.52 lakhs using funds of the Leather Development Fund for a common facility centre at Agra. The Plant was designed for fabrication of bottom components made of sole leather. The S.T.C was unable to set up the plant. The Company sought to set up the plant at Agra under their Package Assistance Scheme.

The Plant was received in March, 1985 but was not installed by the Company till May, 1989. It was finally installed at a cost of Rs.0.69 lakh in May, 1989, and started commercial production in September, 1989.

The Plant is being utilised for job works done for other parties manufacturing shoes with leather sole for export. The Company is not using it for production of shoes with leather sole under its Package Assistance Scheme.

7.6 Sixteen sewing machines under the Package Assistance Scheme were purchased from the S.T.C at a cost of Rs.3.27 lakhs (including sales tax) in December, 1983. They were not used under the scheme. There was demand for the machines at Delhi for fabrication of snake skin garments and fifteen machines were transferred to the snake skin project in February, 1987. Seven machines were received back in April, 1988 and 8 machines are now lying at Agra unused.

The Management attributed (July, 1991) the poor capacity utilisation upto 1983-84 to old machines, old copying lathe machines and lack of wood seasoning plant. After 1983-84 the low capacity utilisation (after modernisation) was attributed by the Management to insufficient orders. The Management stated that bulk of the manufacturers of shoe lasts used unseasoned wood from which good quality lasts can not be made. Therefore, PSL factory could not assist manufacturers significantly in their manufacture or get more orders from them for shoe lasts. The Company did not take action for four years to improve the accuracy of lathe machines by resorting to repair or replacement but produced sub-standard goods to less than full capacity and realised unremunerative prices.

The raw material for manufacture of shoe lasts is wooden blocks and G.I.Sheets. The Precision Shoe Last factory purchased Shisham wood for manufacture of shoe lasts from block of such wood. The output of wooden blocks (one per last) varied. The Company had not fixed any norms for the output of blocks from wood.

The reconciliation of blocks to lasts indicated many discrepancies as in the table given opposite:-

(No. of pairs)

| Year | Opening Balance | Blocks Issued | Return of finished lasts to factory | Total (2) to (4) | Production of lasts | Rejections | Closing Balance | Total (6) to (8) | Excess(+) Shortage(-) | Percentage of rejections to total blocks consumed. |
|---------|-----------------|---------------|-------------------------------------|------------------|---------------------|------------|-----------------|------------------|-----------------------|--|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
| 1980-81 | - | 6736 | - | 6736 | 6879 | 216 | 360 | 7455 | (+)719 | 3.21 |
| 1981-82 | 360 | 11033 | 48 | 11441 | 9244 | 109 | 1690 | 11043 | (-)398 | 0.95 |
| 1982-83 | 1690 | 12248 | 35 | 13973 | 11809 | 742 | 145 | 12696 | (-)1277 | 5.31 |
| 1983-84 | 145 | 10646 | - | 10791 | 9511 | 909 | 729 | 11149 | (+)358 | 8.42 |
| 1984-85 | 729 | 22713 | - | 23442 | 19639 | 1926 | 1674 | 23239 | (-)203 | 8.22 |
| 1985-86 | 1674 | 15118 | 276 | 17068 | 15141 | 2160 | 1436 | 18737 | (+)1669 | 12.66 |
| 1986-87 | 1436 | 19762 | - | 21198 | 18800 | 1279 | 1669 | 21748 | (+)550 | 6.03 |
| 1987-88 | 1669 | 23151 | - | 24820 | 23808 | 1211 | 1837 | 26856 | (+)2036 | 4.88 |
| 1988-89 | 1837 | 22566 | - | 24403 | 23354 | 1442 | 939 | 25735 | (+)1332 | 5.91 |
| 1989-90 | 939 | 24886 | 39 | 25864 | 23183 | 1810 | 872 | 25865 | (+) 1 | 7.00 |
| 1990-91 | 872 | 14633 | 35 | 15540 | 13813 | 1180 | 547 | 15540 | | 7.59 |

9. MARKETING

9.1 The marketing activities of the Company are controlled through three regional offices at Agra, Madras and New Delhi. Marketing by the Company commenced in July, 1979 when Bharat Leather Emporium was opened in New Delhi. A second Bharat Leather Emporium was opened in Madras in November, 1982.

The Company established initially two bulk depots at New Delhi and Agra in 1980-81 for shoes and other leather garments. Another bulk depot was set up in Madras in 1982-83.

9.2 The following table gives the details of inventory holdings and sales as at the close of last seven years ended 31st March, 1992:-

| | (Rs. in Lakhs) | | | | | | |
|----------------------|----------------|---------|---------|---------|---------|---------|---------|
| | 1985-86 | 1986-87 | 1987-88 | 1988-89 | 1989-90 | 1990-91 | 1991-92 |
| i)Rawmaterial | | | | | | | |
| including | | | | | | | |
| stores & spares | 60.28 | 74.25 | 73.58 | 76.93 | 76.05 | 65.17 | |
| ii)Finished goods | 107.83 | 95.44 | 116.44 | 83.80 | 66.69 | 76.28 | |
| iii)Work-in-Progress | 0.43 | 0.53 | 0.70 | 0.45 | 0.58 | 0.48 | |
| iv)Goods in Transit | 3.30 | 16.15 | 6.49 | 0.95 | 3.49 | 0.05 | |
| Total | 171.84 | 186.37 | 197.21 | 162.13 | 146.81 | 141.98 | NA |
| Sales | 319.43 | 378.61 | 468.98 | 325.02 | 316.01 | 275.31 | 389.95 |

N.A.-Not available

The Company accumulated the stock of footwear and leather goods because of procurement of goods of poor quality and sub-standard goods. The value of such stock accumulated till 1987-88 amounted to Rs.101.21 lakhs. The Company resorted to "Reduction Sale" offering discount upto 40 per cent of the sales price to liquidate the old stock during 1988-89, 1989-90 and 1990-91. Even at the close of 1990-91, the Company was holding such goods valued at Rs.13.20 lakhs, much of it lying in stock since 1982-83.

The value of closing stock at the end of 1990-91 included the snake skins and snake skin goods valued at Rs.44.60 lakhs.

9.3 The Company had three procurement centres one each at Agra, Madras and Delhi. The leather goods were procured through Delhi Regional Office, Shoes from Agra Regional Office and a few types of saddles, chappals and leather goods from Madras Office. The Company adopts open tender system for purchase of Plant and Machinery and other capital goods. For purchase of leather, leather goods, footwear and other items, samples and rates are called for. Purchases were finalised by negotiations from 1980 onwards. However, the Company had not maintained an approved list of vendors and manufacturers.

The items purchased for sale at emporia were of poor or unsaleable quality in as much as stocks had accumulated. The

finished goods in stock at the end of every year was around 25% of the annual sales which is very high in marketing of goods like shoes.

The marketing was also poor in that defective goods were not returned to the manufacturers or suppliers as per warranty clause. Further, the goods returned by the customers even after 3 months after sale and were accepted by Company. It was also seen that material which was rejected by bulk customers was sent for sale to various emporia which was not likely to improve the image of the products of the company.

9.4 The Company set up retail outlets on franchise system in January 1981 to reduce expenditure on hiring of accommodation needed for own emporia. Under the franchise scheme retail dealers were to make security deposit of Rs.10,000 and Company was to supply material to their shops at Company's cost, for sale at retail prices fixed by the Company. A commission of 15 per cent on the retail selling price was to be paid to them. The commission was raised to 20 per cent on footwear.

In 1980-81, 12 dealers sold Rs.1.29 lakhs of goods and in 1981-82, 22 dealers sold Rs.23.78 lakhs against target of Rs.35 lakhs set by Company. However, the Company discontinued the scheme of franchise shops and introduced in 1983-84 a modified scheme of commission agents who would provide shop fully furnished and decorated and receive 15 per cent commission on the retail sales. The security deposit was not there.

As on 31st March, 1992, there were only eight emporia for retail sales including the two emporia run by commission agents. From the figures of sales in the various emporia given in annexure, it would be seen that they are running at a loss except for the one at New Delhi. The marketing efforts of the Company were evidently unsuccessful. The Company had limited designs of footwear and leather goods for a fashion market and the company failed to compete with others.

9.5 The Company started consignment sales in the year 1979-80 and charged commission at 37.50 per cent of selling prices. The Company earned commission in the years 1979-80 to 1990-91 amounting to Rs.73.63 lakhs.

9.6 The Company secured bulk orders from Public and Private Sector. The bulk sales in recent years were as follows:

(Rs. in lakhs)

| Year | Sales | | Profit(+)/Loss(-) | |
|---------------|-----------|--------|-------------------|----------|
| | Targetted | Actual | Targetted | Actual |
| 1. | 2. | 3. | 4. | 5. |
| 1985-86 | 132.00 | 54.02 | 14.50 | 11.17 |
| 1986-87 | 100.00 | 73.91 | 13.50 | 7.19 |
| 1987-88 | 112.00 | 118.57 | 22.00 | 4.22 |
| 1988-89 | 140.00 | 73.50 | 28.40 | 7.34 |
| 1989-90 | 160.00 | 74.43 | 20.08 | 10.97 |
| 1990-91 | 100.00 | 75.41 | 6.63 | 9.75 |
| 1991-92 | 112.00 | 131.46 | N.A. | (-)13.56 |
| (Provisional) | | | | |

For procurement of bulk orders Company paid commission to agents. Following commissions (averaging about 5%) were paid against orders from 5 Central PSUs which was clearly avoidable.

| | <u>Value of order</u> | <u>Amount of commission</u> |
|----|-----------------------|-----------------------------|
| | <u>(Rs. in lakhs)</u> | |
| 1) | 21.05 | 1.05 |
| 2) | 6.68 | 0.29 |
| 3) | 4.03 | 0.20 |
| 4) | <u>70.71</u> | <u>3.52</u> |
| | <u>102.47</u> | <u>5.06</u> |

9.7 The Company added margin of about 60 per cent to the prices paid to the suppliers in fixing selling prices in retail sales. On bulk sales, margins ranged from 5 per cent to 30 per cent .

9.8 Exports have declined to nil in recent years as seems from the following figures:-

(Rs. in lakhs)

| Year | Targetted sales | Actuals | | |
|---------------|-----------------|--------------|----------------|--------|
| | | Export sales | Internal sales | Total |
| 1. | 2. | 3. | 4. | 5. |
| 1985-86 | 586.00 | 106.29 | 213.14 | 319.43 |
| 1986-87 | 560.00 | 163.59 | 215.02 | 378.61 |
| 1987-88 | 540.00 | 159.83 | 309.15 | 468.98 |
| 1988-89 | 655.00 | 78.35 | 246.67 | 325.02 |
| 1989-90 | 610.00 | 33.51 | 282.50 | 316.01 |
| 1990-91 | 470.00 | - | 275.31 | 275.31 |
| 1991-92 | 335.00 | - | 389.95 | 389.95 |
| (Provisional) | | | | |

9.9 The Company extended credit of 45 to 60 days to its franchise shop dealers and to bulk customers. The sundry debtors at the end of the year has been going up as a percentage of total sales in a year, as indicated below.

(Rs. in lakhs)

| Year | Book Debts | | | Total Sales | Percentage of debtors to sales |
|--------------------------|------------------|----------------------|-------|-------------|--------------------------------|
| | Consi-dered good | Consi-dered Doubtful | Total | | |
| 1. | 2. | 3. | 4. | 5. | 6. |
| 1985-86 | 30.42 | 2.33 | 32.75 | 319.43 | 10.25 |
| 1986-87 | 48.08 | 3.24 | 51.32 | 378.61 | 13.55 |
| 1987-88 | 46.27 | 9.43 | 55.70 | 468.98 | 11.88 |
| 1988-89 | 55.06 | 8.97 | 64.03 | 325.02 | 19.70 |
| 1989-90 | 52.66 | 12.21 | 64.87 | 316.01 | 20.53 |
| 1990-91 | 51.50 | 16.92 | 68.42 | 275.31 | 24.85 |
| 1991-92 (Provisional) | - | - | 79.59 | 389.95 | 20.41 |

Outstanding debts from Government Departments and public sector undertakings have also been going up.

9.10 An amount of Rs.8.69 lakhs is outstanding from 2 foreign parties on sale of snake skin products. A civil suit has been filed against one party for recovering Rs.7.25 lakhs. In the other case legal action is still to be initiated although the party is not responding on claims for Rs.1.44 lakhs.

9.11 Orders for the supply of 46,273 pairs of Shoe Uppers with snake skin embellishment valuing US \$3,16,972.36 (Rs.41,67,628.18) were received from an Italian buyer in February, 1987. The delivery was to be completed by 20th March, 1987. The company's margin was 15 per cent of the export value. A job work order was placed on a fabricator. Against the export orders for 46,273 pairs of shoe uppers four consignments comprising 11724 pairs were exported during March, 1987. Two deliveries of 5568 pairs were made before 20th March. Balance delivery was made only by the very end of March 1987. They were not accepted by the foreign buyer on the ground of late deliveries. Company incurred infructuous expenditure of Rs.1.60 lakhs on them on demurrage, freight charges, etc. The consignments were returned to the fabricator who had delayed the delivery against order placed on him. The Company did not recover from fabricator Rs.23.15 lakhs towards cost of snake skins and loss due to delay in delivery. The fabricator denied receiving any material from the Company, which has filed a civil suit against him in February, 1990.

9.12 During the years 1983-84 and 1985-86 leather footwear worth Rs.15 lakhs and Rs.19.66 lakhs respectively were sent from U.P. to various branches and emporia. The transfers were treated as sale by Sales Tax Authorities of UP and they levied sales tax amounting to Rs.7.43 lakhs which was paid on 27th March, 1990. The Company had failed to submit to the Sales Tax Authority exemption application on form 'F' on the stock transfer. The oversight led to loss of Rs.7.43 lakhs. Ministry stated (August 1992) that the matter was still pending before the Sales Tax Tribunal.

10. INVENTORY CONTROL

The following shortages and excesses were noticed during physical verification of stores.

| Year | <u>(Rs. in lakhs)</u> | | |
|---------|-----------------------|--------------|------------------|
| | Shortages (-) | Excesses (+) | Net |
| 1980-81 | 1.58 | 0.78 | (-) 0.80 |
| 1981-82 | 2.03 | 1.47 | (-) 0.56 |
| 1982-83 | 4.74 | 5.03 | (+) 0.29 |
| 1983-84 | 8.73 | 8.44 | (-) 0.29 |
| 1984-85 | 8.56 | 7.11 | (-) 1.45 |
| 1985-86 | 17.85 | 10.15 | (-) 7.70 |
| 1986-87 | 17.06 | 15.68 | (-) 1.38 |
| 1987-88 | 14.19 | 8.91 | (-) 5.28 |
| 1988-89 | 13.56 | 14.31 | (+) 0.75 |
| 1989-90 | 10.78 | 10.02 | (-) 0.76 |
| 1990-91 | 11.53 | 12.75 | <u>(+) 1.22</u> |
| | | | <u>(-) 15.96</u> |

Group Executive (Budget & Projects) while enquiring into the reasons for shortages in 1984-85 observed that officers and staff were changed without proper handing over or taking over of charge. Manager (Marketing) while investigating the shortages in 1985-86, gave the following main reasons for shortages :-

- (i) Retail outlets did not have any responsible officers.
- (ii) Security guards were not provided at the depots and retail outlets.

The net shortages valuing Rs. 15.96 lakhs were adjusted in accounts without proper investigation and fixing responsibility for shortages.

11. MANPOWER

11.1 The Internal Work Study Unit of the Government of India, Ministry of Industries (IWSU) assessed (April, 1982/August, 1983) the staff requirement of the Company at 189 with 79 at Agra and 110 at Delhi. The number of employees, expenditure on salaries, wages and benefits and total sales in the six years ended 31st March, 1991 is given below:

| Year | No. of employees | | | Total expenditure on salaries, wages & benefits (Rs. in lakhs) | Total Sales (Rs. in lakhs) |
|---------|----------------------|--------|-------|--|----------------------------|
| | Man- age- rial | Others | Total | | |
| 1985-86 | 29 | 205 | 234 | 51.37 | 319.43 |
| 1986-87 | 32 | 249 | 281 | 65.71 | 378.61 |
| 1987-88 | 34 | 249 | 283 | 75.51 | 468.98 |
| 1988-89 | 29 | 244 | 273 | 83.68 | 325.02 |
| 1989-90 | 26 | 233 | 259 | 92.04 | 316.01 |
| 1990-91 | 24 | 231 | 255 | 102.78 | 275.31 |

The percentage of wages to sales has gone up sharply in the six years from around 16% to around 37%.

The Company is clearly overstaffed. The Management stated (February, 1991) that the wages were enhanced from time to time due to increase in the cost of living and Company had virtually no control over wages payable to employees. While admitting low labour utilisation, the Management stated (July, 1991) that there were 100 surplus workers at the lower levels while at the same time the Company required about 50 persons having appropriate skills.

It was understood (August 1992) that Voluntary Retirement Scheme had been approved by the Government and funds for the purpose would be provided.

11.2 The internal audit work in the Company was entrusted to a firm of Chartered Accountants till June, 1985 (except for the period from July, 1981 to early 1983). In October, 1986 an Internal Audit Cell was set up in the Company with its

headquarter at Agra. No review of the systems, procedures and operations or manpower utilisation and retraining of surplus manpower has so far been conducted by the Internal Audit Cell.

In April, 1990 the Company decided to wind up the Internal Audit Department and entrust the work of internal audit to a firm of Chartered Accountants.

N. Sivasubramanian

New Delhi
The

(N. SIVASUBRAMANIAN)
Deputy Comptroller and Auditor General
-cum-Chairman, Audit Board

16 NOV 1992

Countersigned



New Delhi
The

(C.G. SOMIAH)
Comptroller and Auditor General of India

16 NOV 1992

SALES IN RETAIL OUTLETS

Annexure

Referred to in Para 9.4

| S.No. | Name of Emporium | Date of Opening | Date of Closing | 1985-86 | | | 1986-87 | | | 1987-88 | | |
|----------------|--------------------------------|-----------------|-----------------|---------|-----------------|-------------|---------|-----------------|-------------|---------|-----------------|-------------|
| | | | | Target | Turnover Actual | Profit/Loss | Target | Turnover Actual | Profit/Loss | Target | Turnover Actual | Profit/Loss |
| (Rs. in lakhs) | | | | | | | | | | | | |
| 1. | BLE, New Delhi | 15.7.79 | - | 68.00 | 50.51 | 5.61 | 73.00 | 38.97 | 0.09 | 55.00 | 41.50 | 4.20 |
| 2. | BLE, Hyderabad | 18.3.83 | 23.8.89 | - | 28.87 | 2.15 | 18.00 | 22.13 | 1.27 | 25.00 | 40.11 | 2.85 |
| 3. | BLE, Secunderabad | 29.10.86 | 24.8.89 | - | - | - | - | 2.25 | 0.18 | - | 3.54 | 0.17 |
| 4. | BLE, Chandigarh | 4.7.84 | 1990-91 | - | 3.10 | (0.35) | 6.00 | 4.10 | (0.32) | 4.00 | 4.11 | (0.34) |
| 5. | BLE, Calcutta | 28.8.87 | 1990-91 | - | - | - | - | - | - | - | 2.15 | (0.47) |
| 6. | BLE, Nagpur | 11.8.87 | - | - | - | - | - | - | - | - | 2.28 | (0.46) |
| 7. | BLE, Nehru Place | 9.5.84 | CLOSED | - | 2.67 | (0.65) | 5.00 | 0.59 | 0.03 | - | - | - |
| 8. | BLE, Bombay | 7.10.83 | 16.8.85 | - | 0.89 | (1.53) | - | - | - | - | - | - |
| 9. | BLE, Madras | 12.11.82 | - | 14.00 | 9.18 | (1.11) | 16.00 | 10.74 | (1.34) | 14.50 | 9.29 | (0.04) |
| 10. | BLE, Bangalore, Janatha Bazaar | 10.11.84 | - | - | 4.57 | (0.15) | 6.00 | 5.12 | 0.07 | 6.00 | 5.13 | (1.42) |
| 11. | BLE, Bangalore MG Road | 10.9.84 | CLOSED | - | 4.06 | (0.13) | 6.00 | 3.39 | (0.29) | 6.00 | 1.80 | (1.00) |
| 12. | BLE, Bhilai | 9.9.85 | 23.1.90 | - | 0.29 | (0.18) | 4.00 | 0.37 | (0.61) | 1.00 | 0.09 | (0.19) |
| 13. | BLE, Ajmer | 1.11.83 | 6.12.88 | - | 2.33 | (0.90) | 4.50 | 1.33 | (1.23) | 3.00 | 1.28 | (0.64) |
| 14. | BLE, Jaipur | 18.10.84 | 31.12.89 | - | 5.57 | (0.59) | 8.00 | 3.70 | (0.83) | 7.00 | 3.61 | (0.18) |
| 15. | BLE, Allahabad | 13.11.86 | 10.9.88 | - | - | - | - | 0.88 | (0.28) | 5.00 | 1.24 | (0.69) |
| 16. | BLE, Ahmedabad | 17.10.86 | 9.9.89 | - | - | - | - | 1.11 | (0.18) | 6.00 | 0.85 | (0.32) |
| 17. | BLE, Udaipur | 1.10.84 | - | - | 6.60 | 0.15 | 7.00 | 6.22 | (0.13) | 8.00 | 6.81 | 0.03 |

| | | | | | | | | | | | |
|---------------------------|---------|----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 18. BLE, Bhopal | 20.7.85 | - | - | 3.47 | (0.30) | 7.00 | 2.91 | (0.32) | 6.00 | 2.25 | (0.63) |
| 19. BLE, Jabalpur | 17.7.86 | 1990-91 | - | - | - | - | 1.57 | (0.21) | 5.00 | 1.28 | (0.28) |
| 20. BLE, Saharanpur | 15.2.87 | 21.7.89 | - | - | - | - | 0.26 | (0.22) | 4.00 | 0.59 | (0.74) |
| 21. BLE, Rewa | 7.10.87 | 17.11.89 | - | - | - | - | - | - | - | 1.50 | (0.09) |
| 22. BLE, Agra | 1989-90 | - | | | | | | | | | |
| 23. BLE, BHEL, Hyderabad | | | | | | | | | | | |
| 24. BLE, Tirupathi | | | | | | | | | | | |
| 25. Other retail Outlets. | | | 100.00 | - | - | 34.50 | - | - | - | - | - |
| | | | 182.00 | 122.11 | (2.02) | 195.00 | 105.64 | (4.32) | 155.50 | 129.41 | (0.24) |

P.T.O.

SALES IN RETAIL OUTLETS (continued)

(Rs. in lakhs)

| S.No. | Name of Emporium | Date of opening | Date of closing | 1988-89 | | 1989-90 | | | 1990-91 | | 1991-92 | | | |
|-------|-----------------------------------|-----------------|-----------------|----------|--------|---------|----------|--------|---------|----------|---------|---------|----------|---------|
| | | | | turnover | | Profit/ | Turnover | | Profit/ | Turnover | | Profit/ | Actual | Profit/ |
| | | | | Target | Actual | Loss | Target | Actual | Loss | Target | Actual | Loss | Turnover | Loss |
| 1. | BLE, New Delhi | 15.7.79 | - | 68.00 | 59.16 | 6.07 | 55.70 | 83.21 | 11.08 | 90.00 | 89.79 | 11.34 | 100.74 | 11.05 |
| 2. | BLE, Hyderabad | 18.3.83 | 23.8.89 | 40.00 | 18.82 | 1.66 | 25.40 | 1.18 | (0.75) | - | CLOSED | - | - | - |
| 3. | BLE, Secunderabad | 29.10.86 | 24.8.89 | 6.00 | 2.32 | (0.40) | 6.50 | 0.25 | (0.21) | - | CLOSED | - | - | - |
| 4. | BLE, Chandigarh | 4.7.84 | 1990-91 | 6.00 | 3.27 | (0.59) | 3.00 | 3.93 | (0.19) | 5.40 | 1.57 | (0.71) | - | - |
| 5. | BLE, Calcutta | 28.8.87 | 1990-91 | 7.00 | 2.86 | (0.88) | 6.40 | 1.24 | (1.37) | - | 0.37 | (0.71) | - | - |
| 6. | BLE, Nagpur | 11.8.87 | - | 7.00 | 3.73 | (0.20) | 4.00 | 1.37 | (1.01) | 4.95 | 1.31 | (0.60) | 1.10 | (1.13) |
| 7. | BLE, Nehru Place | 9.5.84 | Closed | - | - | - | - | - | - | - | - | - | - | - |
| 8. | BLE, Bombay | 7.10.83 | 16.8.85 | - | - | - | - | - | - | - | - | - | - | - |
| 9. | BLE, Madras | 12.11.82 | - | 16.00 | 10.23 | (0.75) | 20.10 | 10.98 | (0.33) | 11.70 | 8.65 | (1.05) | 11.51 | (0.70) |
| 10. | BLE, Bangalore Janatha Bazaar. | 10.11.84 | - | 8.00 | 7.98 | 0.27 | 10.80 | 6.47 | (0.24) | 6.75 | 6.56 | 0.66 | 6.14 | 0.36 |
| 11. | BLE Bangalore MG Road. | 10.9.84 | Closed | - | - | - | - | - | - | - | - | - | - | - |
| 12. | BLE, Bhilai | 9.9.85 | 23.1.90 | - | - | - | - | NIL | (0.13) | - | CLOSED | - | - | - |
| 13. | BLE, Ajmer | 1.11.83 | 6.12.88 | - | 0.44 | (0.30) | - | - | - | - | - | - | - | - |
| 14. | BLE, Jaipur | 18.10.84 | 31.12.89 | 7.00 | 2.24 | (0.35) | 4.00 | 1.01 | (0.62) | - | - | - | - | - |
| 15. | BLE, Allahabad | 13.11.86 | 10.9.88 | - | 0.38 | (0.38) | - | - | - | - | - | - | - | - |
| 16. | BLE, Ahmedabad | 17.10.86 | 9.9.89 | 2.00 | 0.44 | (0.39) | 0.30 | 0.16 | (0.22) | - | CLOSED | - | - | - |
| 17. | BLE, Udaipur | 1.10.84 | - | 10.00 | 6.75 | 0.20 | 4.60 | 0.87 | (0.99) | 7.20 | 1.43 | (0.59) | 2.12 | (0.29) |
| 18. | BLE, Bhopal | 20.7.85 | - | 6.00 | 1.61 | (0.65) | 4.00 | 1.47 | (0.85) | 5.40 | 3.57 | (0.45) | 3.58 | (0.02) |
| 19. | BLE, Jabalpur | 17.7.86 | 1990-91 | 3.00 | 0.85 | (0.46) | - | 0.48 | (0.77) | - | 0.01 | (0.39) | - | - |
| 20. | BLE, Saharanpur | 15.2.87 | 21.7.89 | - | 0.12 | (0.74) | - | 0.01 | (0.24) | - | CLOSED | - | - | - |
| 21. | BLE, Rewa | 7.10.87 | 17.11.89 | 4.00 | 0.51 | (0.41) | - | - | - | - | - | - | - | - |
| 22. | BLE, Agra | 1989-90 | - | - | - | - | 1.00 | 0.36 | (0.91) | 3.25 | 0.84 | (1.08) | 1.01 | (0.78) |
| 23. | BLE, BHEL, Hyderabad | 5.7.89 | 1991-92 | - | - | - | 2.20 | 2.28 | (0.65) | 4.05 | 0.83 | (1.20) | - | - |
| 24. | BLE, Tirupathi | 1.3.90 | - | - | - | - | - | 0.21 | (0.23) | 1.80 | 0.60 | (0.57) | 0.98 | (0.39) |
| | | | | 190.00 | 121.71 | 1.70 | 148.00 | 115.48 | 1.37 | 140.50 | 115.53 | 4.65 | 127.18 | 8.10 |

