Report of the
Comptroller and Auditor General
of India

for the year ended 31 March 1999

No.1
(Commercial)

Government of Rajasthan

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Preface

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

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

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

3. Audit of the accounts of Government companies is conducted by the Comptroller and Auditor General of India under the provisions of Section 619 of the Companies Act, 1956. There are, however, certain companies which, in spite of Government investment are not subject to audit by the Comptroller and Auditor General of India as Government hold less than 51 *per cent* of their share capital. A list of such companies in which Government investment by way of share capital was more than Rs.10 lakh as on 31 March 1999 is given in Annexure-1.

4. In respect of Rajasthan State Road Transport Corporation and Rajasthan State Electricity Board which are Statutory corporations, the Comptroller and Auditor General of India is the sole auditor. In respect of Rajasthan Financial Corporation and Rajasthan State Warehousing Corporation, he has the right to conduct the audit of their accounts in addition to the audit conducted by the Chartered Accountants appointed by the State Government in consultation with CAG. The Audit Reports on the accounts of all these corporations are forwarded separately to the State Government.

5. The cases mentioned in this Report are those which came to notice in the course of audit during the year 1998-99 as well as those which came to notice in earlier years but were not dealt with in the previous Reports. Matters relating to the period subsequent to 31 March 1999 have also been included, wherever necessary.

OVERVIEW

OVERVIEW

1. General

- In the State of Rajasthan there were twenty Government companies (including three subsidiaries) and four Statutory corporations as on 31 March 1999. The aggregate investment of these PSUs was Rs.9567.26 crore (share capital Rs.2255.60 crore and loan Rs.7311.66 crore). During the year 1998-99 the State Government received dividend of Rs.4.33 crore from four Government companies representing a return of 1.49 *per cent* on its total equity as against 2.24 *per cent* received in previous year.

(Paragraphs 1.2, 1.5.1.1 and Annexure 2)

- During 1998-99 State Government contribution in the form of equity, loan and subsidy was to the extent of Rs.47.80 crore and Rs.551.13 crore in Government companies and Statutory corporations respectively. During 1998-99 Government guaranteed the loan of Rs.1658.63 crore obtained by one company (Rs.113.28 crore) and two corporations (Rs.1545.35 crore). Amount outstanding of such guarantees was Rs.4648.12 crore (companies: Rs.845.80 crore and corporations Rs.3802.32 crore) as on 31 March 1999.

(Paragraphs 1.3 and Annexures 2 and 4)

- Out of 20 Government companies and 4 Statutory corporations, 11 companies and one corporation have finalised (September 1999) accounts for the year 1998-99. Seven companies earned profits aggregating Rs.49.82 crore, while the losses of the four others were Rs.0.18 crore. The accounts of the remaining nine companies were in arrears for periods ranging from one year to three years. Based on the latest available accounts, the accumulated losses (Rs.39.68 crore) of six Government companies had exceeded their paid-up capital (Rs.14.06 crore).

(Paragraphs 1.4.1, 1.5.1.1, 1.5.1.2 and Annexure 3)

- Out of four corporations in the State, the Rajasthan Financial Corporation had finalised accounts for the year 1998-99 and incurred a loss of Rs.5.43 crore. The accumulated loss of the corporation was Rs.80.33 crore, which culminated to erosion of paid up capital of Rs.67.53 crore. Whereas the Rajasthan State Electricity Board (RSEB), Rajasthan State Road Transport Corporation (RSRTC) and Rajasthan State Warehousing Corporation (RSWC) have finalised their accounts for the year 1997-98. RSEB and RSWC earned a revenue surplus/profit of Rs.65.35 crore and Rs.1.83 crore respectively while RSRTC sustained a loss of Rs.23.99 crore during 1997-98.

(Annexure 3)

2. Reviews on the working of Rajasthan State Seeds Corporation Limited

- Rajasthan State Seeds Corporation Limited (RSSCL) was incorporated in March 1978 with the object to produce certified seed and marketing these seeds at a fair price to farmers. Operational profit of the RSSCL abnormally decreased from Rs.249.37 lakh (1995-96) to Rs.44.41 lakh (1998-99).

(Paragraphs 2.1, 2.3 and 2.6)

- Deviating from its own policy to fix the sale price taking into consideration the actual overheads, the prices of seeds were not reduced when there was decrease in overheads. Further, the benefit of subsidy amounting to Rs.397.69 lakh was not passed on to the farmers at the time of fixing the sale price of seeds resulting in fixing of sale price at higher rates.

(Paragraphs 2.8.3 and 2.8.3.1)

- Due to higher rates of seeds and lack of market strategy, the contribution of RSSCL towards distribution of certified seeds in the State was reduced from 49.60 *per cent* in 1995-96 to 44.92 *per cent* during 1998-99.

(Paragraph 2.9)

- Subsidy/grant amounting to Rs.1055.30 lakh was received during 1994-95 to 1998-99 to undertake production of seed for drought prone areas, infrastructure facilities at growers site and to improve quality and ability in marketing of seed. Of this a sum of Rs.346.22 lakh was kept in fixed deposit, Rs.95.86 lakh was utilised for its own use and Rs.95 lakh utilised for payment of interest on Government loans. Thus, the very purpose of receiving subsidy/grant was defeated.

(Paragraph 2.10)

3. Review of the activities of two Statutory corporations revealed the following:

Rajasthan State Electricity Board (RSEB)

3A. Physical and Financial Performance of Power Sector in VII Five Year Plan (1985-90)

- For the VII five year plan, the total (revised) outlay of the Power Sector was Rs.916.19 crore against which the Board* allocated funds

* Rajasthan State Electricity Board.

amounting to Rs.992.06 crore whereas the actual expenditure was Rs.970.13 crore.

(Paragraph 3A.3)

- The Board achieved the targets of generation of power. However, due to shortfall of Rs.611.70 crore in investment, the achievement of construction of transmission lines was far behind the targets.

(Paragraphs 3A.4 and 3A.5.4.2)

- 11 projects were completed after 22 to 96 months of the scheduled date of commissioning involving an extra cost of Rs.499.22 crore.

(Paragraph 3A.5.2.1)

- The operating loss of the Board during the plan period has been increased from Rs.45.57 crore in 1985-86 to Rs.151.38 crore in 1989-90 due to sale of power below the cost.

(Paragraph 3A.6)

3B. Transmission and Distribution System

- As against acceptable norms of T & D Losses as 15.5 *per cent*, the T & D losses ranged between 24.93 and 28.31 *per cent* during 1994-95 to 1997-98 valued at Rs.1409.86 crore.

{Paragraphs 3B.4 (a) and (b)}

- Transmission and Distribution system did not keep pace with the increase in power available for sale. The capacity of the transformers per million units of energy had increased from 1.266 in 1994-95 to 1.349 in 1996-97, the transmission lines per million unit of energy had declined from 0.803 in 1994-95 to 0.753 in 1997-98.

{Paragraph 3B.5 (b)(ii)}

- Delay in completing the various transmission lines, improvement of Urban System and Rural Electrification Scheme has deprived the Board of the advantages of anticipated saving of energy of 245.879 MUs amounting to Rs.48.18 crore.

{Paragraphs 3B.6, 3B.7 (a) and (b)}

Rajasthan Financial Corporation

3C. Recovery performance

- Rajasthan Financial Corporation (RFC) was established on 17 January 1955 with the main object of promoting the small and medium sector industries in the State by extending financial assistance.

(Paragraph 3C.1)

- The accumulated loss of the RFC at the end of the year 1998-99 was Rs.80.33 crore, which eroded its entire paid up capital of Rs.67.53 crore. The main reasons for losses were poor recovery of loan due to improper disbursement of loan, lack of monitoring/inspection, inaction for recovery of loan and settlement of cases against the financial interest of the RFC.

(Paragraph 3C.4)

- At the end of 1998-99 as against outstanding of Rs.991.16 crore from 20653 units, an amount of Rs.230.13 crore was overdue from 13345 units. The percentage of recovery to net receivable amount ranged between 47.25 and 49.97 during the last five year up to 1998-99.

(Paragraph 3C.6)

- For want of details of the properties of the promoters, decree awarded by the Court (66 cases) for Rs.1.39 crore could not be executed and action to recover the dues as arrear of land revenue could not be taken.

(Paragraphs 3C.6.4 and 3C.12)

4. Miscellaneous topics of interest

- Payment of daily allowance and other expenses to the Government/PSU's officers over and above the rules and guidelines of the Government/RBI has resulted in excess/irregular payment of US$ 78559 (Rs.28.68 lakh).

(Paragraph 4A.1.1)

- Delay in implementation of EPIP by Rajasthan State Industrial Development and Investment Corporation Limited has resulted in extra cost of Rs.1155.40 lakh. Allotment of plots at higher rates has defeated the very object of providing plots to entrepreneurs at reasonable rates.

(Paragraph 4A.5)

- Non-production of record before the Court relating to discharge of services of an officer resulted in Rajasthan Financial Corporation making avoidable payment of Rs.11.47 lakh.

(Paragraph 4B.1.2)

- Not taking any action in 9210 cases of theft of energy had not only deprived the Board of revenue of Rs.92.10 lakh but also defeated the very object of introducing a scheme for settlement of such cases.

(Paragraph 4B.2.2)

CHAPTER-I

GENERAL VIEW OF GOVERNMENT COMPANIES AND STATUTORY CORPORATIONS

CHAPTER-I

General view of Government companies and Statutory corporations

Para No.	Particulars	Page No.

Chapter-I

General view of Government Companies and Statutory Corporations

1.1 Introduction

As on 31 March 1999, 20 Government companies and four Statutory corporations were under the control of the State Government.

As on 31 March 1999 there were 20 Government companies (including 3 subsidiaries) and 4 Statutory corporations as against 19 Government companies (including 3 subsidiaries) and 4 Statutory corporations as on 31 March 1998 under the control of the State Government. The accounts of the Government companies (as defined in Section 617 of Companies Act, 1956) are audited by Statutory Auditors appointed by Government of India on the advice of Comptroller and Auditor General of India (CAG) as per provision of Section 619(2) of Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provisions of Section 619 of the Companies Act, 1956. The audit of the Statutory corporations are conducted under the provisions of the respective Acts as detailed below:

Name of the corporation	Authority for Audit by the CAG	Audit arrangement
Rajasthan State Electricity Board (RSEB)	Section 69(2) of the Electricity (Supply) Act, 1948	Sole audit by CAG
Rajasthan State Road Transport Corporation (RSRTC)	Section 33(2) of the Road Transport Corporations Act, 1950	Sole audit by CAG
Rajasthan Financial Corporation (RFC)	Section 37(6) of the State Financial Corporations Act, 1951	Chartered Accountants and Supplementary Audit by CAG
Rajasthan State Warehousing Corporation (RSWC)	Section 31(8) of the State Warehousing Corporations Act, 1962	Chartered Accountants and Supplementary Audit by CAG

1.2 Investment in Public Sector Undertakings (PSUs)

In 24 PSUs, total investment was Rs.9567.26 crore.

As on 31 March 1999, the total investment in 24 Public Sector Undertakings (20 Government companies including 3 subsidiaries and 4 Statutory corporations) was Rs.9567.26 crore (equity: Rs.2251.06 crore; long term loans*: Rs.7311.66 crore; and share application money: Rs.4.54 crore) as against a total investment of Rs.8504.49 crore (equity: Rs.2246.85 crore; long term loans: Rs.6253.45 crore; and share application money: Rs.4.19 crore) in 23 PSUs (19 Government companies including 3 subsidiaries and 4 Statutory corporations) as on 31 March 1998. The analysis of investment in PSUs is given in the following paragraphs.

1.2.1 Government companies

Total investment in 20 Government companies was Rs.1450.32 crore.

Total investment in 20 companies (including 3 subsidiaries) as on 31 March 1999 was Rs.1450.32 crore (equity: Rs.293.49 crore; long term loans*: Rs.1152.29 crore; and share application money: Rs.4.54 crore) as against total investment of Rs.1351.58 crore (equity: Rs.289.53 crore; long term loans: Rs.1057.86 crore; and share application money: Rs.4.19 crore) as on 31 March 1998 in 19 Government companies (including 3 subsidiaries).

The classification of the Government companies was as under:

Status of company	Number of companies	Investment (Rupees in crore)	
		Paid up capital@	Long term loans
(a) Working companies	13# (13)	287.05 (282.74)	1149.55 (1055.12)
(b) Non working companies:			
(i) Under liquidation	1A (-)	0.19 (-)	0.21 (-)
(ii) Under closure	-	-	-
(iii) Under merger	-	-	-
(iv) Others	6B (6)	10.79 (10.98)	2.53 (2.74)
Total	**20 (19)**	**298.03 (293.72)**	**1152.29 (1057.86)**

(Figures in bracket are for previous year)

The Investment of Rs.13.72 crore was involved in 7 non working/under liquidation companies.

As 7 companies were non working or under process of liquidation/closure under Section 560 of the Companies Act/merger for 2 to 8 years and substantial investment of Rs.13.72 crore was involved in these companies, effective steps need to be taken for their expeditious liquidation or revival.

The summarised financial results of Government companies are detailed in Annexure 2 and 3. Due to significant increase in long term loans of industrial/mining sector, the debt equity ratio of Government companies as a whole increased from 3.60:1 in 1998 to 3.87:1 in 1999.

Sector wise investment in Government Companies

As on 31 March 1999, 20.55 *per cent* of the total investment in Government companies comprised equity capital and 79.45 *per cent* comprised loans as compared to 21.73 *per cent* and 78.27 *per cent* respectively as on

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* Long term loans mentioned in para 1.2 are excluding interest accured and due on such loans.

@ Paid up capital includes share application money also.

\# Sl no. 1(iii), 1(iv), 2(i) & (ii), 5, 7(i) & (ii), 8, 9, 10(i) & (ii) & 11 (i) & (ii) of Annexure 2 (Sl. No.11(i) and (ii) are under construction/newly formed).

A Sl. no. 7(iii) of Annexure 2.

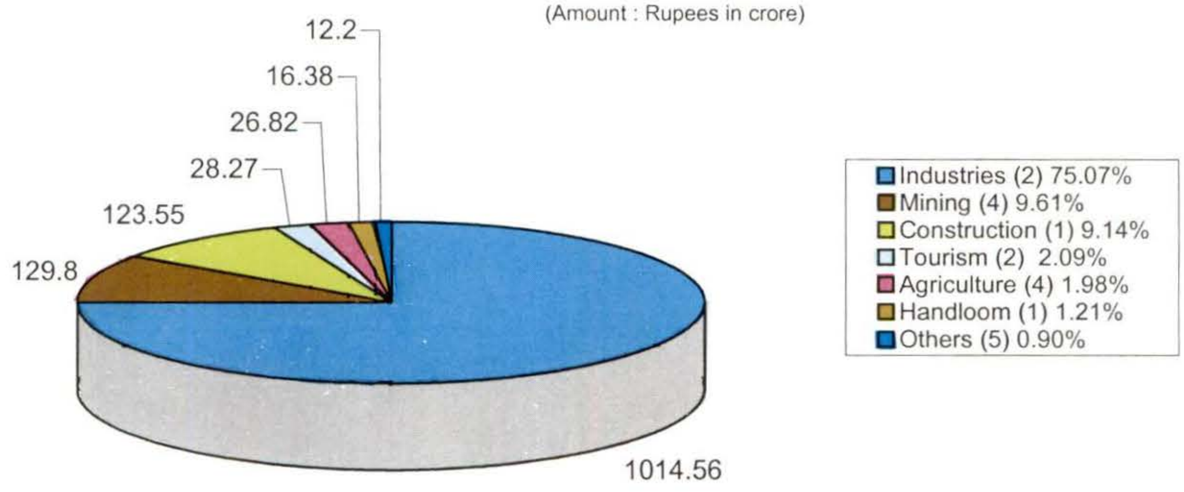
B Sl. no 1(i) & (ii), 3, 4, 6, 7(iv) of Annexure 2 are defunct companies.

SECTOR-WISE INVESTMENT BY WAY OF PAID UP CAPITAL AND LONG-TERM LOANS IN GOVERNMENT COMPANIES AS ON 31 MARCH 1998

(Refer paragraph 1.2.2)

(Figures in brackets represent number of companies)

(Amount : Rupees in crore)

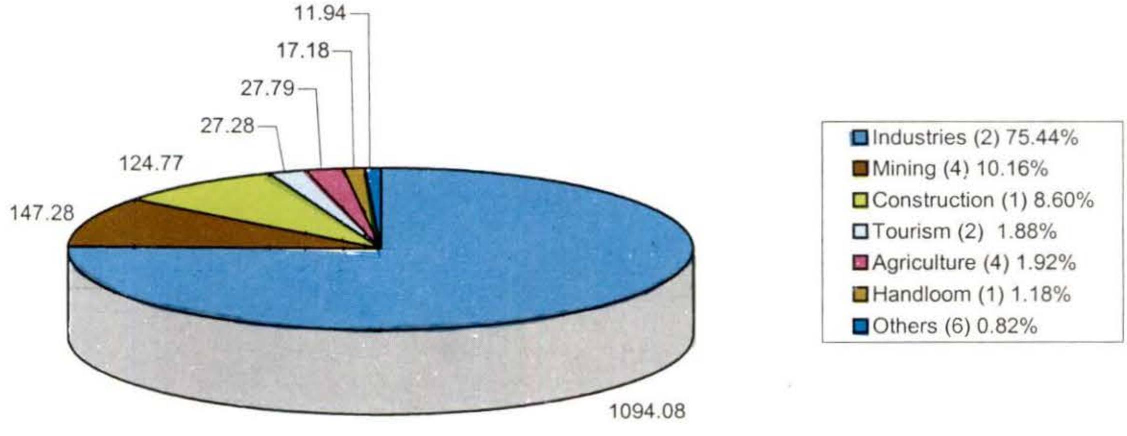


SECTOR-WISE INVESTMENT BY WAY OF PAID-UP CAPITAL AND LONG-TERM LOANS IN GOVERNMENT COMPANIES AS ON 31 MARCH 1999

(Refer paragraph 1.2.1)

(Figures in brackets represent number of companies)

(Amount : Rupees in crore)



31 March 1998. The sector wise investment (equity, including share application money and long term loans) for 31 March 1998 and 31 March 1999 in two pie diagrams is given at page 7.

1.2.2 Statutory corporations

The total investment in 4 Statutory corporations at the end of March 1998 and March 1999 was as follows:

As on 31 March 1999, total investment in 4 Statutory corporations was of Rs.8116.94 crore.

(Rupees in crore)

Name of Corporation	1997-98		1998-99@	
	Capital	Loan[xx]	Capital	Loan[xx]
Rajasthan State Electricity Board	1774.59	4523.85	1774.59	5497.63
Rajasthan State Road Transport Corporation	107.95	38.10	107.95	40.67
Rajasthan Financial Corporation	67.53	632.48	67.53	619.23
Rajasthan State Warehousing Corporation	7.25	1.16	7.50	1.84
Total	**1957.32**	**5195.59**	**1957.57**	**6159.37**

The summarised financial results of all the Statutory corporations as per the latest finalised accounts are given in Annexure-3 and financial position and working results of individual Statutory corporations for the three years up to 1998-99 are given in Annexure 5 and 6 respectively.

As on 31 March 1999, 24.12 *per cent* of the total investment in Statutory corporations comprised equity capital and 75.88 *per cent* comprised loans as compared to 27.36 *per cent* and 72.64 *per cent* respectively as on 31 March 1998.

1.3 Budgetary outgo, Subsidies, Guarantees, and Waiver of dues

The details of budgetary outgo, subsidy, guarantees issued, waiver of dues and conversion of loans into equity by State Government to Government companies and Statutory corporations are given in Annexure 2 & 4.

@ Figures are provisional as the accounts are under finalisation/under audit scrutiny except RFC.

xx Loans means Long term loans excluding interest accrued and due on such loans.

During 1998-99, Government contribution to the companies/ corporations was of Rs.598.93 crore.

The budgetary outgo from the State Government to 20 Government companies and 4 Statutory corporations for the three years up to 31 March 1999 in the form of equity capital, loans, grants and subsidy is given below:

(Rupees in crore)

	1996-97				1997-98				1998-99			
	Companies		Corporations		Companies		Corporations		Companies		Corporations	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Equity capital	3	6.89	2	114.75	3	2.30	2	747.35	3	4.53	-	-
Loans	5	33.42	3	182.85	4	25.01	3	183.44	2	25.75	3	271.06
Grants	-	-	-	-	-	-	-	-	-	-	-	-
Subsidy* towards												
(i) Projects/Programmes/Schemes	5	24.07	1	0.15	5	21.91	1	0.96	5	17.52	1	1.64
(ii) Other Subsidy	-	-	1	441.66	-	-	1	252.60	-	-	1	278.43
(iii) Total Subsidy	5	24.07	2	441.81	5	21.91	2	253.56	5	17.52	2	280.07
Total outgo	**8#**	**64.38**	**3#**	**739.41**	**7#**	**49.22**	**4#**	**1184.35**	**7#**	**47.80**	**3#**	**551.13**

Guarantee received by the Government companies and Statutory corporations from the State Government and outstanding for last three years up to 31 March 1999 is given below:

(Rupees in crore)

	1996-97				1997-98				1998-99			
	Companies		Corporations		Companies		Corporations		Companies		Corporations	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Guarantee received during the year	2	20.38	3	440.77	3	662.55	3	1000.05	1	113.28	2	1545.35
Gurantee outstanding at the end of the year	6	417.62	3	2354.98	6	796.51	3	3271.55	6	845.80	3	3802.32

During 1998-99, Government guaranteed the loan of Rs.1658.63 crore obtained by the companies/corporations. Amount of such guarantees outstanding was Rs.4648.12 crore as on 31 March 1999.

During the year 1998-99, the Government had guaranteed the loans aggregating Rs.1658.63 crore obtained by one Government company (Rs.113.28 crore) and 2 Statutory corporations (Rs.1545.35 crore). At the end of the year guarantees amounting to Rs.4648.12 crore were outstanding. The guarantee commission paid/payable by Government companies and Statutory corporations during 1998-99 was Rs.2.46 crore and Rs.4.97 crore, respectively.

* Subsidy includes grants also as no separate figures are available.

\# Actual number of companies/corporations which received equity/loan/grant/subsidy from the State Government.

1.4 Finalisation of Accounts by PSUs

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

12 Accounts of 9 companies and 3 accounts of 3 corporations were in arrear.

However, as could be noticed from Annexure 3, out of 20 Government companies only 11 companies and out of 4 Statutory corporations only one corporation had finalised their accounts for the year 1998-99 within the stipulated period. During the period from October 1998 to September 1999, 19 Government companies finalised 22 accounts for the year 1998-99 or previous years (11 accounts for previous years by 8 companies and 11 accounts for 1998-99 by 11 companies). Similarly, during this period, 4 Statutory corporations finalised 4 accounts for 1998-99 or previous years (3 accounts for previous years by 3 corporations). The accounts of the other 9 Government companies and 3 Statutory corporations were in arrears for periods ranging from one year to three years as on 30th September 1999 as detailed below:

Sl. No	Year from which accounts are in arrears	Number of years for which accounts are in arrears	No of Companies /Corporation		Refrence to Serial No. of Annexure 3	
			Government companies	Statutory corporations	Government companies	Statutory corporations
1.	1996-97	3	1	-	6	-
2.	1997-98	2	1	-	11(ii)	-
3.	1998-99	1	7	3	1(i), 1(iii), 5, 7(iii), 10(i), 10(ii) and 11(i)	1,2&4

Of the above 9 Government companies, whose accounts were in arrears, 3 companies were non working companies {Sl. No.1(i), 6 and 7(iii) of Annexure 3}.

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

1.4.2 Status of placement of Separate Audit Report of Statutory corporations in Legislature

The following table indicates the status of placement of various Separate Audit Reports (SARs) on the accounts of Statutory corporations issued by the

Comptroller and Auditor General of India in the Legislature by the Government:

Sl. No.	Name of Statutory corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
1.	Rajasthan State Electricity Board	1997-98	-	-	-
2.	Rajasthan State Road Transport Corporation	1996-97	1997-98	06-09-1999	No session was held after issue of SAR
3.	Rajasthan Financial Corporation	1997-98	-	-	-
4.	Rajasthan State Warehousing Corpoation	1997-98	-	-	-

1.5 Working results of Public Sector Undertakings

Aggregate losses of 9 companies and 2 corporations were Rs.5.76 crore and Rs.29.42 crore respectively.

According to latest finalised accounts of 20 Government companies and 4 Statutory corporations, 9 companies and 2 corporations had incurred an aggregate loss of Rs.5.76 crore and Rs.29.42 crore, respectively, and the remaining 9 companies and 2 corporations earned an aggregate profit of Rs.50.45 crore and Rs.67.18 crore, respectively. Two companies {Sl. No.11(i) and (ii) of Annexure 3} are under construction stage and have not started commercial operations.

The summarised financial results of Government companies and Statutory corporations as per latest finalised accounts are given in Annexure 3. Besides, working results of individual Corporations for the latest 3 years for which accounts are finalised are given in Annexure 6.

1.5.1 Government companies

1.5.1.1 Profit making companies and dividend

Seven companies earned profit of Rs.49.82 crore, of which only 4 declared dividend of Rs.4.33 crore representing 1.49 *per cent* on total investment.

Out of 11 companies (including 2 subsidiaries) which finalised their accounts for 1998-99 by September 1999, 7 companies earned an aggregate profit of Rs.49.82 crore and only 4 companies (Sl.No 2(ii), 7(i), 8 and 9 of Annexure 3) declared dividend aggregating Rs.4.33 crore. The dividend as *percent*age of share capital in the above 4 profit making companies worked out to 5.35 *per cent*. The remaining 3 profit making companies did not declare any dividend. The total return by way of dividend of Rs.4.33 crore, worked out to 1.49 *per cent* in 1998-99 on total equity investment of Rs.291.32 crore by the State Government in all Government companies as against 2.24 *per cent* in the previous year.

Similarly, out of 8 companies which finalised their accounts for previous years by September 1999, 2 companies earned an aggregate profit of Rs.0.63 crore and only one company earned profit for two or more successive years.

The State Government had not formulated any dividend policy but the same is declared by companies on the recommendations of their Board of Directors and approved by the Shareholders in the Annual General Meeting.

1.5.1.2 Loss making companies

Six companies had eroded their paid-up capital.

Of the 9 loss making companies, 6 companies had accumulated losses aggregating Rs.39.68 crore which had far exceeded their aggregate paid-up capital of Rs.14.06 crore.

Despite their poor performance leading to complete erosion of paid-up capital, the State Government continued to provide financial support to these companies in the form of contribution towards grants of loan, subsidy *etc.* According to the available information, the financial support so provided by the State Government by way of subsidy during 1998-99 to two companies, out of the six companies whose accumulated losses exceeded the paid up capital, amounted to Rs.2.57 crore.(Sl.No.1 and 5 of Annexure 4)

1.5.2 Statutory corporations

1.5.2.1 Profit making Statutory corporations and dividend

Profit of Rs.67.18 crore earned by 2 corporations, of which only one declared dividend of Rs.0.21 crore.

Out of four Statutory corporations, two corporations finalised their accounts for 1997-98 up to September 1999 and earned aggregate profit of Rs.67.18 crore and only one corporation declared dividend of Rs.0.21 crore. The total return by way of dividend of Rs.0.21 crore worked out to 0.01 *per cent* on the total equity investment of Rs.1904.35 crore by the State Government in all the 4 Statutory corporations.

1.5.2.2 Loss making Statutory corporations

The accumulated loss of RFC was Rs.80.33 crore against the paid up capital of Rs.67.53 crore.

Out of four Statutory corporations, one corporation finalised accounts for 1998-99 and one corporation finalised accounts for 1997-98 up to September 1999 and incurred loss of Rs.5.43 crore and Rs.23.99 crore respectively. One corporation (RFC) had accumulated loss of Rs.80.33 crore as on 31 March 1999 against its paid up capital of Rs.67.53 crore.

1.5.2.3 Operational performance of Statutory corporations

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

1.6 Return on Capital Employed

During 1998-99, return on capital employed in 20 companies was 10.80 *per cent.*

During 1998-99 the capital employed* worked out to Rs.1614.37 crore in 20 companies and total return$ thereon amounted to Rs.174.32 crore which is 10.80 *per cent* as compared to total return of Rs.139.46 crore (9.1 *per cent*) in 1997-98. Similarly during 1998-99, the capital employed and total return thereon in case of four Statutory corporations amounted to Rs.7969.42 crore and Rs.624.43 crore (7.84 *per cent*) respectively against the total return of Rs.571.37 crore (8.05 *per cent*) for 1997-98. The details of capital employed and total return on capital employed in case of Government companies and Statutory corporations are given in Annexure - 3.

1.7 Results of audit by Comptroller and Auditor General of India

2 Corporations revised their accounts at the instance of audit resulting in decrease in profit by Rs.36.14 crore.

The summarised financial results of all the 20 Government companies and 4 Statutory Corporations based on the latest available accounts are given in Annexure 3. During the period from October 1998 to September 1999, the audit of accounts of 12 companies and 4 corporations were selected for review. As a results of observations made by CAG, 2 corporations revised their accounts for 1997-98 *viz.* Rajasthan State Electricity Board and Rajasthan State Road Transport Corporation and as a result thereof profit decreased by Rs.8.19 crore and Rs.27.95 crore respectively. In addition, the net impact of the important audit observations as a result of review of the remaining PSUs was as follows:

Details	No. of accounts		Rupees in lakh	
	Government companies	Statutory corporations	Government companies	Statutory corporations
(i) Decrease in profit	4	1	296.44	17774.04
(ii) Increases in profit	-	-	-	-
(iii) Increase in losses	-	1	-	51.78
(iv) Decrease in losses	-	-	-	-
(v) Non disclosure of material facts	3	-	129.98	-
(vi) Errors of classification	-	-	-	-

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

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

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

A ***Errors and omissions noticed in case of Government companies***

As a result of review of accounts of various companies under 619 (4) of the Companies Act, following important points were noticed in audit:

1. ***Rajasthan State Mines and Minerals Limited (1998-99)***

Fixed assets were overstated by Rs.128.75 lakh due to not charging depreciation on double shift basis.

2. ***Rajasthan State Ganganagar Sugar Mills Limited (1998-99)***

Profit for the year 1998-99 (Rs.7.62 lakh) was overstated by Rs.96.26 lakh due to: (i) recoveries from suppliers against consumption of raw material already reimbursed by State Government (Rs.9.42 lakh), (ii) over valuation of stock of molasses (Rs.6.68 lakh), and (iii) non-provision of expenses (Rs.80.16 lakh) for previous year.

3. ***Rajasthan State Seeds Corporation Limited (1998-99)***

Profit for the year 1998-99 (Rs.259.03 lakh) has been overstated by Rs.6.99 lakh due to incorrect valuation of certified/breeder seeds and packing material.

4. ***Rajasthan Small Industries Corporation Limited (1998-99)***

Profit for the year 1998-99 (Rs.482.01 lakh) was overstated by Rs.64.44 lakh by non-provision of handling and transport charges (Rs.51.06 lakh), interest payable to contractor (Rs.3.38 lakh) and incorrect accountal of capital grant (Rs.10.00 lakh).

B ***Errors and omissions noticed in case of Statutory corporations***

Following irregularities and omissions were pointed out in the Separate Audit Reports on the annual accounts of Rajasthan State Electricity Board and Rajasthan State Road Transport Corporation for the year 1997-98:

1. ***Rajasthan State Electricity Board (1997-98)***

Surplus of the Board remained overstated by Rs.160.56 crore due to:

- Accounting of unbilled arrear of fuel surcharge without raising supplementary bills Rs.37 crore.
- Excess capitalisation of interest and finance charges resulting in overstatement of surplus Rs.40.66 crore.
- Incorrect accounting of delayed payment charges paid to NAPP Rs.41.97 crore.

- Non-provision of liability towards contribution to superannuation fund Rs.40.93 crore.

2. *Rajasthan State Road Transport Corporation (1997-98)*

Loss for the year 1997-98 remained understated by Rs.44.52 lakh due to non-provision of overtime allowance, night duty allowance, weekly rests *etc.*

B.1 *Audit assessment of the working results of Rajasthan State Electricity Board (RSEB)*

Based on the audit assessment of the working results of the RSEB for three years upto 1998-99 and taking into consideration the major irregularities pointed out in the SARs on the annual account of the RSEB and not taking into account the subsidy/subventions receivable from the State Government, the net surplus/deficit and the *percent*age of return on capital employed of the RSEB would be as follows:-

(Rupees in crore)

Sl. No.	Particulars	1995-96	1996-97	1997-98
1.	Net surplus/(-) deficit as per books of accounts	80.84	63.22	65.35
2.	Subsidy from the State Government	513.07	563.14	704.88
3.	Net surplus/(-) deficit before subsidy from the State Government (1-2)	(-) 432.23	(-) 499.92	(-) 639.53
4.	Net increase/decrease in net surplus/(-) deficit on account of audit comments on the annual accounts of the RSEB	(-) 93.24	(-) 19.20	(-) 177.74
5.	Net surplus/(-) deficit after taking into account the impact of audit comments but before subsidy from the State Government (3-4)	(-) 525.47	(-) 519.12	(-) 817.27
6.	Total return* on capital employed	(-) 149.95	(-) 83.38	(-) 317.07
7.	*Percent*age of total return on capital employed	Nil	Nil	Nil

C *Persistant irregularities and system deficiencies in financial matters of PSUs*

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

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

C(1) Government companies: NIL

C(2) Statutory corporations:

1. Rajasthan State Electricity Board

(i) Advances of Rs.1774.37 lakh outstanding against suppliers not adjusted though the assets have already been capitalised during 1983-84 to 1995-96.

(ii) Differences of Rs.109.68 lakh in Government account (PD 2) and Rs.5843.75 lakh (PD 1) not reconciled.

(iii) Accumulation of balances in inter unit account Rs.39427.55 lakh (debit) due to non-reconciliation of the ATD's/ATC's raised by one unit & another.

(iv) Balance in GPF Rs.3264.35 lakh not reconciled.

(v) Subsidiary registers either not maintained or differences not reconciled.

2. Rajasthan State Road Transport Corporation

(i) Advances to the extent of Rs.236.55 lakh pertaining to the year 1971-72 to 1984-85 were pending for adjustment.

(ii) Advances of Rs.3.57 lakh outstanding against Jaipur Udyog since 1981 and debtors Rs.10.44 lakh against Government Departments and Rs.3.69 lakh against Congress Party since 1988 on account of passenger tax neither recovered nor written off.

1.8 Position of discussion of Audit Report (Commercial) by the Committee on Public Undertakings

Table below indicates the position of reviews/paras appeared in the Audit Reports and pending for discussion as on 30 September 1999:

Period of Audit Report	Number of reviews and paragraphs			
	Total number appeared in the Audit Reports		Total number pending for discussion	
	Reviews	Paragraphs	Reviews	Paragraphs
1991-92	4	18	2	5
1992-93	3	17	-	2
1993-94	3	25	1	10
1994-95	3	26	2	9
1995-96	3	24	1	9
1996-97	3	25	3	25
1997-98	3	26	3	26
Total	**22**	**161**	**12**	**86**

Of the paras discussed (1198 Nos.) up to 30 September 1999, recommendations of COPU on 461 paras were received of which Action Taken Report on 110 paras were, however, awaited.

1.9 619-B Companies

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

1.10 Companies not subject to audit by Comptroller and Auditor General of India

The State Government had invested Rs.1.78 crore in 6 companies which were not subject to audit by the CAG as the aggregate amount of investment made by the State Government was less than 51 *per cent* of the share capital of respective companies. The particulars of such companies in which the investment of State Government was more than Rs.10 lakh in each case as on 31 March 1999 are given in Annexure 1.

1.11 Readiness of PSUs for facing Y2k problem

Out of 20 Government companies, 11[1] companies do not have computers, 6[2] companies have already complied with Y2K problem and remaining 3[3] companies are initiating action to tackle the Y2K problem.

Of the 4 Statutory corporations, one[4] corporation has complied with Y2K problem and remaining 3[5] corporations are in the process of complying with Y2K problem.

1 Sr. No. 1(i) to (iii), 3, 4, 6, 7(iii) to (iv), 10(i), 11(i) to (ii) of Annexure 2.
2 Sr. No. 1(iv), 2(i), 2 (ii), 5, 7(ii) and 9 of Annexure 2.
3 Sr. No. 7(i), 8 and 10(ii) of Annexure 2.
4 Sr. No. 2 of Annexure 2.
5 Sr. No. 1, 3 and 4 of Annexure 2.

CHAPTER-II

REVIEW RELATING TO GOVERNMENT COMPANY

Rajasthan State Seeds Corporation Limited

CHAPTER-II

Rajasthan State Seeds Corporation Limited

Chapter II

Rajasthan State Seeds Corporation Limited

HIGHLIGHTS

Rajasthan State Seeds Corporation Limited (RSSCL) was incorporated in March 1978 with the object to produce certified seed and marketing these seeds at a fair price to farmers.

(Paragraphs 2.1 and 2.3)

Operational profit of the RSSCL decreased sharply from Rs.249.37 lakh (1995-96) to Rs.44.41 lakh (1998-99).

(Paragraph 2.6)

Inspite of reduction in target of distribution of certified seed, the RSSCL could not achieve the targets. Further, due to higher rates of seeds and lack of market strategy, the contribution of RSSCL towards distribution in the State was reduced from 49.60 *per cent* in 1995-96 to 44.92 *per cent* during 1998-99.

(Paragraphs 2.7.6 and 2.9)

Fixing the purchase rate of certified seed on the basis of highest rate of single lot of each day against the policy of the RSSCL to fix the rate at average of the monthly highest rates of three lot of each day resulted in an extra expenditure of Rs.139.20 lakh.

(Paragraph 2.7.7)

Deviating from its own policy to fix the sale price taking into consideration the actual overheads, the prices of seeds were not reduced when there was decrease in overheads. Further, the benefit of subsidy amounting to Rs.397.69 lakh was not passed on to the farmers at the time of fixing the sale price of seeds resulting in fixing of sale price at higher rates.

(Paragraphs 2.8.3 and 2.8.3.1)

Subsidy/grant amounting to Rs.1055.30 lakh was received during 1994-95 to 1998-99 to undertake production of seed for drought prone areas,

infrastructure facilities at growers site and to improve quality and ability in marketing of seed. Of this a sum of Rs.346.22 lakh was kept in fixed deposit, Rs.95.86 lakh were utilised for its own use and Rs.95 lakh was utilised for payment of interest on Government loans. Thus, the very purpose of receiving subsidy/grant was defeated.

(Paragraph 2.10)

2.1 Introduction

The Rajasthan State Seeds Corporation Limited (RSSCL) was incorporated as a Government company on 28 March 1978 under the National Seed Programme with the main objective of production of certified seed in its farms and through the agency of seed growers and marketing it at fair prices to the farmers. It remained 619 (B) Company between 20 July 1979 and 29 March 1996 when Government shareholding was less than 51 *per cent* (46.8 *per cent*), however, after conversion of loan into equity, the shareholding increased to 88.45 *per cent* and it became Government company from 30 March 1996.

2.2 Organisational Set-up

The RSSCL is managed by a Board of Directors (including a part time Chairman and a Managing Director). As on 31 March 1999 there were 10 Directors (two nominated by the State Government, two by the NSCL* and six elected by General Body). The Managing Director is the Chief Executive of the company who is assisted by a General Manager, six Regional Managers, five Senior Managers, one Company Secretary, a Public Relation Officer and thirteen Plant Managers to manage the affairs of the company.

2.3 Objectives

The main objectives of RSSCL as envisaged in the Memorandum of Association *inter-alia* include to:

- Implement State Seed Projects forming part of National Seed Programmes ;
- Produce, process, store and preserve certified seeds on scientific and commercial lines so as to provide quality seeds at reasonable price to the farmers ;
- Undertake and promote research in agriculture in general and seed processing, preserving and storage techniques in particular ;

* National Seeds Corporation Limited

- Make arrangement for supply of foundation seed to growers, and
- Own and operate testing laboratories.

2.4 Scope of Audit

The activities of the RSSCL were last reviewed in the Report of the Comptroller and Auditor General of India for the year 1984-85 (Commercial) Government of Rajasthan. The review was discussed by COPU in November 1991, however, its recommendations were awaited (August 1999). The activities of the RSSCL for the period from 1994-95 to 1998-99 were reviewed in audit from October 1998 to March 1999 and findings are discussed in subsequent paragraphs.

2.5 Sources of fund

For its activities besides capital contribution from State Government/NSCL, RSSCL also borrowed funds from the State Government. As on 31 March 1999, the paid up capital of RSSCL was Rs.729.78 lakh (State Government: Rs.605.50 lakh, NSCL: Rs.103.93 lakh and others: Rs.20.35 lakh) including share application money amounting to Rs.123.30 lakh. Besides, loan of Rs.1000 lakh repayable in three equal instalments due in 2001, 2002 and 2003 was also outstanding as on 31 March 1999.

2.6 Financial position and working results

Operational profit abnormally decreased from Rs.249.37 lakh (1995-96) to Rs.44.41 lakh (1998-99)

Financial position and working results of the RSSCL for the five years ending 31 March 1999 are given in Annexure - 8. It would be seen that the RSSCL was earning profit in all the years, which ranged from Rs.221.31 lakh to Rs.258.83 lakh during 1996-97 to 1998-99. However, as analysed in audit the profits largely comprise income from interest on investment of surplus funds which were available due to fixation of sales price of certified seeds at higher level and non-utilisation of grants/subsidies defeating the very purpose for which the RSSCL was formed as discussed in paragraph 2.8.3 and 2.10 respectively. After excluding the income from interest and other income, the operational profit of RSSCL decreases sharply from Rs.249.37 lakh (1995-96) to Rs.44.41 lakh (1998-99) and there would be loss of Rs.5.32 lakh during the year 1997-98 against profit of Rs.221.31 lakh shown in the accounts.

2.7 Production Performance

2.7.1 Seed Multiplication Process and Activity

The RSSCL procures breeder seed from Agriculture Universities and Research Institutes which is subsidised by the Central/State Government up to specified percentage (100 *per cent* in case of oil seed and pulses and 50 *per cent* in case of cotton seed). The breeders seed so obtained is distributed to registered seed growers for production of foundation seed. The foundation seed is further grown to obtain certified raw seed which is processed at processing plants and thereafter tested in the approved State Seed Testing Laboratory to obtain certified seed. The certified seed is sold to farmers for increasing the production of crops.

2.7.1.1 Selection of growers for multiplication

According to the prescribed procedure the farmers who have there own agriculture land / farms, proper irrigation facilities and agree for multiplication of seeds are registered as seed growers. Before disbursement of seeds to these growers though an agreement is executed for acceptance of the multiplication programme yet in absence of any clause in the agreement the growers can not be compelled to supply the whole quantity of foundation/certified seed multiplied by them from the breeder seed given by the RSSCL. Consequently as would be seen form Annexure- 9 and 9 A and discussed in subsequent paragraphs the RSSCL could not get expected yield of 0.25 lakh quintals from breeder seed and 5.43 lakh quintals from foundation seed. As the growers are not returning whole quantity of seed to the RSSCL, the possibility of ;passing of these seeds to the private competitors in the market can not be ruled out.

2.7.2 Fixation of Targets

The RSSCL draws up production programmes of certified seed for each year in each season (Rabi and Kharif) keeping in view the requirement indicated by the State Agriculture Department for each year and considering previous years production of seed and its sale.

2.7.3 Breeder Seed

The breeder seed is developed after research to increase the production of crops. It is the mother seed of foundation/certified seed and precious, its availability being limited. The breeder seed purchased during the year is sold to seed growers after recovering 21 *per cent* extra on the sale rate of certified seed of that crop of the year and in turn RSSCL purchases foundation seed from growers at its pre-fixed prices.

Distribution of Breeder seed in some cases was very low.

It was observed that during 1995-96 to 1998-99, the RSSCL could not distribute the procured/available breeder seed to growers each year and percentage of their distribution to those procured/available for sale ranged between 62.36 to 79.71 and 78.57 to 99.43 in respect of Kharif and Rabi crop respectively as per details given in Annexure - 9. However, in some cases this percentage was only 6.89 to 37.12. Due to low distribution of precious breeder seed, the RSSCL was deprived of the advantage of multiplication of seeds and also incurred loss of Rs.4.68 lakh in disposal of the seed as it lost its germination potentiality.

In an analysis made in audit, it was noticed that the main reason of low distribution of breeder seed was non-providing of foundation seeds production programme to seed growers in time.

Government without furnishing the details stated (July 1999) that non-receipt of indented quantity from Agriculture Universities and late receipt of breeder seed had affected the production programme. Reply is not tenable as RSSCL could not even distribute the breeder seeds already available with it.

2.7.4 Yield from Breeder Seed

Expected yield from breeder seed is fixed by the RSSCA* after inspecting the crop in the field and taking into account the conditions and status of the crop.

Average yield obtained from Breeder seed was less than the expected yield.

It was, however, observed that actual yield (64539.41 quintals) was less than expected yield (89922.24 quintals) resulting in leakage of yield of 25382.83 quintals (Rs.302.36 lakh) during the period from 1995-96 to 1998-99. The percentage of actual yield to expected yield during the above period, however, ranged between 59.07 and 89.69 for Kharif crop and 68.04 and 79.40 for Rabi crop. In some cases, particularly of pulses (Kharif), this percentage ranged between 18.77 and 56.29 only.

An analysis made in audit revealed that non-observance of the standards of plantation by the seed growers and non-inspection of planted area were the main reasons for low yield.

Government stated (July 1999) that weather conditions affected the anticipated yield. Further, non-supply of whole quantity produced by the growers for which there was no legal way by which growers could be compelled was also the main reason of low yield. Reply is not tenable as:

- estimates were made after taking into account the weather conditions of the particular area,

- by inclusion of penalty clause in the agreement, farmers could have been forced to supply their whole yield.

2.7.5 Foundation seed

The requirement of foundation seed is assessed on the basis of estimated coverage of total cultivable area as per crop production programme of certified seed for each season. The foundation seeds are again sold to growers at prescribed rates for production of certified seed.

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* Rajasthan State Seeds Certification Agency

It was observed in audit that:

Low percentage of distribution of foundation seed resulted in accumulation of seed which could not be revalidated due to loss of its germination potentialities.

(i) Like breeder seed as discussed in paragraph 2.7.3 above, the RSSCL also could not distribute the available foundation seed in respect of each crop in any year during the years 1995-96 to 1998-99 and percentage of their distribution to the available seed ranged between 35.59 to 65.24 and 59.98 to 74.73 in respect of Kharif and Rabi seasons respectively. Consequently, it was noticed that during 1995-96 to 1997-98 there was accumulation of undistributed foundation seed of Rs.23.29 lakh which could not be revalidated due to loss of its germination potentialities. The main reason attributable to low distribution as assessed in audit was lack of proper infrastructure facility (grading facility) at growers site despite subsidy received for this purpose as discussed in paragraph 2.10.2.

Yield of raw seed from foundation seed was low.

(ii) The yield of raw seeds from foundation seed is fixed after considering the climatic conditions and proper irrigation facilities throughout the crop period. The actual yield of raw seed (8.27 lakh quintals) was less than the expected yield (13.70 lakh quintals) resulting in leakage of yield of 5.43 lakh quintals (Rs.6317.97 lakh) during 1995-96 to 1998-99 as per details given in Annexure-9A. The percentage of actual yield to expected yield during the above period, however, ranged between 32.19 and 50.23 in respect of Kharif crop and between 62.55 and 77.49 in respect of Rabi crop, while in some cases it was only between 18.70 and 29.41 *per cent*. The RSSCL did not investigate the reasons for low yield. However, audit analysis revealed that the reasons attributable to non-obtaining of expected yield from foundation seed were non-observance of the standards of plantation by the seed growers, but RSSCL did not take any action in this regard.

(iii) Interestingly, it was also observed that RSSCL distributed costlier foundation seed as certified seed to the farmers and incurred loss of Rs.20.80 lakh during the years 1995-96 to 1997-98.

Government stated (July 1999) that foundation seeds were distributed to fulfil its social obligation to provide good quality of seed and farmers also prefer to have foundation seeds to improve their yield potential. Reply is not tenable as foundation seeds are used for the purpose of production of certified seeds and not to be sold directly as certified seed.

2.7.6 Certified seed

Certified seed is obtained from foundation seed and after testing in laboratory is distributed to farmers to increase production of crops.

Inspite of reduction in the contribution of RSSCL towards State plan, year after year, the RSSCL could not achieve the targets.

2.7.6.1 Target for distribution of Certified Seeds

Of the yearly plan for the State for distribution of Certified seed, the overall contribution from RSSCL as fixed by the State Government was showing decreasing trend and was 67.38, 53.03, 54.55 and 48.04 *per cent* respectively for the year 1995-96 to 1998-99. Against these targets, the achievement was 82.80 *per cent* in 1995-96, 96.51 *per cent* in 1996-97 and 87.66 *per cent* in

1997-98 and in case of certain crops, the achievement was only 33.98 *per cent* to 69.78 *per cent* of the targets fixed. The RSSCL, thus, failed to achieve the target of distribution of Certified seeds inspite of reduction in the targets by the State Government year after year which was mainly due to reasons as discussed below:

2.7.6.2 Certified seed distributed

During the year 1995-96 to 1998-99, 7.98 lakh quintals (Kharif: 2.61 lakh quintals and Rabi: 5.37 lakh quintals) of certified seed were produced against the target of 8.99 lakh quintals (Kharif: 2.99 lakh quintals and Rabi: 6.00 lakh quintals).

Details of production of certified seeds are given in Annexure - 10. It can be seen therefrom that production of certified seed for all type of seeds in each year (both the seasons) was below the target and percentage of achievement was between 61.43 and 82.53 in respect of Kharif season and between 79.22 and 97.39 in respect of Rabi season. Crop-wise analysis, however, revealed that the percentage of production of cereals and pulses was 50.90 and 37.28 in 1995-96 (Kharif), 29.23 and 37.17 in 1996-97 (Kharif) and 43.82 and 31.11 in 1997-98 (Kharif) respectively. The main reasons of shortfall in achievement as observed in audit were non-distribution of foundation seed to growers for the certified seed production programmes in accordance with the targets fixed, non-inspection of the plantation area for which production programmes were given and rejection of planted area where the growers did not observe the standards prescribed by the Government of India for production of seed.

2.7.7 Loss in procurement of certified seeds from the growers

Incorrect calculation of purchase price of seed has resulted in extra expenditure of Rs.139.20 lakh.

As per certified seed procurement policy of the RSSCL, the purchase rate of seed is fixed on the basis of average monthly highest rate prevailing in the respective *mandies*. The average monthly highest rate is worked out on the basis of daily average of the highest bid of three lots of that day in respective *mandies*. In deviation to this policy during the year 1996-97 and 1997-98, the seeds were procured (except Ganganagar unit) on the highest rate of single lot of each day in place of three lots during the month as a result thereof RSSCL incurred an extra expenditure of Rs.139.20 lakh as assessed by RSSCL.

2.8 Sale of certified seed to farmers

Sale of certified seed to farmers was less than 70 *per cent* of its production.

RSSCL has been selling certified seeds through its own sales depot (created temporary for each season) and authorised dealers (Co-operative and Private Sector). As mentioned in para 2.7.6, the RSSCL was not able to produce the certified seed as per targets fixed for distribution. Audit observed that even these produced certified seeds could not be sold as in almost all the varieties of seeds, it was less than 70 *per cent* of its production in Kharif season. This is indicative of failure of RSSCL not only in production programme but also shows lack of market strategy. The RSSCL did not analyse the reasons for shortfall in distribution of certified seed to farmers, however, it was seen that non-fixing of quantity targets for the authorised dealers for sale and non-considering the selling prices of different varieties of seeds prevailing in the market while fixing selling prices were the main reasons for poor sale.

Scrutiny of records relating to sales revealed that:

- RSSCL did not maintain any year wise record/details of seeds sold by their own depots alongwith expenditure incurred thereagainst and as such the profitability of each depot in each year could not be ensured in audit.
- Under the Seed Control Order, 1983 the sale, export or import of seed can be made only by person having a licence. In test audit it was noticed that between 1994-95 and 1998-99, RSSCL appointed 90 (Kota: 20 and Bharatpur: 70) authorised dealers having no licence to deal with seed under said control order. Besides, RSSCL had appointed (January 1996 and January 1998 respectively) authorised dealers only to participate in a specific sale of seed on particular dates and that too in off season as a result, the dealer sold the certified seed as grain.

Sale of certified seed during off season resulted in loss of Rs.45.61 lakh.

- During 1995-96 and 1997-98, the RSSCL instead of getting revalidated the undistributed (wheat) seed (34089.42 quintals) sold (January 1996/ 1998) during off season to authorised dealers after allowing extra commission ranging from 20 *per cent* to 26 *per cent* and thereby incurred loss of Rs.45.61 lakh.

Government stated (July 1999) that seed was sold as certified seed with the undertaking that the dealers would got the seeds revalidated before distribution in the next season. However, as mentioned above seeds were lifted by the dealers after sowing season and there was no system to monitor whether seeds had been revalidated.

2.8.1 Dealers commission

The Board while revising (September 1996) the rates of payment of commission for sale of seeds increased the commission from 8 *per cent* to 12 *per cent* for sale above Rs.5 lakh. Due to this enhancement of commission, the dealers who lifted the quantity of seed below Rs.5 lakh had stopped lifting the seed from RSSCL and purchased it directly from the wholesale dealers whose sales exceeded Rs.5 lakh because these dealers were getting commission directly from the dealers whose sales were more than Rs.5 lakh. Thus, due to imprudent policy of commission, the liability of dealers commission increased without increase in the sale quantity of seeds.

Government stated (July 1999) that commission rate was increased to increase the sale through wholesalers and distributors but facts remain that the sale of certified seeds has come down from 1.71 lakh quintals in the year 1995-96 to 1.63 lakh quintals in the year 1997-98.

2.8.2 Payment of commission

Commission was allowed to dealers without lifting the committed quantity.

RSSCL entered into agreements during 1998-99 with 29 private authorised dealers for sale of certified seed up to agreed quantity and value at the prevailing rate of commission. Additional commission @ 3 *per cent* was also paid on advance booking of seeds for sales by the dealers. Though the dealers did not lift the committed quantity as per agreement, they were allowed additional commission of Rs.18.66 lakh on the basis of advance booking. Thus, incorporation of clause for commission simply on booking without ensuring lifting of agreed quantity of seeds was not justified.

Government stated (July 1999) that advance booking scheme was implemented for effecting maximum sale. But the Government did not mention the reasons for payment of commission without lifting the committed quantity.

2.8.3 Fixation of sale price at higher rates

According to policy adopted by the Board, the sale price of the certified seeds was to be fixed after adding the percentage of actual overheads to the procurement cost. It was, however, observed that despite decrease in overheads in subsequent years (from 43.87 *per cent* in 1994-95 to 31.76 *per cent* in 1995-96, 39.22 *per cent* in 1996-97, 37.64 *per cent* in 1997-98 and 35.35 *per cent* in 1998-99) RSSCL did not reduce the sale price of certified seed and charged the price based on overheads of 1994-95. Further, the rates were fixed without considering the prevailing rates of other seed producing agencies in the market.

Government stated (July 1999) that other agencies declare their prices after declaration of price by RSSCL, which is always lower, further, their quality of seeds was also poor. The reply of the Government itself indicates that RSSCL could not pace with the market trend. As far as quality is concerned, the seeds of other agencies are also certified by RSSCA, thus, the reply of the Government does not hold good.

2.8.3.1 Benefit of subsidy not passed on to the farmers

Subsidy of Rs.397.69 lakh was not passed on to the farmers.

It was observed that while fixing sale price of certified seeds, the benefit of subsidy received from the Government on production of certified seed of pulses and oil seeds (Rs.157.65 lakh) and market subsidy of Rs.240.04 lakh was not considered. Thus, an extra burden of Rs.397.69 lakh was passed on to the farmers during 1994-95 to 1998-99.

Government stated (July 1999) that production subsidy was limited to certain crops and proportionate quantum of which being very low, the subsidy was not considered while working out sale price. Reply is not tenable as the decision of the RSSCL was against the very object of providing subsidy by the Government.

2.8.4 Incorrect fixation of sale price in case of seed supplied to Government

In order to promote/popularise new varieties of seeds, the Government distribute various kinds of seeds to farmers under its minikit programme. For implementation of the programme the seeds are supplied by the RSSCL to the Government. It was observed that while making supply of seed to the Government during 1996-97 and 1997-98, the selling price of the seeds was increased by adding 30 *per cent* (15 *per cent* packing charges and 15 *per cent* dealers commission). The addition of these charges was not justified as packing charges had already been included in the overhead and considering that it was direct supply to the Government no dealer commission was involved. Thus, arbitrary fixation of selling price resulted in excess claim of an amount of Rs.230.42 lakh from the Government during the year 1996-97 and 1997-98.

Government stated (July 1999) that Department of Agriculture makes payment of minikits on the basis of rates prescribed by the Central Government who decides the rates not on the basis of cost structure of RSSCL but on the cost of NSCL, SFCI* and prevailing market rates and cost data for other States. The reply is not convincing in view of the fact that had the RSSCL charged reasonable price of the seed under minikit programme, Government could have procured more quantity for distribution to farmers. Thus, the objective of popularisation of new varieties could have been achieved more effectively.

2.9 Contribution of the RSSCL towards distribution of seed in the State

Contribution of RSSCL to the total distribution of seed in the State was below 50 *per cent*.

Table below summarises the contribution of the RSSCL towards distribution of certified seeds in the State during last four years ending on March 1999:

Year	Crop	Total seed distributed in the State	Contribution of RSSCL	Percentage
		(In Quintals)		
1995-96	Kharif	124502	38653	31.05
	Rabi	219844	132128	60.10
	Total	**344346**	**170781**	**49.60**
1996-97	Kharif	132019	39041	29.57
	Rabi	270097	125480	46.46
	Total	**402116**	**164521**	**40.91**
1997-98	Kharif	149916	36081	24.07
	Rabi	278279	127012	45.14
	Total	**428195**	**163093**	**38.09**
1998-99	Kharif	151091	43748	28.95
	Rabi	280153	149976	53.53
	Total	**431244**	**193724**	**44.92**

* State Farms Corporation of India Limited.

It would be seen from the above that the contribution of RSSCL as compared to total seed distribution in the State came down to 38.09 *per cent* during 1997-98 from 49.60 *per cent* in 1995-96, however, it increased to 44.92 *per cent* during 1998-99. Thus, the object of formation of the RSSCL to provide seeds to the farmers at fair prices could not be fully achieved. The main reasons of low contribution as discussed earlier were higher rate of seeds as compared to its competitors coupled with lack of market strategy.

2.10 Non-utilisation of subsidy

With a view to provide certified seeds at a reasonable rate to the farmers, Central/State Government is providing various types of subsidies for production of certified seeds to RSSCL. Irregularities in the utilisation of the subsidy noticed in test audit are discussed below:

2.10.1 Grant under National Seeds Project-III

Of the grant of Rs.480 lakh received, only a sum of Rs.195.57 lakh was utilised.

Memorandum of Understanding (MOU) to implement Agreed Action Plan (AAP) under National Seeds Project–III was entered into (January 1997) between RSSCL, Government of Rajasthan and Government of India. Under the project RSSCL received Rs.480 lakh as capital grant (Rs.200 lakh in May 1995 and Rs.280 lakh in April 1997).

The grant so received was to be utilised (up to March 1999) to improve quality and ability in marketing of seed of RSSCL; expansion in processing facility; maintain crop-wise financial accounting and costing systems; develop information methodologies and organisational expansion.

A scrutiny of records revealed that RSSCL utilised (up to March 1999) a sum of Rs.195.57 lakh for improvement in processing facilities and balance was kept in fixed deposit and earned interest of Rs.112.97 lakh (1995-96: Rs.25.81 lakh, 1996-97: Rs.24.98 lakh, 1997-98: Rs.30.48 lakh and 1998-99: Rs.31.70 lakh) defeating the very purpose of the grant.

2.10.2 Seed Village Subsidy

Utilisation certificates were issued for Rs.315.30 lakh, though a sum of Rs.95.86 lakh was utilised for its own use by the RSSCL.

For production of certified seed of pulses and oilseeds, the RSSCL received Rs.315.30 lakh during 1994-95 to 1998-99 (Central Government: Rs.236.47 lakh and State Government: Rs.78.83 lakh) as Seed Village Subsidy @ Rs.200 per quintal. According to guidelines of the subsidy, Rs.150 per quintal was to be passed on to the seed grower of which Rs.100 per quintal was for the improvement of infrastructure and other facilities at seed grower's site. Audit noticed that RSSCL did not provide any infrastructure and other facilities at seed grower's site and utilised Rs.95.86 lakh for its own use though the utilisation certificate was issued for total subsidy.

Government stated (July 1999) that infrastructure facilities had been provided by selecting villages near by processing plant and funds had been utilised for the object for which it was sanctioned. However, as observed in audit there had been unspent balance of subsidy amounting to Rs.61.79 lakh lying in the term deposit as on 31 March 1999 in addition to utilise Rs.95.86 lakh for its own use as mentioned above.

2.10.3 Production of seed for drought prone areas misutilisation of funds

With the basic objective to increase the availability of certified seeds of varieties food grain crops, a grant of Rs.260 lakh was released (March 1996) by the Government of India for creation of revolving fund under central sector seed production scheme for drought prone areas, which was to be recouped after sale of certified seeds.

Since creation of revolving fund the RSSCL did not take up any seed production programme in DPA*. In absence of separate records, the object for which the grant was utilised could not be ensured in audit, however, a sum of Rs.95 lakh received in November 1997 was utilised for payment of interest on Government loans, which was beyond the scope of the scheme.

Government, while admitting the facts, stated (July 1999) that seed activity being seasonal one it was not possible to maintain separate account for DPAP**.

2.11 Farm activity

The State Government transferred 13 State Agriculture Farms to RSSCL between August 1983 to November 1984 on lease basis. The total area of these farms was 681 hectares (438 hectares irrigated and 243 hectares non-irrigated). RSSCL utilised these farms up to 1994 (Kharif) for its seed development programmes. However, considering that the farms were not giving desired results and incurring losses, it was decided (December 1994) to lease out the farms. Accordingly, these farms were given (Rabi 1994-95) on contract basis to various parties for production of seeds. According to lease deed the seeds produced in these farms were required to be sold to the RSSCL.

Audit noticed that:

- For the year 1996-97, Rasiawas farm was leased out on contract for a consideration of Rs.3.21 lakh which was to be recovered in four equal instalments. The contractor paid only one instalment on due date and failed to pay any amount thereafter. The unit office instead of revocation of contract, allowed the contractor to harvest its crops (both Kharif and Rabi seasons) and take away the produce without recovering the balance amount of Rs.2.41 lakh. In the absence of any system/record to assess the potential production in the farms, the extent of product taken away by the lessee could not be ascertained in audit.

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* Drought Prone Areas

** Drought Prone Area Programme

- The RSSCL did not maintain any unit-wise records of receipts of farms yield, in absence of which it could not be ensured in audit that full yield as estimated by RSSCA was obtained from contractors. In test check of records of four farms (Kawai, Sultanpur, Khemri and Padampur), though the contractors did not pass on full yield, yet penalty of Rs.13.34 lakh was not imposed and recovered as per agreement.

2.12 Sundry debtors

As on 31 March 1999, outstanding amount against sundry debtors was Rs.334.75 lakh, of which Rs.205.41 lakh was due from Government (Agriculture Department), Rs.18.47 lakh from handling agents and Rs.110.87 lakh from others.

RSSCL had no details of debtors (Rs.181.55 lakh) and outstanding (Rs.41.86 lakh) against growers pertaining to the period prior to 1994-95.

Audit noticed that of Rs.334.75 lakh, a sum of Rs.181.55 lakh pertained to the period prior to 1994-95 for which RSSCL had no details and thus, chances of recovery are remote. As a result of non-recovery of dues in time, the RSSCL had sustained a loss of interest of Rs.87.15 lakh* up to March 1999.

Similarly, as on 31 March 1999, of a sum of Rs.147.75 lakh was outstanding against the seed growers, of which a sum of Rs.41.86 lakh pertained to the period prior to 1994-95 for which RSSCL had no details due to which there was hardly any chance of recovery. As a result of non-recovery of outstanding against seed growers, the RSSCL sustained a loss of interest of Rs.20.09 lakh* up to March 1999.

2.13 Other topics of interest

2.13.1 Loss of inspection charges

On request from RSSCA, RSSCL agreed to provide its qualified staff under their self-certification scheme but did not insist for payment of inspection charges @ Rs.4 per acre for inspection of seed and Rs.2 per quintal for grading *etc.* as being paid by RSSCA to other parties.

This had deprived the RSSCL of the income of Rs.7.64 lakh for the inspection (40247.20 acres) and grading work (3.01 lakh quintals) executed by the staff of RSSCL during 1995-96 to 1997-98.

Government stated (July 1999) that to come up with the shortage of staff in RSSCA after deliberation between RSSCL and RSSCA it had been agreed to provide the services of RSSCL staff. Reply is not tenable as RSSCL did not protect its interest while agreeing to above proposals.

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* Calculated @ 12 *per cent* per annum.

2.13.2 Execution of civil works

For infrastructural development at farms, RSSCL awarded work order (January 1996) to AVS[@] for construction of Civil Works for Rs.158.79 lakh on actual plus 15 *per cent* of which a sum of Rs.124.95 lakh was given as advance (December 1995: Rs.79.39 lakh and January 1997: Rs.45.56 lakh). As per work order all the works entrusted to AVS were to be completed by March 1997, however, AVS left the work incomplete in December 1997. Due to non-completion of works not only the infrastructural facilities as envisaged could be developed but RSSCL also suffered loss of Rs.22.27 lakh (Rs.10.33 lakh godown rent, Rs.8 lakh damage of stock and Rs.3.94 lakh loss of farm revenue) which could not be recovered from AVS as work was allotted without any agreement. Further, in absence of any detail of work completed the amount of advance could not be adjusted.

While admitting the facts Government stated (July 1999) that efforts were being made to get the services of the registered valuers for assessing the exact value of work done by AVS.

Conclusion

RSSCL was formed under National Seed Programme with the objective of production and distribution of high quality of seed to the farmers. Deviating from its main objective it started earning profit by investing unutilised grants/subsidy in term deposits and fixing of sale price of seeds at higher rates. The operational profit of RSSCL was, however, reduced abnormally from 1995-96 to 1998-99. The contribution of RSSCL towards distribution of seed in the State was not significant in view of the fact that quality seeds are now being made available commercially by private companies whose performance is far superior to government seed corporations which were set up at a time when the private sector was absent from this activity, the rational for continuance of RSSCL in the present shape needs to be reconsidered and Government should concentrate on the areas where private sector is not forthcoming.

@ Avas Vikas Sansthan.

CHAPTER-III

REVIEWS RELATING TO STATUTORY CORPORATIONS

RAJASTHAN STATE ELECTRICITY BOARD

3A. Physical and Financial Performance of Power Sector in VII Five Year Plan (1985-90)

3B. Transmission and Distribution System

RAJASTHAN FINANCIAL CORPORATION

3C. Recovery Performance

CHAPTER-III A

Rajasthan State Electricity Board

Physical and Financial Performance of Power Sector in VII Five Year Plan (1985-90)

Chapter III A

Rajasthan State Electricity Board

3A. Physical and Financial Performance of Power Sector in VII Five Year Plan (1985-90)

HIGHLIGHTS

For the VII five year plan, the total (revised) outlay of the Power Sector was Rs.916.19 crore against which the Board* allocated funds amounting to Rs.992.06 crore whereas the actual expenditure was Rs.970.13 crore.

(Paragraph 3A.3)

The Board achieved the targets of generation of power. However, due to shortfall of Rs.611.70 crore in investment, the achievement of construction of transmission lines was far behind the targets.

(Paragraphs 3A.4 and 3A.5.4.2)

11 projects were completed after 22 to 96 months of the scheduled date of commissioning at an extra cost of Rs.499.22 crore.

(Paragraph 3A.5.2.1)

Indecisiveness and faulty planning of the Board resulted in non-implementation of Jhakham Project and thereby Rs.80.03 lakh remained blocked up since 1985-86. Non completion of the project also resulted in loss of generation of 331.91 lakh units (Rs.477.95 lakh) per year.

(Paragraph 3A.5.2.2)

The operating loss of the Board during the plan period has been increased from Rs.45.57 crore (1985-86) to Rs.151.38 crore (1989-90) due to sale of power below the cost.

(Paragraph 3A.6)

* Rajasthan State Electricity Board

3A.1 Introduction

The Energy Policy of Government of India aims at assuring adequate energy supply at minimum cost and achieving self sufficiency in energy supply. The Central Government formulates power energy policy, takes and administers policy decisions, frames Act/Rules to govern power supply, monitors progress of project implementation works and makes investment decisions *etc.*

In Rajasthan, the infrastructural base of power sector is maintained by the Board* which generates, purchases, transmits and distributes power in the State.

3A.2 Scope of Audit

The present review covers physical and financial targets and achievements of the Board in the VII five year plan. It also includes the on going projects of earlier five year plans and projects taken up in the VII plan but spillover to subsequent plan period.

3A.3 Plan outlay and actual expenditure

Actual expenditure during plan was in excess as against revised plan outlay.

For the VII five year plan (1985-90), the Planning Commission approved an outlay of Rs.920.76 crore for the Power Sector (revised to Rs.916.19 crore) against the total State outlay of Rs.3000 crore (revised to Rs.3105 crore). The outlay on power sector was thus 29.51 *per cent* of the revised State outlay. Based on this outlay the Board in consultation with the Planning Department and taking into consideration resources available, allocated funds in the annual plans for execution of works. Table below indicates plan outlay, allocation of funds in the five annual plans *vis-à-vis* actual expenditure during VII plan period (1985 to 1990).

Activity	Plan Outlay (Revised)	Allocation of fund as per budget (revised)	Actual Expenditure	Excess allocation over revised plan	Excess(+)/ Shortfall(-) of expenditure over revised plan
		(Rs. in crore)			
1. Generation (including deferred cost)	491.88 (53.69)	491.97 (49.59)	471.52 (48.60)	0.09	(-)20.36
2. Transmission & distribution	284.49 (31.05)	306.66 (30.91)	333.54 (34.38)	22.17	(+)49.05
3. Rural Electrification (RE)	138.77 (15.15)	192.38 (19.39)	164.62 (16.97)	53.61	(+)25.85
4. Survey & Investigation	1.05 (0.11)	1.05 (0.11)	0.45 (0.05)	-	(-)0.60
Total	**916.19**	**992.06**	**970.13**	**75.87**	**(+)53.94**

Figures in bracket represent percentage.

* Rajasthan State Electricity Board.

From the above it would be observed that the actual expenditure was in excess of the revised plan outlay as the plan provisions allocated were not adequate to meet the higher targets fixed for electrification of villages and wells *vis-a-vis* 11KV/ 33KV supporting works necessitated for service connections under RE* schemes. However, actual expenditure was less as compared to budget allocation which resulted in shortfall in electrification of tube wells/pump-sets as discussed in para 3A.5.6.2.

3A.4 Targets and achievements

Targets for generation of power and transmission lines *etc.* are being fixed on the basis of funds made available/allotted in the State Plan. While formulating of Annual Plan/Five Year Plan in addition to envisaged works on going projects are also considered.

Table below indicates targets fixed and achievement thereagainst in regard to generation capacity, generation of power, transmission and distribution lines *etc.* during the VII plan period (1985-90):

S. No.	Particulars	Units	Target	Actual	Percentage of achievement
1.	Generation Capacity (Addition during plan period)	MW[1]	590.57	569.00	96.35
2.	Generation of Power	MUs[2]	24570	26865.81[4]	109.34
3.	Transmission Lines				
a.	EHT-(i)200 KV	CKMS[3]	1668	866.86	51.97
	(ii)132 KV	-Do-	1059	830.09	78.38
b.	H.T.-(i)33 KV	-Do-	2900	960.17	33.11
	(ii)11 KV	-Do-	Not fixed	26274.15	-
4.	Distribution Lines	-Do-	Not fixed	29287.11	-
5. a.	Electrification of Villages	Nos.	6300	6678	106.00
b.	Harijan Basties	Nos	6000	5979	99.65
c.	Pump Sets	Nos	79000	74685	94.54
6.	Line Loss(T&D Loss)	Per cent	23.75 to 22.75	23.67 to 24.73	-

From the above table it would be observed that in case of generation of power, the achievement was more than the target but it was far behind in case of construction of transmission line. This mismatch resulted in high T&D losses as discussed in paragraph 3A.5.5.

* Rural Electrification
1 Mega Watt
2 Million Units
3 Circuit Kilometers
4 It includes share of Board in Generation of Joint Projects.

It was further seen that:

(a) As per established norms (6000 hours in a year) available for generation of Thermal Power, the total generating capacity available for Thermal Stations with the Board, was 8070 MUs during the plan period against which the actual generation of power was 7307.140 MUs representing 90.55 *per cent* of capacity utilisation.

Targets of generations of power was not commensurate with the requirement of the power in the State.

(b) According to CEA* assessment, the power requirement of the State during plan period was 53988 MUs against which power available from all sources was 32279.31 MUs (Annexure-11). Thus, there was deficit of 21708.69 MUs representing 40.21 *per cent* of total requirement. In view of this position it is evident that planning for addition in generation capacity was not commensurate with the requirement of power in the State which was stated to be due to non-availability of required funds. This problem could have been solved by proper planning/monitoring and extra cost on projects due to abnormal time overrun and locking up of funds due to imprudent decisions avoided as discussed in detail in para 3A.5.1 to 3A.5.2.2 and 3A.5.4.2.

(c) The achievement of construction of transmission lines was far below the targets which was mainly due to failure of the Board to get increase in plan allocation for the lines commensurate with the increase in generation capacity as discussed in para 3A.5.4.2.

3A.5 Physical Performance

3A.5.1 Generation Capacity

At the end of VI five year plan the installed generation capacity of the State was 1747.86 MW which included that of the Board 251.58 MW (Thermal 220 MW and Mini Diesel 31.58 MW); Inter State Partnership 932.75 MW (Thermal 125 MW and Hydel 807.75 MW) and other Central Power Projects 563.53 MW (Thermal 123.53 MW and Atomic 440 MW). During VII five year plan additional capacity of 1059.04 MW was envisaged against which the share of the Board was 590.57 MW (Thermal 420 MW, Hydel 167.57 MW and Gas 3 MW) and remaining from other sources. The position of generation capacity has been depicted in Annexure-12.

In order to achieve the targets of additional 590.57 MW generation capacity during the five year plan, the Board decided to complete 12 projects including 4 projects of 149 MW carried over from earlier plans. Out of 12 projects, the Board could complete 5 projects (including 4 carried over) of 569 MW during plan period at a cost of Rs.659.45 crore (up to March 1998 provisional) as against the estimates of Rs.199.67 crore. The time taken in completion of these projects beyond the scheduled date ranged between 22 to 66 months. Six projects (Mini Hydel) of 16.57 MW capacity scheduled to be completed in VII

* Central Electricity Authority

plan slipped over were completed between March 1991 and March 1995 at an extra cost of Rs.39.44 crore, and time over run ranging from 33 to 96 months. One project (Jhakham) of 5 MW (original 9 MW) has not yet been commissioned (August 1999). Details of all these projects are given in Annexure-13.

3A.5.2 Implementation of Projects

3A.5.2.1 Completed Projects

Projects were completed after 22 to 96 months of the schedule date at an extra cost of Rs.499.22 crore.

Out of 11 completed projects, 10 projects have already been reviewed from time to time and included in the Comptroller & Auditor General of India's Reports (Commercial) as detailed in Annexure-13. As mentioned above, there was abnormal delay ranging from 22 to 96 months in completion of these projects. Consequently, there was cost over run of Rs.499.22 crore. Time and cost over run of these projects as discussed in the various reports of the Comptroller and Auditor General of India were mainly attributable to:

(a) delay in the placement of orders for the machinery, awarding the contracts, finalisation and approval of drawings, handing over working fronts,

(b) change in location and alignment of penstocks, design and layout,

(c) delay in issue of tenders for civil works,

(d) delay in acquisition of land,

(e) excessive de-watering, reduction in designed flow of water, and

(f) delay in arrangement of supply of gas in case of Ramgarh Gas Power Station.

3A.5.2.2 Project not completed

Jhakham Project:

The planning commission accorded sanction in October 1984 to construct a power house consisting of two units of 4.5 MW each on Jakham Dam in Chittorgarh district at an estimated cost of Rs.1292.94 lakh. The scheme provided for construction of an intake structure upstream on Jakham Dam towards the right flank of the reservoir, and a 3.38 km long tail race tunnel crossing the river Jakham.

In April 1985, detailed geological investigations were carried out which revealed difficulties in de-watering operation during construction of the long tail race tunnel crossing the river Jakham. Consequently, after consultation with CWC* and CEA, the tail race tunnel was re-designed and the project report was revised (April 1985). According to the revised project report, the cost of project was estimated at Rs.1600.62 lakh with two units of 2.5 MW each. The Board, after obtaining the approval of the State Government the

* Central Water Commission

Irrigation Department commissioned to design the intake structure, which was done in 1985-86 at a cost of Rs.60.84 lakh.

The board revised its requirement of land thrice, from 30 hectare in June 1985 to 9.6 hectare in March 1989 due to revision/redesign in the project report and insistence (September 1986) of forest department for further reduction of land requirement in the forest area. Even this reduced requirement of land was turned down by the Government of India in February 1991.

In November 1994, the Government of India finally agreed for 5 hectares of land at a cost of Rs.15.60 lakh; payment was made by the Board (November 1995). Board also incurred miscellaneous expenses of Rs.3.59 lakh on the project.

Indecisiveness and defective planning in implementation of the project resulted in loss of generation besides blocking of funds.

The Board decided (April 1995) to implement the scheme under private sector due to policy of developing new generation projects in private sector. The bids received (16 December 1995) did not lead to a decision as the bidders (two) withdrew their offer due to not accepting their demand of deemed generation in the event of low water availability and the levelised quoted price per KWH Rs.2.40 was also considered high. As such the idea of execution of the project under private sector was dropped. Belatedly, the Board decided (September 1998) to implement / execute 5 MW project in place of 9 MW by the Board itself for which approval (November 1998) was accorded by the State Government. Revised estimates of the project has now been worked out to Rs.4300.19 lakh and 4 to 5 years period has been considered for commissioning of 2 units from 1999-2000. The revised estimates have not been put up to the Board (September 1999) for approval. The execution work of the project is stated (September 1999) to be taken up at an early date. Thus, due to indecisiveness and defective planning of the Board, the funds of Rs.80.03 lakh (excluding interest during construction period) remained blocked besides resulting in average loss of generation 331.91 lakh unit amounting to Rs.477.95 lakh per year.

3A.5.3 Power generation

The consolidated position of targets and achievements during VII five year plan period in regard to power requirement in State as assessed by CEA, actual power generated (including partnership projects), consumption of power in auxiliaries, purchases from Central projects and other States, power available for sale, T&D losses and sale of power in million units (MUs) *vis-a-vis* excess/shortfall in targets is given in Annexure-11.

Audit observed that:

- Due to delay in commission of various projects, as discussed earlier the Board had reduced the targets of generation of power from 26813 MUs to 24570 MUs. However, total generation was 26865.81 MUs which exceeded the planned targets. The reason of generation of power in excess of target was introduction of new 210 MW Thermal Power Plant at Kota which was not included in estimates of generation.

Auxiliary consumption in excess of norms resulted in loss of potential revenue of Rs.524.02 lakh in KTPS.

- The CEA fixed the standard norm of auxiliary consumption in case of thermal power stations as 10 *per cent* of units generated. Against this norm, the overall *percent*age of auxiliary consumption in KTPS** ranged between 9.90 and 12.69 *per cent* during the plan period. The loss on account of auxiliary consumption in excess of norm fixed by CEA worked out to 73.70 MUs resulting in loss of potential revenue amounting to Rs.524.02 lakh.

- Generation of power at KTPS (4 units of 640 MW) was far below the target fixed and percentage of achievement was 59.15 in 1988-89 and 88.69 in 1989-90. Shortfall in the achievement in these two years was due to receipt of poor quality of coal from collieries and problem experienced in disposal of ash in unit III during 1988-89. The shortfall in generation resulted in loss of energy of 1206.43 MUs valued at Rs.9291.38 lakh.

- In respect of partnership* project (Thermal) the required targets were never achieved during the VII five year plan and *percent*age of achievement ranged between 70.02 and 91.61 while the over all achievement was 82.93 *per cent*. The shortfall in achievement was due to poor load factor in joint partnership project during 1985-86 and 1986-87 as observed by Board (February 1988) and non-availability of adequate quantity of water for cooling purposes due to poor rains during 1987-88 to 1989-90. The average achievement of the generation of joint projects during the years 1990-91 to 1994-95 was 85.22 *per cent* while it was 113.80 *per cent* during 1995-96 to 1998-99 of the targets fixed for these years. Thus, non-achievement of the generation targets during VII plan and 1990-95 had resulted in loss of energy (1199.963 MUs) valued at Rs.10835.84 lakh.

- The performance of hydel projects was also poor and percentage achievement of generation as compared to targets was 17.29 *per cent* during 1985-86 and 57.70 to 75.50 *per cent* during 1987-88 to 1989-90 and over all achievement during VII plan was 71.07 *per cent* of the targets of 1215 MUs. There was no generation during 1985-86 and 1986-87 in Anoopgarh mini hydel plant (9 MW) due to non commissioning and the over all achievement of the project against target during the plan period was only 3.03 *per cent*. The shortfall in hydel generation was due to delay in implementation of various projects, grid failure causing machine tripping, non-availability of services of original manufacturers in time and malfunctioning of electronic governor due to dusty environment and shortage of water *etc.* The overall achievement of hydel generation during 1990-91 to 1994-95 was 85.42 *per cent* against the targets (2000 MUs) while it was 103.39 *per cent* of the targets (1459 MUs) during 1995-96 to 1998-99. Non achievement of target of hydel generation during VII

** Kota Thermal Power Station

* Partnership project means common pool projects jointly implemented by various SEB's and have shares in generation of electricity from such projects.

plan to March 1999 has resulted in loss of energy (774.269 MUs) of Rs.7073.44 lakh.

Similarly due to delay in implementation of gas project at Ramgarh there was no generation during 1987-88 to 1994-95. Thus, there was loss of energy of 108 MUs of Rs.1087.29 lakh. Generation during 1995-96 to 1998-99 in the project was 102.49 *per cent* of the target of 594 MUs. Due to less generation of energy owing to delay in implementation of project, the social object of providing power for industrial development in the state and rural electrification *etc.* remained unachieved.

3A.5.4 Transmission and Distribution lines

3A.5.4.1 Selection of lines

In order to achieve the anticipated benefits mainly in relation to improvement of voltage regulation, saving in T&D losses, to meet the future load growth in specified areas and to ensure reliable power supply to consumers, the Board was required to maintain specific priorities of construction of 220 KV/132 KV lines and 220/132 KV GSS[#]. The policy of the Board for maintaining any priority construction/ laying of new lines and GSS based on these para-meters was not worked out. In the absence of these details it could not be ensured in audit that Board achieved the anticipated benefits from construction of the lines during plan period.

3A.5.4.2 Targets and achievements

The table below indicates the position of total transmission lines of different capacities at the beginning of the VII five year plan, targets envisaged and achievements made during the VII plan, and shortfall in CKMs and percentage of shortfall with reference to targets:

Transmission lines	Target of VII five year plan		Position at the beginning of VII plan	Position at the end of VII plan	Net addition during VII plan	Shortfall with reference to targets		*Percent*age of short-fall	
	Original	Revised				Original	Revised	Original	Revised
			(In circuit Kilometers)						
EHT lines									
220 KV	1668	953.50	2665.63	3532.49	866.86	801.14	86.64	48.03	9.09
132 KV	1059	671.37	5987.32	6817.41	830.09	228.91	(+)158.72	21.62	(+)23.64
66 KV	NA	NA	303.06	303.06	NA	NA	NA	NA	NA
Total	**2727**	**1624.87**	**8956.01**	**10652.96**	**1696.95**	**1030.05**	**(+)72.08**	**37.77**	**(+)4.44**
HT lines									
33 KV	2900	1850	15875.95	16836.12	960.17	1939.83	889.83	66.89	48.10
11 KV	Not fixed		71998.50	98272.65	26274.15	NA	NA	NA	NA
Total	**NA**	**NA**	**87874.45**	**115108.77**	**27234.32**	**NA**	**NA**	**NA**	**NA**
Distribution lines	Not fixed		101541.90	130829.01	29287.11	NA	NA	NA	NA

Grid Sub-station

It was observed in audit that the Board increased the target for addition of generation capacity of plant by 210.17 MW at the time of mid-term appraisal of the plan. Against this the target of transmission lines was reduced considerably as detailed above. The Rajadhyksha Committee recommended (1980) the investment pattern in the power sector in proportion of 50 *per cent* on generation, 25 *per cent* on transmission, 12.50 *per cent* on sub-transmission and 12.50 *per cent* on Rural electrification. As per Status paper (February 1988) of the Board the shortfall in investment on transmission and distribution in VII five year plan against the recommended pattern would Rs.611.70 crore. Therefore, the Board failed to increase the plan allocation on construction of transmission and distribution lines commensurate with the increase in generation capacity. In absence of adequate strength of T&D lines, the objects of reducing T&D losses could not be achieved as detailed in para 3A.5.5, with the result that the social object of providing uninterrupted supply for the growth of industries and electrification of village *etc.* remained unfulfilled.

Board incurred an expenditure of Rs.353.92 lakh on the lines not included in the Plan.

While submitting the progress of the works envisaged in VII five year plan to the Board, it was mentioned that wide escalation in the prices of aluminium conductor required to commission various 220 KV and 132 KV lines and consequent delay in supply of conductor and its accessories by the suppliers were the main factors for shortfall in achievement while resource crunch also played an important role in shortfall in all the different lines, however, remedial action plan to over come these problems was not formulated. However, it was observed in audit that during the period of VII five year plan, twelve 132 KV Transmission lines at different places were taken up for execution though these lines were not included in original revised plan. The Board incurred an expenditure of Rs.353.92 lakh on these lines. A test check of record of construction of two 132 KV lines revealed as under:

(A) Construction of 132 KV line from Sawaimadhopur to Gangapur city

During the VII five year plan net expenditure of Rs.35.28 lakh was incurred on the construction of above line though it was not included in the plan proposals. Belatedly, on being pointed out (April 1991) by Member (T&D) that 220 KV line from Dausa to Hindaun along with a sub-station has been proposed and the 132 KV line from Sawaimadhopur to Gangapur city was no longer required as such, the construction of line was dropped. The material worth Rs.52.56 lakh remained unutilised for above line and was transferred to other project for use. Thus, due to taking up work of line without any plan and proper thought had resulted in infructuous expenditure of Rs.35.28 lakh, justification for which was not on record.

(B) Construction of 132 KV line from Sangod to Jhalawar

To improve the transmission system between Kota, Modak, Jhalawar and Bhawani Mandi and to meet the additional demand of one HT consumer (Mangalam Cement), the Chairman approved (May 1987) the construction of 132 KV Sangod Jhalawar line at an estimated cost of Rs. 304.60 lakh and the work started (expenditure booked in accounts from the year 1988-89) without approval of the Board which was received in July 1991. Though the line was not included in VII five year plan, an expenditure of Rs.232.94 lakh was incurred (March 1994) against the above line. On completion, the line was charged (March 1993) on no load. It could not be ensured in audit whether line was utilised for the purpose. In order to regularise the execution of this work, the Board included this line in the proposals of VIII five year plan. Thus, funds of Rs.232.94 lakh remained locked up since March 1994.

This shows that Board acted in an unplanned way and itself created resource crunch.

3A.5.4.3. Time and cost overrun

Abnormal delay in completion of various lines *etc.* has resulted in extra cost of Rs.4477.73 lakh.

The Board did not prescribe any time schedule for completion of each proposed line for execution during VII five year plan. In the absence of any time schedule, the time overrun on the works completed during the plan period could not be verified. However, a test check of records of 14 lines revealed that there was slow progress in execution of line and GSS works and time taken ranged between 17 and 33 months and 14 and 37 months in respect of 220 KV and 132 KV lines respectively while 132 KV GSS were charged after 4 to 42 months after charging 132 KV lines. The Board incurred an extra cost of Rs.3008.02 lakh (65.64 *per cent*) and 1469.71 lakh (64.31 *per cent*) on lines/GSS as compared to projected cost due to abnormal time taken in their completion as detailed in Annexure–14.

It was observed that non availability of cement, shortage of tower and different material, non availability of land, delay in earth filling, non availability of transformers were the main reason for time and cost overrun of the lines/GSS. The above problems could have been avoided by proper/advance planning.

3A.5.5. Transmission and Distribution losses

A mention was made in paragraph 3.2 of section III of the Report of Comptroller and Auditor General of India for the year 1989-90 (Commercial) highlighting that system losses were higher than the normal losses and there had been no improvement in this regard.

Excess T & D loss over norms has resulted in loss of Rs.3278.61 lakh (441.31 MUs).

At the beginning of the plan period (1985-86), the *percent*age of T&D loss was 24 *per cent* of power available for sale. The Planning Commission had prescribed the reduction of T&D losses by 0.25 *per cent* each year during the plan period according to which T&D losses should have been brought down to 22.75 *per cent* up to the year 1989-90. Audit observed that instead of decrease, the T&D losses increased year after year ranging from 23.67 to 24.73 *per cent* of power available for sale which shows that Board did not take appropriate measures to reduce the T&D losses. These T&D losses were higher than the M.P. Electricity Board and Gujrat Electricity Board which ranged from 21.02 *per cent* to 22.54 *per cent* and 20.02 *per cent* to 22.05 *per cent* respectively during 1987-88 to 1989-90 and even more than the all India average ranging from 21.74 *per cent* (1985-86) to 23.28 *per cent* (1989-90). The excess T&D loss over the norms of planning commission resulted in loss of energy of 441.31 MUs valued at Rs.3278.61 lakh and had an adverse affect in achieving social object for providing additional energy for industrial growth and electrification of villages *etc.*

3A.5.6 Rural Electrification Works

The State of Rajasthan is the second largest state of the Union of India, covering an area of 342214 square kilometers. The villages in the state are scattered and located at distant places, the electrification of which needs heavy investment on laying transmission and distribution lines. The rural electrification programme is not financially remunerative to the Board but its benefit to the society as a whole is immense and on the said analogy the Board took up rural electrification programmes on a massive scale in furtherance of the socio-economic objectives of the state.

The electrification of villages and tube wells/pump-sets during plan period are discussed in the succeeding paragraphs.

3A.5.6.1. Electrification of villages

Against 37124 villages (inhabited 34968 and uninhabited 2156), 26965 villages (inhabited 26278 and uninhabited 687) were electrified at the end of VII five year plan period representing 72.63 *per cent* while the *percent*age of electrification of inhabited and uninhabited villages was 75.15 and 31.86 *per cent* respectively. This *percent*age of electrification of inhabited villages was far below the national average of 78.6 *per cent* at the end of March 1989. The percentage of electrification in inhabited and uninhabited villages at the end of March 1999 was 92.21 and 56.01 respectively.

3A.5.6.2. Electrification of tube wells/ pump-sets

Of the six lakh pump-sets available for electrification, 347565 pump-sets (57.93 *per cent*) were electrified (March 1990) which was below the national average of 65.2 *per cent* for the year ending March 1989.

Comparison of yearly targets *vis-a-vis* achievements revealed that targets for the years 1985-86, 1987-88 and 1989-90 were not achieved and *percent*age of achievement ranged between 89.91 and 91.05. Reasons for low achievement were not on record. However, audit observed that against revised plan budget provision of Rs.192.38 crore, the Board could utilise only Rs.164.62 crore up to March 1990, reasons for which were not on record.

3A.6 Financial performance

Operating loss has increased from Rs.45.57 crore (1985-86) to Rs.151.38 crore (1989-90).

Details of cost, revenue and loss per unit during the period from 1985-86 to 1989-90 are given in Annexure-15. Audit observed that against the cost per unit of 69.53 to 102.66 paise, the revenue realised per unit was 59.75 to 81.54 paise. As a result the operating loss has increased from Rs.45.57 crore in 1985-86 to Rs.151.38 crore in 1989-90. This was mainly due to low tariff for domestic and agriculture consumers, which ranged between 53 and 63 paise and 24 and 28 paise respectively.

The Board sustained losses every year during the plan period. Total deficit during this period amounted to Rs.344.19 crore. Main reasons for deficit were high T & D losses and high cost of power as compared to sales realisation.

3A.6.1 Cost of generation of mini hydel project

The cost of generation as per project report and actual cost of mini hydel schemes envisaged during the plan period are tabulated below:

Sl. No.	Name of Mini Hydel Plant	Projected Generation Cost per unit	Actual cost per unit during 1996-97
		(In Rupees)	
1.	Anoopgarh	0.31	5.86
2.	Suratgarh	0.62	5.14
3.	Pugal I & II	0.98	39.55
4.	RMC II (Ganora)	1.55	18.30
5.	Mangrol	0.58	3.42

Abnormal delay in completion of hydel projects has resulted in increase in cost per unit abnormally.

From the above it would be seen that the cost of generation per unit had been much higher as compared to project cost of generation and ranged from Rs.3.42 to Rs.39.55 based on record available for the year 1996-97 which was mainly due to non completion of projects in time.

3A.6.2 Sale of energy

Energy is an essential input for economic activities and per capita consumption of power is synonymous with economic development. The table given below indicates the position per capita power availability *vis-a-vis* the consumption of power and loss of energy during each year of VII five year plan:

Per capita	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90
			(In Units)			
(a) Power availability	154.31	161.81	172.14	178.99	204.24	226.92
(b) Power consumption	118.64	124.00	135.23	140.70	159.39	175.88
(c) Loss of energy	35.67	37.81	36.91	38.29	44.85	51.04

Though the per capita consumption increased from 119 units at the end of VI five year plan to 176 units at the end of VII five year plan yet it was less than the national average of 191 units.

The increase in per capita loss of energy from 35.67 units at the end of VI plan to 51.04 units at the end of the VII plan was due to heavy T&D loss and theft of energy *etc.* Further, audit analysis revealed that the percentage of sale of electricity to industrial consumers having high rate of tariff and which was remunerative to Board fell down from 45.93 *per cent* in 1985-86 to 45.06 *per cent* in 1989-90 while the sale to domestic consumers which was non remunerative, increased from 9.63 *per cent* to 11.21 *per cent.*

3A.7 Other topics of interest

Non-dismantling of redundant line

In the seventies, the Uttar Pradesh State Electricity Board (UPSEB) and Rajasthan State Electricity Board, with mutual agreement, constructed inter-state 132 KV single circuit line connecting Mathura and Bharatpur, with loan assistance received from Central Government. Subsequently in 1982, Bharatpur was connected on 220 KV line with Agra to draw its share of power from Singrauli Super Thermal Power Station from UP SEB's power system. Thereby, 132 KV Mathura Bharatpur inter connection line became redundant since 1982. Belatedly, the Board approached (October 1987) the Central Government for according approval for removal of the redundant line. The approval was received in June 1988. Though the UPSEB had dismantled the portion lying in their territory yet the Board could not dismantle the portion in its territory for want of adequate staff.

In July 1991, the Board accorded approval for construction of 132 KV s/c line from Bharatpur to Kaman with 132/33 KV sub-station at Deeg in the initial stage at an estimated cost of Rs.496.80 lakh. As per details in agenda, it was proposed to explore the possibility of utilising a part of redundant line with a little diversion as second inter-connection between 220 & 132 KV Bharatpur sub-station and to dismantle balance portion of the line and utilise the material elsewhere or to dispose of the same. The position of utilisation of the portion of line and material worth Rs.50 lakh thereof was not intimated to audit (May 1999). Had the line been dismantled and material utilised, it would have helped in reducing the shortfall of construction of line.

Conclusion

Achievement of the targets of generation of power during VII plan was more but it was far behind in case of construction of transmission lines. However, object of assuring adequate energy supply at minimum cost and achieving self efficiency in energy during VII plan could not be achieved due to delays in implementation of the projects, resulting in time and cost

overrun. Further, growth of Transmission and Distribution system was not commensurate with increase in generating capacity resulting in high T & D losses and sale of energy below cost. The operating loss as well as deficit during VII plan period increased substantially due to low tariff for domestic and agriculture consumers. Government, therefore, has to take suitable measures to overcome the above problems by proper planning and to provide/arrange for additional funds to meet the deficiency of power.

All these facts were brought to the notice of the Government in June 1999 but reply has not been received (November 1999).

CHAPTER-III B

Rajasthan State Electricity Board
Transmission and Distribution System

Chapter III B

Rajasthan State Electricity Board

3B. Transmission and Distribution System

HIGHLIGHTS

Transmission and Distribution system plays an important role in maintaining essential link between Power generating source and the ultimate consumer. For efficient functioning of the system, it is essential that it should keep pace with the generation by having proper length of Transmission and Distribution lines, size of transformers and conductors, proper voltage and power factor at appropriate level.

{Paragraph 3B.1}

As against acceptable norms of T & D Losses as 15.5 *per cent*, the T & D losses ranged between 24.93 and 28.31 *per cent* during 1994-95 to 1997-98. The loss in excess of acceptable norms worked out to 7852.077 MUs valued at Rs.1409.86 crore.

{Paragraph 3B.4(a) and (b)}

The Transmission and Distribution system did not keep pace with the increase in power available for sale. The capacity of the transformers per million units of energy had increased from 1.266 in 1994-95 to 1.349 in 1996-97, whereas the transmission lines per million unit of energy had declined from 0.803 in 1994-95 to 0.753 in 1997-98.

{Paragraph 3B.5 (b)(ii)}

There had been time overrun ranging between 12 months and 39 months in completing various transmission lines with the result the Board was deprived of the advantage of anticipated savings of energy of 89.96 MUs amounting to Rs.17.49 crore.

(Paragraph 3B.6)

Non-augmentation of transformer capacity at Tinwari has rendered the expenditure of Rs.323 lakh unfruitful.

(Paragraph 3B.6.1)

There had been delay in completing the various schemes for improvement of Urban System and Rural Electrification Scheme with the results the Board could not avail the benefit of saving of energy of 155.919 MUs valued at Rs.30.69 crore.

{Paragraphs 3B.7 (a) and (b)}

3B.1 Introduction

T & D System should keep pace with Generation of Power to ensure least wastage.

Transmission and Distribution (T & D) System plays an important role in maintaining essential link between the power generating source and the ultimate consumer. For the efficient functioning of this system, it must be ensured that there is least wastage in transmitting and distributing the power. Electricity is generated at the generating stations at 11 KV and is stepped up by power transformers to 132/220/400 KV for transmission to sub-transmission and distribution sub-stations and is stepped down to 66/33/11 KV. The power is supplied through primary and secondary feeders at 132 KV, 66 KV or 11 KV to HT[@] consumers and at 400/230 volts toLT[**] consumers after step down through distribution transformers. The transmission system should keep pace with generation by having proper length of transmission and distribution lines, size of transformers and conductors, proper voltage and power factor in order to strengthen the transmission system.

The power generation system of the Board[*] comprises Thermal Power (850 MW), Hydel Power (163.315 MW) and Gas Turbine Power (38.50 MW). Board also has a share (936.55 MW) in the power generated by inter-state common projects at Bhakra Beas Project (622.90 MW), Satpura Thermal Power Station (125 MW) and Chambal Hydel Power Project (193 MW). To meet the gap between demand and availability of power, the Board purchases power from other States/Central agencies. Energy generated at generation station as well as purchased power is carried to consumer through the process of transmission and distribution network. As on 31 March 1998, supply of power to the 48.25 lakh consumers (connected load 10027 MW) was made by a large network of transmission (1.77 lakh Ckms) and distribution (1.93 lakh Ckms) lines.

3B.2 Organisational set-up

The transmission and distribution wing of the Board is headed by Member (T&D) who is responsible for planning/execution of transmission and distribution network including erection of lines, construction of GSS[$], installation of transformers *etc.* Member (T&D) is assisted by 14 Chief Engineers.

@ High Tension
** Low Tension
* Rajasthan State Electricity Board
$ Grid Sub-stations

3B.3 Scope of Audit

A review on the power system losses of Board was last included in Chapter 3.2 of the Report of the Comptroller and Auditor General of India for the year 1989-90 (Commercial), Government of Rajasthan. The review was deemed to have been discussed by the Committee on Public Undertaking (COPU) in May 1997. However, as per practice in vogue COPU gives recommendations even in the cases where reviews are deemed to have been discussed, however, no recommendations have been received (March 1999).

The present review based on test check of records of circles/unit offices (17) covers the extent and nature of transmission and distribution system and financial impact of T&D losses to the Board during the years from 1994-95 to 1997-98 (the figure for the year 1997-98 are provisional). The results of audit are discussed in subsequent paragraphs.

3B.4 Transmission and Distribution (T & D) Loss

While energy is carried from generating station to the consumers through the process of transmission and distribution network, some power is consumed or dissipated in stepping up or stepping down the voltage in transmission up to the consumer's premises and due to inherent characteristics of the equipment installed in the system. Power lost between the first stage of its generation to final stage of its distribution up to consumers is termed as T & D Losses. Losses occur mainly on two counts *viz.*, technical losses and commercial losses. Technical losses occur due to inherent characteristics of equipment used for transmission/distribution whereas commercial or unaccounted losses occur due to pilferage of power which includes theft, malpractices, defective meters, unmetered supply of power to consumers *etc.*

(a) Transmission loss

Percentage of Transmission loss ranged between 8.55 to 11.51 *per cent* as against norms of 4 *per cent.*

CEA* fixed (July 1991) the acceptable limits of Transmission losses as 4 *per cent.* Board is not having any system to compute the transmission loss separately in the absence of which the feeder-wise transmission loss could not be ascertained in audit. However, taking into account the distribution loss as worked out by the Energy Audit Cell, the transmission loss for the year 1994-95 to 1997-98 ranged between 8.55 *per cent* to 11.51 *per cent* which resulted in excess loss of the acceptable norms to 4661.365 MUs of the power valued at Rs.833.65 crore during the above period as per details given in Annexure-16.

(b) Distribution loss

Percentage of subtransmission and distribution losses ranged between 13.42 to 17.05 *per cent* as against the norms of 11.5 *per cent.*

Against the acceptable limit of sub-transmission and distribution losses 11.5 *per cent* as fixed by the CEA, the actual loss during 1994-95 to 1997-98 ranged between 13.42 *per cent* to 17.05 *per cent* resulting in loss of power

* Central Electricity Authority

beyond norms to 3190.712 MU valued at Rs.576.21 crore during the above period.

The total T & D losses during the above period which ranged between 24.93 *per cent* to 28.31 *per cent* were far ahead of losses in State of Gujarat and Maharashtra which ranged between 15.29 and 18.36 *per cent* for the year 1995-96 and 1996-97.

Imbalance pattern of investment, improper monitoring of transmission schemes, delay in completion of System Improvement Schemes, non-installation of energy meters, non-installation of lower capacity transformers, non-replacement of defective meters and pilferage and theft of energy were the main reasons for excessive T & D losses as discussed in paragraphs 3B.5 to 3B.9.

The Board did not compute losses at the stage of transmission, sub-transmission and distribution as such the Board could not identify the weak areas where losses were abnormally high.

3B.4.1 Under computation of losses

The Board computed the overall system loss on the basis of difference between the total power available for sale and the power actually sold. Audit scrutiny revealed that T&D losses were understated on account of following factors:

(i) Energy consumption of the consumers having non-functional or defective meters is normally assessed on the basis of the average consumption/rough estimates of power against the actual consumption. The Board does not have any system to ascertain the position of defective meters at site of the consumers, however, as on 31 March 1998, 1.25 lakh meters in nine[$] circles were awaiting replacement as assessed by audit.

(ii) Due to improper computation, the transformation losses of energy at generating stations were also included in auxiliary consumption (183.410 MUs) resulting in understatement of transmission losses to the extent of 0.43 to 0.54 *per cent*.

(iii) Exclusion of auxiliary consumption at EHV and 33/11 KV GSS while computing transmission losses has resulted in understatement of losses to the extent of 0.21 to 0.23 *per cent* during 1994-95 to 1997-98.

(iv) Supply of energy to agriculture consumers on flat rate basis has the potential for absorption of transmission and distribution losses to a great extent as the bills are prepared on the basis of HP of motors used by the agriculturist instead of actual consumption.

$ 1. Ajmer, 2. Alwar, 3. Barmer, 4. Bharatpur, 5. Churu, 6. Hanumangarh, 7. Jaipur, 8. Jhalawar, 9. Jhunjhunu

3B.5 Growth of Transmission and Distribution System

(a) Budget

The particulars of budget allocation in respect of generation, transmission, sub-transmission & distribution system for the period from 1994-95 to 1997-98 and the expenditure incurred are given in Annexure - 17.

It would be seen from Annexure that:

(i) Whereas plan expenditure was close to the budget estimates, it was far below in respect of non-plan expenditure for generation to the extent of Rs.20.57 crore. During 1995-96 and 1996-97, it was only Rs.3.04 crore as against the budget estimates of Rs.15.49 crore. However, the plan expenditure in respect of creation of transmission facilities exceeded by Rs.59.04 crore during the period 1994-95 to 1997-98.

(ii) Expenditure incurred under Rural Electrification Schemes was far below the budget estimates. As against the plan expenditure of Rs.420.20 crore, a sum of Rs.406.14 crore was incurred during 1994-95 to 1997-98.

(b) Imbalance pattern of investment

The Rajyadhyaksha Committee on Power had recommended (1980) the capital outlay on generation, transmission, distribution and rural electrification in the ratio of 4:2:1:1. However, considering that 50 *per cent* power is purchased from other sources, the investment should be in the ratio of 2:2:1:1 as recommended (March 1995) by high power committee appointed by the State Government under the Chairmanship of Energy Minister. Against the norm of 2:2:1:1, the actual ratio achieved was 4.3:2.6:2.0:1.1 in respect of generation, transmission, distribution and Rural Electrification Schemes, thus, showing an imbalance in the pattern of investment.

The table given below highlights the trend of growth in transmission and distribution facilities *vis a vis* power available for the four years up to 1997-98:

S.No.	Particulars	1994-95	1995-96	1996-97	1997-98 (Provisional)
1.	Generation/Purchase				
	(a) Own Generation (MUS)	8773.83	9927.90	10383.53	10853.61
	(b)Purchase (MUS)	8272.86	9985.56	9531.27	10940.03
	(c) Total energy available(MUS)	17046.69	19913.46	19914.80	21793.64
2.	Transmission and distribution lines				
	(i) HT/EHT lines (CKM)	13697.29	14300.24	15181.99	16405.00
	(ii) Sub-transmission lines(CKM)	142736.95	148206.92	154499.43	160973.00
	(iii) LT lines (CKM)	172162.15	179090.75	185698.67	192719.00
	(iv) Total lines (CKM)	328596.39	341597.91	355380.09	370097.00
3.	Transformer Capacity (MVA)	21587.57	24451.31	26880.43	Not Available
4.	Transmission lines per MUS of total energy available	0.803	0.718	0.762	0.753
5.	Transformer capacity per MUS of total energy available	1.266	1.228	1.349	Not Available

It would be seen from above that:

(i) Against the HTL/LTL* ratio of 1:1, recommended by CEA, the HTL/LTL ratio for the year 1994-95 to 1997-98 ranged between 1:1.08 and 1:1.10 which shows that the ratio of LT was higher than the normal in all these four years with the result that the overloading on transformers could not be brought down.

(ii) The capacity of the transformers per million unit of energy availability had increased from 1.266 in 1994-95 to 1.349 in 1996-97 whereas the transmission lines per million unit energy availability had declined from 0.803 in 1994-95 to 0.753 in 1997-98 which indicates that the transmission lines were not commensurate with the availability of power and transformer capacity. Therefore, the Board could not utilise the entire installed transformers capacity.

3B.6 Monitoring of transmission projects – Time and Cost overrun

Anticipated savings (89.96 MUs) of Rs.17.49 crore could not be availed due to delay (12 to 39 months) in completion of Project.

The Board did not introduce any system of work planning based on PERT chart or Critical Path method indicating scheduled date of commencement and completion of the activity for regular monitoring and control of the projects. Besides, due to improper maintenance of record, the Board does not have separate cost of each project/line/sub-station in the absence of which extra cost to each work could not be worked out in audit.

Of the 76 lines (3042.80 kms) and 61 GSS (2178.50 MVA) constructed during the year 1994-95 to 1997-98, in test check of records of ten transmission lines (728 kms) and 4 GSS of 237.5 MVA capacity, it was observed that due to time overrun ranging between 12 months to 39 months, the Board could not take the advantage of anticipated saving of 89.96 MUs amounting to Rs.17.49 crore. The delay as observed in audit was mainly due to delay in inviting tenders, non-providing material to the contractor, finalisation of extra work, awarding of contract, approval of complete profile of work and delay in acquisition of land of GSS *etc.* as per details given in Annexure - 18. Other cases of interest noticed are discussed below :

3B.6.1 Construction of Jodhpur-Tinwari-Dechu Line

As a result of non-augmentation of Transformer capacity at Tinwari expenditure of Rs.323 lakh incurred on line remained un-fruitful.

In order to meet the growing demand of agriculture dominant area at Tinwari, and to avoid continuous augmentation of 132 KV Sub-station, the Board accorded approval (January 1993) for laying a 220 KV S/C 40 Kms line from Jodhpur to Tinwari alongwith construction of 220 KV GSS of 100 MVA capacity (estimated cost of Rs.13.37 crore) at Tinwari. The project was to be financed by World Bank/Power Finance Corporation. In view of anticipated delay in getting the finance from World Bank, the Board approved (June 1994) the construction of another 120 Kms of 132 KV S/C line from Jodhpur-

* High Tension Lines/Low Tension Lines

Tinwari-Dechu (estimated cost of Rs.969.10 lakh) to meet the immediate demand for agriculture during intervening period. The work order (erection cost of Rs.61.75 lakh) was awarded on 6 June 1995 to NBCC* Limited, Delhi to complete the work by 5 April 1996. The work was completed to the extent of 40 Kms in November 1996 and 80 Kms in April 1998 and line charged to 132 KV GSS Tinwari.

In the mean time the work order for erection of 220 KV S/C Jodhpur-Tinwari Line (40 Kms) was awarded (November 1995) to Urja Engineers (P) Limited, Vadodara to complete the work by November 1996. The work was completed (October 1997) at an erection cost of Rs.44.95 lakh and charged (November 1997) at 220 KV GSS Tinwari.

Thus, awarding the work after one year of sanction and completing construction of 132 KV line (40 Kms) between Jodhpur and Tinwari knowing that ultimately 220 KV line had to be constructed defeated the very purpose of meeting the immediate fast growing demand of agriculture load at Tinwari as transformer capacity at Tinwari was not augmented up to November 1997. Thereby, the proportionate estimated expenditure of Rs.323 lakh incurred in construction of 132 KV Jodhpur Tinwari (40 Kms) line remained unfruitful.

3B.6.2 400 KV Suratgarh Thermal Power Station to Ratangarh line

For evacuation of power at 400 KV, the CEA approved (August 1991) the scheme of construction of 2 nos. of 400 KV single circuit line from Suratgarh Thermal Power Station to Ratangarh at a cost of Rs.8561 lakh. Board accorded its approval in July 1995. These lines were to be completed and commissioned in April 1996 and in June 1996 respectively and initially to be charged at 220 KV. Both the lines were completed in November and December 1997 at a cost of Rs.4473.36 lakh (booking up to March 1998) and commissioned (on 220 KV) on 21 January 1998 and 19 April 1998 respectively. However, these lines could not be energised to 400 KV as 400/220 KV GSS at Sutratgarh and Ratangarh are scheduled to be completed in October 2002 and 2003 respectively.

Thus, due to construction of transmission lines without construction of matching sub-stations, the benefit expected from the investment of Rs.4473.36 lakh (expenditure booked up to March 1998) would be achieved only in the years 2002 and 2003.

3B.7 System Improvement Schemes

The CEA had emphasised (July 1991) the need for improvement of transmission and distribution system through long term and short term measures.

* National Building Construction Corporation

The long term measures include preparation of long term plan for phased strengthening and improvement of the distribution and associated transmission system to meet requirement *etc.* The short term measures include identification of weaker area in the distribution system, up-gradation of the operating voltage, reduction in the length of LT lines, installation of lower capacity transformers and installation of shunt capacitors for improvement of power factor. Some of the improvement schemes are discussed below:

(a) Urban System Improvement Schemes

In order to improve the existing EHV transmission, sub-transmission and distribution systems and reduce T & D losses, the Board approved 18 urban system improvement schemes during 1994-95 at an estimated cost of Rs.267.48 crore. Of these, 5 schemes were to be completed in two years, 10 in three years and 3 in four years (up to March 1999). On completion of these schemes the Board anticipated to reduce T&D losses of 736.587 MUs amounting to Rs.156.04 crore up to March 1999.

All the schemes (except Jaipur scheme) were in progress (March 1999). Revised estimates have not been prepared by the Board and as such burden on budget as a result of delay in completion of the schemes could not be ascertained in audit. The position of the implementation of 10 schemes reviewed in audit revealed that:

- Urban Improvement scheme, Baran scheduled to be completed by March 1998 had not commenced so far (March 1999) despite the procurement of material worth Rs.3.18 crore.

Anticipated savings (132.919 MUs) of Rs.28.71 crore could not be availed due to non-completion/ commissioning of various Urban System Improvement schemes.

Six schemes (Alwar, Bharatpur, Bhilwara, Pali, Sawaimadhopur and Sikar) scheduled to be commenced in 1995-96 and completed by March 1999 were still in progress (March 1999). However, material amounting to Rs.15.42 crore (1995-96: Rs.4.87 crore, 1996-97: Rs.10.55 crore) procured in advance of requirement remained idle during these years.

In respect of Chittorgarh scheme, one 33 KV/11 KV GSS could not be constructed for want of land, which was allotted in May 1998. However, the Board did not commence the work on this land up to March 1999. In the absence of construction of 33/11 KV GSS, funds amounting to Rs.5.28 crore invested in other related works of the scheme could not be utilised.

- In case of Beawar and Sriganganagar schemes though all scheme works had been completed at a cost of Rs.13.72 crore, these could not be utilised due to non-construction of 33/11 KV GSS for want of land. Thus, the intended benefits of the scheme remained unachieved.

As a result of non-completion/commissioning of above-mentioned projects in time, the Board could not avail the benefit of anticipated savings in T&D losses of 132.919 MUs valued at Rs.28.71 crore.

(b) Rural Electrification Schemes

During the period 1994-95 to 1997-98 the Board had formulated 162 rural electrification schemes at an estimated cost of Rs.199.61 crore for rural areas involving construction of 33 KV and 11 KV lines, construction of 33 KV/11 KV Sub-station, electrification of villages and energisation of wells. The schemes were financed partly by REC* and partly by Board's own sources and were to be completed within 12 to 24 months. To finance these schemes, a sum of Rs.359.75 crore was received from REC as loan. However, a sum of Rs.692.01 crore (provisional) (including loan received in earlier years) was repayable as on 31 March 1999. On completion of these schemes, annual saving of energy totaling 201.295 MUS involving potential revenue of Rs.21.89 crore was anticipated. Of the 162 schemes 131 were completed up to 1997-98 and 31 schemes were in progress.

Saving (23.0 MUs) of Rs.1.98 crore could not be availed due to delay in completion of Rural Electrification Scheme.

Audit noticed that 31 schemes sanctioned up to March 1996 (9 schemes in 1994-95 and 22 schemes in 1995-96) were to be completed between March 1996 and March 1998 have not been completed (March 1999). Thus, the anticipated annual saving of energy of 23.0 MUs involving a potential revenue of Rs.1.98 crore could not be availed.

3B.8 Reduction in LT lines

In order to bring down the losses, it had been considered to extend the 11 KV distribution network by installation of lower capacity transformers. It was observed that as against 7363 number of 100 KVA and 15370 number of 63 KVA transformers required to be replaced by installing adequate number of 40 KVA and 25 KVA transformers (January 1999), the Board had sanctioned to replace 3418 numbers (100 KVA) and 2442 numbers (63 KVA) transformers up to January 1999. Against this, 1654 numbers (100 KVA) and 1360 numbers (63 KVA) transformers could be replaced (January 1999). Reasons for slow progress of installation of lower capacity transformer closer to the consumer's installation were not available on record.

3B.9 Energy Audit

An energy audit cell was established by the Board (January 1987) under the control of Executive Director (Meters and Protection Wing). The comprehensive instructions issued for energy accounting and audit *inter alia* provide for (i) compilation and reporting of detailed data on energy input, output and losses by all circles (TCC & O & M) and commercial operation to

* Rural Electrification Corporation

facilitate the scientific assessment of T & D losses at each level; (ii) to identify the areas/regions of high T & D losses; (iii) to ensure and expedite the installation of energy meters; (iv) to exercise the strict control on metering and inspection and testing of meters and replacement of defective meters particularly in high loss/theft prone area, and (v) vigilance control *etc.*

In this connection following observations are made in audit:

(i) Compilation of data and identifying area of high losses

Action plan to reduce the T & D losses near about 25 *per cent* was not prepared.

The circlewise energy account maintained by the Executive Director for the year 1994-95 to 1997-98, however, revealed that average loss in different circles ranged between 18.01 *per cent* to 27.15 *per cent* and were higher than 11.5 *per cent* prescribed by the CEA (resulting in loss of energy of Rs.1359.90 crore). In detailed scrutiny of 12[**] circles it was noticed in audit that the percentage of losses in these circles were between 25.01 and 52.49. The Board did not investigate the reasons for the abnormal losses in these circles.

In view of the high percentage of losses in the circles, the Chairman of the Board desired to prepare action plan (October 1998) to bring down losses at least to the level of the State average (near about 25 *per cent)* in all circles. However, no action had been initiated in this regard (March 1999).

(ii) Non-installation of energy meters

The Board had installed energy meters at EHT Sub transmission and distribution Sub-stations but installation of energy meters at the output feeders of 33 KV/11 KV GSS was in progress (March 1999). In the absence of installation of metering equipment at the output feeders of 33 KV/11 KV GSS, the power actually supplied to the consumers from different feeders and losses of supply from each feeder could not be ensured/ascertained in audit.

(iii) Inspection and testing of meters

Of the targets fixed, inspection/ testing of meters were carried out only up to 9.42 *per cent.*

Against the physical (18.47 lakh) and financial (Rs.745.20 crore) target fixed for the year 1994-95 to 1997-98 for inspection and testing of premises of the consumer by the various authorities of the Board, the actual achievement was only 9.42 and 7.64 *per cent* {(1.74 lakh (Physical) and Rs.56.97 crore (Financial)} respectively. Reasons for not carrying out inspection to the required extent was not on record.

(iv) Replacement of defective meters

There was no system to ascertain the position of defective meters for the Board as a whole. However, it was seen in audit in 9[$] circles that the number of defective meters awaiting replacement increased from 93581 in 1994-95 to

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** 1. Barmer, 2. Bharatpur, 3. Bikaner, 4. Churu, 5. Hanumangarh, 6. Jhalawar, 7. Jodhpur City, 8. Jodhpur District, 9. Nagaur, 10. Sawaimadhopur, 11. Shriganganagar, 12. Sikar

$ 1. Ajmer, 2. Alwar, 3. Barmer, 4. Bharatpur, 5. Churu, 6. Hanumangarh, 7. Jaipur, 8. Jhalawar, 9. Jhunjhunu

125178 in 1997-98. Reasons for non-replacement of defective meters in time was, however, not on record.

(v) Pilferage and Theft of energy

Pilferage and theft of energy is one of the contributory factor for the high incidence of transmission and distribution losses. To arrest such losses, the Board has created a Central Vigilance Cell under the charge of Additional Director (Security & Vigilance) for detecting suspected cases of pilferage/theft/malpractices of energy.

Board for the first time (June 1994) fixed the financial targets for the vigilance cell. However, from the year 1997-98 onwards, both Physical and Financial targets were fixed. It was, however, seen in audit that:

(i) Financial targets fixed for vigilance cell were not achieved during the year 1994-95 and 1995-96 and percentage of achievement was 50.71 and 80.33 against the targets of Rs.910 lakh and Rs.1092 lakh respectively.

Thus, non-achievement of target resulted in non-detection of theft of energy to the extent of Rs.663.26 lakh during 1994-95 to 1995-96.

Targets fixed for vigilance checking was below 1 *per cent.*

(ii) Percentage of premises of consumer checked during 1994-95 to 1998-99 was very low and ranged between 0.47 to 0.63 of the total consumers with the Board with the result that the vigilance cell was able to achieve physical targets to the extent of 135.31 and 110.04 *per cent* during the year 1997-98 and 1998-99 respectively. The achievement of financial targets during the year 1997-98 and 1998-99 were, however, 91.42 and 54.90 *per cent* of the target of Rs.27.27 crore and 36.36 crore respectively. The non-achievement of financial targets during above years have resulted in non-detection of theft of energy of Rs.18.74 crore. Of the cases checked up to March 1999, a sum of Rs.21.55 crore was outstanding (August 1999) from 19755 consumers of which Rs.9.66 crore relates to the period from 1985 to 1996-97. Reasons for slow progress of recovery was, however, not on record.

(iii) Of the consumer connections checked up to July 1999, assessment in respect of 19524 cases have not been made so far (August 1999). This has resulted in under billing and recovery of Board's dues in time, the extent of which is unascertainable. Reasons for non-assessment was, however, not on record.

(iv) Of the consumer connections checked up to March 1999, FIRs have not been lodged in 16569 cases of which 10284 cases related to the period from 1985 to 1997-98. Reasons for not lodging the FIRs were, however, not on record.

3B.10 Other topics of interest

3B.10.1 Construction of 220 KV GSS at Kukas

Keeping in view voltage problem, the Board accorded administrative approval for erection of 220/132 KV GSS at Kunda Ki Dhani by Looping in and Looping out (LILO) 220 KV line between Alwar and Hirapura and also to install 220 KV/132 KV GSS of a capacity of 200 MVA for inter-connection with the existing 132 KV GSS at an estimated cost of Rs.12.09 crore. The Collector, Jaipur was approached(May 1989) for allotment of 29 bighas and 13 biswas of land just behind the existing 132 KV GSS at Kunda Ki Dhani. The Collector offered (July 1993) three pieces of land adjoining to the existing 132 KV GSS within a radius of ½ Km. and in 250 metres vicinity of existing GSS which were not considered suitable by Board. The reasons were not on record. Belatedly, the Board decided (August 1997) to construct 220 KV GSS at Kukas (at a distance of 5 Kms away from the existing 132 KV GSS at Kunda Ki Dhani and earlier proposed site) at a cost of Rs.22.25 crore by laying double circuit 132 KV 5 km. line to join the existing 132 KV GSS at Kunda Ki Dhani without analysing the cost benefits of the site. For this purpose, a land ad-measuring 51 bighas and 10 biswas at Kukas was obtained and construction work of GSS was completed on 31 March 1998 at a cost of Rs.12.65 crore (booking up to March 1999).

Thus, due to the rejection of the Collector's offer of land which was alongside within a vicinity of 250 metres/500 metres of the existing 132 KV GSS at Kunda Ki Dhani and without analysing the cost benefits of both the sites, the Board had incurred an extra expenditure of Rs.3.44 crore on construction of additional lines (0.90 crore), purchase of additional land of 22 bighas at Kukas *etc.* (Rs.1.01 crore) and control room and quarters (Rs.1.53 crore).

3B.10.2 Infructuous expenditure

Looking to considerable scope for reduction in technical and high transmission and distribution losses in Bharatpur and Sawaimadhopur (Operation and Maintenance) circles, the Board decided (January 1996) to transfer management of sub-transmission and distribution of electricity of these two circles to private entrepreneurs. The transfer of management did not involve any transfer of assets of the Board. Pursuant to above decision, specification for management contract was approved (February 1996) and tenders were invited (March 1996) with date of opening on 16 April 1996 which was extended several times and lastly up to 17 December 1996.

In the meantime, the Board also decided (November 1996) to offer sub-transmission and distribution system of three more circles (Jodhpur, Jodhpur district and Pali) on similar lines under joint venture system for which offers were invited (December 1996) with date of opening on 14 March 1997.

In order to provide consultancy services in this context, the Board, without floating tender enquiry, appointed (February 1997) the ICICI* as its consultant

* Industrial Credit and Investment Corporation of India Limited

at a fee @ Rs.15000 man day of 8 hours plus Rs.6000 per man day for visit expenses at Jaipur. The Board paid a sum of Rs.45.51 lakh to ICICI as consultancy services.

Indecisiveness of the Board even after identifying the scope for reduction in T & D loss has resulted in infructuous payment of Rs.45.51 lakh to ICICI.

The consultant submitted (May 1997) draft management contract for sub-transmission and distribution system of Bharatpur and Sawaimadhopur Circle. In the mean time, the Board decided (May 1997) that the Management contract proposals for Bharatpur and Sawaimadhopur circles may not be processed further, whereas the bids (December 1996) relating to transfer of sub-transmission and distribution system of three circles (Jodhpur, Jodhpur district and Pali) under joint venture concept received (February 1997) were never opened.

Thus, due to in-decisiveness of the Board even after identifying the scope for reduction in T & D losses, no improvement could be made and Rs.45.51 lakh paid to ICICI proved infructuous.

Conclusion

The facility for distribution of power did not keep pace with the increase in the demand/availability of power in the State due to imbalance in the pattern of investment between generation and transmission, slow and tardy progress of construction work relating to laying of lines, implementation of urban system improvement schemes and Rural Electrification Schemes; as a result the system losses were higher than the prescribed norms and Board sustained considerable financial loss due to loss of energy. Non-installation of Energy Meters and fixing of low targets for vigilance cell *etc.* had also added to the increase in the loss of energy.

Government/Board, therefore, should ensure adequate steps for timely implementation of transmission and distribution schemes, implement other schemes for improvement of the system and install various equipments to improve the system to bring the system losses within the normal range and to strengthen the system of inspection and vigilance checking.

All these facts were brought to the notice of the Government in May 1999 but reply has not been received (November 1999).

CHAPTER-III C

Rajasthan Financial Corporation

Recovery Performance

Cahpter III C

Rajasthan Financial Corporation

3C. Recovery performance

HIGHLIGHTS

Rajasthan Financial Corporation (RFC) was established on 17 January 1955 with the main object of promoting the small and medium sector industries in the State by extending financial assistance.

(Paragraph 3C.1)

The accumulated losses of the RFC at the end of the year 1998-99 was Rs.80.33 crore, which eroded its entire paid up capital of Rs.67.53 crore. The main reasons for losses were poor recovery of loan due to improper disbursement of loan, lack of monitoring/inspection, inaction for recovery of loan and settlement of cases against the financial interest of the RFC.

(Paragraph 3C.4)

At the end of 1998-99 as against outstanding dues of Rs.991.16 crore from 20,653 units, an amount of Rs.230.13 crore was overdue from 13,345 units. The percentage of recovery to net recoverable amount ranged between 47.25 and 49.97 during the last five years up to 1998-99, however, percentage of recovery of old dues constitute only 23.19 to 30.07 of the recoverable amount. The percentage of non-performing assets as on 31 March 1999 increased to 53.87 from 44.21 as on 31 March 1995 which is indicative of fact of improper disbursement of loan as well as lack of efforts in monitoring.

(Paragraphs 3C.6 and 3C.7)

From October 1993 to March 1999, RFC settled 7946 cases under OTS Scheme and sustained a loss of Rs.39.04 crore.

(Paragraph 3C.6.3)

For want of details of the properties of the promoters, decree awarded by the Court (66 cases) for Rs.1.39 crore could not be executed and action to recover the dues as arrear of land revenue could not be taken.

(Paragraphs 3C.6.4 and 3C.12)

3C.1 Introduction

Rajasthan Financial Corporation (RFC) was established on 17 January 1955 under Section 3(i) of the State Financial Corporation (SFC's) Act, 1951 with the main object to promote the small and medium sector industries in the State by extending financial assistance up to Rs.1.50 crore and Rs.0.90 crore for Limited Companies/registered Co-operative Societies and others respectively. From September 1996 the limit was increased to Rs.2.40 crore and Rs.1.20 crore respectively.

3C.2 Organisational Set up

The Management of RFC is vested in a Board of Directors. As on 31 March 1999 there were 12 Directors, of these, five directors including Chairman and Managing Director (CMD) were appointed by the State Government and rest by financial institutions including Life Insurance Corporation of India and shareholders. The CMD is the Chief Executive who is assisted by one Executive Director, eight General Managers, 25 Deputy General Managers and 41 Branch Managers. During the period under review the tenure of the CMDs was ranged from 3 to 32 months as detailed below:-

Name of the CMDs	Period from to	Total tenure in months
1. Sh. N.K Bairwa	6.1.93 to 18.9.95	32
2. Sh. Pawan Chopra	18.9.95 to10.4.97	19
3. Sh. O.P.Behari	14.5.97 to 3.6.98	13
4. Sh. Rajeev Mahrishi	3.6.98 to 25.9.98	3
5. Sh. Surendra Kumar	25.9.98 to 16.3.99	6
6. Smt. Kushal Singh	17.3.99 to date	

In order to facilitate better customer services, the Industrial Development Bank of India (IDBI) recommended (October 1998) for setting up Zonal Offices at Udaipur, Kota and Alwar. However, no action was taken so far (August 1999).

3C.3 Scope of Audit

The recovery performance in respect of loans granted by RFC was last reviewed in the Report of the Comptroller & Auditor General of India for the year 1987-88 (Commercial) which was deemed (November 1995) to have been discussed by the Committee on Public Undertakings (COPU). As per practice in vogue, COPU gives its recommendations even in the cases where review are deemed to have been discussed but in this case recommendations were awaited (September 1999).

The present Review covers the recovery performance of loans granted by RFC. The deficiencies and omissions, noticed in a test check of records maintained by Head Office and its seven branches {Alwar, Beawar, Bhiwadi, Jaipur (VKIA, City and Rural) and Kota} for the last five years up to 1998-99 conducted during September 1998 to March 1999, are discussed in succeeding paragraphs.

3C.4 Source of Finance

Against the paid up capital of Rs.67.53 crore, the accumulated loss was of Rs.80.33 crore.

Sources of finance and their utilisation for the last five years up to 1998-99 are given in Annexure - 19. It would be seen from the Annexure that during the last five years up to 1998-99, RFC disbursed loan amounting to Rs.597.81 crore whereas the recovery during this period was Rs.410.59 crore representing 68.68 *per cent* of amount disbursed. To meet the gap RFC has to borrow funds at higher rate of interest, as a result interest burden has increased from Rs.57.38 crore in 1994-95 to Rs.77.65 crore in 1998-99. This adversely affected the financial health of RFC leading to loss of Rs.17.14 crore in 1996-97, Rs.15.38 crore in 1997-98 and Rs.5.46 crore in 1998-99 as against profit of Rs.7.08 crore during 1995-96. The accumulated loss of RFC as on 31 March 1999 was Rs.80.33 crore against the paid up capital of Rs.67.53 crore. The main reasons for losses as analysed in audit were poor recovery of loan due to improper disbursement of loan, lack of monitoring/inspection of assisted units, inaction for recovery of loan and settlement of cases against the financial interest of the RFC under OTS* Scheme as discussed in paragraph 3C.5 and 3C.6 *infra*.

3C.5 Loan disbursement

RFC provides financial assistance for setting up new industrial projects as well as for expansion, diversification and modernisation of existing units. According to the laid down procedure, financial assistance is given after satisfying about the technical and economic viability of the project and credit worthiness and professional competency of promoters to operate project. Initial disbursement is made after entering into an agreement, ensuring clear title of primary security

* One Time Settlement

mortgaged. However, subsequent disbursement of loan is made after monitoring the progress of the project.

Number of units financed during 1998-99 had been declined sharply to 662 (Rs.95.67 crore) from 1534 (Rs.120.72 crore) financed during 1994-95.

A comparative statement showing the receipt of loan applications and disbursement made during the five years ending 1998-99 is given in Annexure - 20. It would be seen from the Annexure that loans sanctioned and disbursed by RFC during the above period amounted to Rs.766.91 crore and Rs.597.81 crore respectively. Further, analysis revealed that number of units financed by RFC had decreased year after year but during 1998-99, there was sharp decline in number of units (662) as well as in amount disbursed (Rs.95.67 crore) as compared to 1994-95 when 1534 units were financed for Rs.120.72 crore.

Management stated (July 1999) that overall recession in the economy and stiff competition in non-stable market condition, adopting selective approach while granting loan and increase in the norms of promoters contribution to avoid generation of Non-Performing Assets (NPA) were the main reasons for decline in disbursement.

Audit analysis, however, revealed that main reason of low disbursement was Management's failure to generate its own internal resources (as discussed in paragraph 3C.4).

A few cases of irregular disbursement of loan are discussed below:

3C.5.1 Shree Datamatics and other sister concerns, Kota

Term loans of Rs.10.42 lakh were released during June 1988 to December 1991 (Ist unit Rs.2.00 lakh up to August 1988, IInd unit Rs.1.99 lakh up to December 1988, IIIrd unit Rs.2.00 lakh up to February 1989, IVth unit Rs.2.00 lakh up to June 1989 and Vth unit Rs.2.43 lakh up to December 1991) by RFC to the five sister concerns (of one Taparia family) for job work on computers on different rented premises at Kota.

Disbursement of loan without evaluating satisfactory performance of units already financed caused loss of Rs.34.45 lakh.

On receipt of loans, computer systems were brought to one place by these sister concerns from separate rented buildings. These units did not perform well and were in chronic default in making repayment of RFC's dues but action to recover the dues of Rs.34.66 lakh by taking over the possession of these units was belatedly taken between July 1994 to November 1995. These units were put on auction several times but except one unit, which was sold for only Rs.0.21 lakh, other units could not be disposed of for want of suitable offer.

Thus, due to extending financial assistance to different units of one family without proper appraisal in regard to nexus amongst the promoters of units, failure to evaluate satisfactory performance of the units already financed and not invoking the personal guarantees of the promoter, RFC sustained a loss of Rs.34.45 lakh.

Government stated (September 1999) that efforts were being made to effect the recovery from the promoters/guarantors under section 31 (1) and 32 (G) of the SFC Act.

3C.5.2 Jaipur Electro (P) Limited, Jaipur

A loan of Rs.3.23 lakh was disbursed between May and September 1979 to Jaipur Electro (P) Limited, Jaipur (JEL) for manufacturing of distribution transformers. JEL was allowed to execute the loan documents by hypothecation of plant and machinery without getting mortage of land and building on the ground that there was sewer line where building was to be constructed and it would take time to get the site plan revised. A further loan of Rs.0.91 lakh was also disbursed (March 1982) to the unit against purchase of generating sets.

The unit defaulted in making payment of RFC's dues from the very beginning and became sick. It submitted a proposal for revival assistance which was rejected. In view of the heavy overdues accumulated to Rs.12.15 lakh as on 1 January 1991, it was decided to take possession of the unit on 4 February 1991.

The possession of the unit could not be taken as the unit was under possession of Urban Co-operative Bank (UCB), Jaipur. The possession was vacated in November 1994. Belatedly on inspection in January 1997, it was noticed that most of the machines were missing. After issue of legal notice (January 1997) to recover the over dues which accumulated to Rs.30.62 lakh up to February 1997, it was decided (March 1997) to take over possession of the unit but possession was not taken reasons for which were not on record.

Thus, disbursement of loan without identifying the piece of land where factory was to be established, non-mortgaging the assets created out of loan by the unit with RFC and not carrying out inspection on or after disbursement of loan had resulted in a loss of Rs.40.52 lakh (March 1999) to RFC.

RFC stated (August 1999) that the unit was inspected from time to time and further loan was disbursed after proper evaluation. The possession of the unit, however, could not be taken as the unit was being insisted upon to repay the dues for settlement of accounts under OTS Scheme and to get the plant & machinery verified but unit did not come forward to materialise the above issues. Ultimately it was decided (May 1998) to lodge FIR against the unit. FIR has, however, not been not lodged (September 1999).

Reply is not tenable as there was abnormal delay ranging between 27 months and 73 months in carrying out the inspection. Had the inspection been carried out in time, the fact about the seizure of assets of the unit by UCB, constraints to run the unit satisfactorily and missing of assets *etc.* would have come to the notice of RFC earlier. The reasons for not lodging FIR immediately against the unit when party was not responding to the references of the RFC since January 1997 and not getting the mortgage of land and building before disbursement of loan have, however, not been indicated in the reply.

3C.5.3 M/s Paharia Impressions (India) Limited, Jaipur

Request for a loan of Rs.34.31 lakh (23 December 1994) by Paharia Impression (India) Limited, Jaipur (PIL), promoted by Sh. Moolchand Paharia (Jain), Rajendra Kumar Paharia son of Moolchand Paharia, and Miss Lalita Paharia daughter of Mool Chand Paharia, to set up a unit for manufacture of exercise books, registers, stationery items *etc.* was turned down (4 March 1995) by the RFC on the ground of inefficiency of the promoters in running the commercial establishments in the past. On representation of the promoters (7 March 1995) the case was re-opened and a term loan of Rs.29.75 lakh was sanctioned (27 April 1995) of which Rs.24.56 lakh was disbursed upto June 1996. Subsidy of Rs.7.56 lakh was also disbursed in March /June 1996 treating the unit as a new SSI unit. The unit defaulted in making repayment since inception. As such in March/December 1997, legal notices under section 30 of the SFC's Act were issued but these could not be served as the unit had been closed down and whereabouts of promoters were not available. One of the promoter (Mool Chand Paharia) who gave collateral security of his properties at Beawar died on 9 February 1998. A proposal for mutual sale of the unit to Shri Gopal Sharma was submitted by PIL to RFC (June 1998). This proposal was approved by the Board (July 1998) but was cancelled (26 October 1998) due to non-compliance of the terms and conditions of mutual sale by the purchaser even then the unit is in the possession of the purchaser and in the knowledge of RFC. Despite this, RFC did not take any action to take over the possession of the unit. While submitting the factual report of the case to the Board (December 1998), the sickness of the unit were attributed to: Management failure, non-availability of working capital, lack of market, nature of machine and heavy investment in construction of buildings by promoters.

During scrutiny following points of interest were noticed:

(i) Promoters were engaged in different work relating to supply of cotton, spare parts *etc.* to a textile mill (Krishna Mills) which closed in 1988, the RFC did not enquire about the working of the promoters from 1988 to 1994.

(ii) The promoters were having properties in prime location at Jaipur, where the registered office of the Company was situated, but the RFC accepted the properties of Beawar as collateral security, reasons for which were not on record.

(iii) Credit worthiness of the promoters were enquired from the State Bank of India, Beawar, SBS Forgings Pvt. Limited and R.K. Marbles Limited which were not having business dealings with these promoters.

(iv) As per prescribed norms, every unit was to be inspected once in a year but in this case the unit was inspected only once (March 1998) after disbursement (June 1996) of the loan.

(v) The RFC did not ensure, the tie-up of the unit with State Bank of India, Jaipur for working capital assistance as envisaged in the loan proposal. Non-availability of working capital was one of the reason for sickness of the unit.

Thus, due to non-ascertainment of credit worthiness of the promoters, disbursement without ascertainment of availability of adequate working capital assistance from bankers, non-inspection of unit and not taking over the possession of the unit has resulted in non-recovery of outstanding dues (Rs.48.69 lakh) and subsidy (Rs.7.56 lakh) as on 30 June 1999.

3C.6 Recovery Performance

Recovery of loan instalments is pursued by respective branch offices, however, the Head Office monitors overall recovery position of RFC. In case of default, Section 29 of the SFC's Act, 1951 empowers the RFC to take over the management/possession of assets or both of the assisted units and to transfer by lease or sell the property pledged/mortgaged/hypothecated to realise its dues. Under Section 31 (1) (aa) of the Act *ibid,* RFC can invoke the personal guarantees of the promoters for repayment within due dates. For recovery of balance dues, after disposal of assets it can initiate a civil suit besides recover the dues as arrears of land revenue under section 32 G of the Act *ibid.*

RFC disbursed a sum of Rs.1489.62 crore to 51,508 units up to 1998-99, of which a sum of Rs.991.16 crore (Principal: Rs.680.56 crore and Interest: Rs.310.60 crore) was outstanding against 20,653 assisted units as on 31 March 1999. Of the outstanding amount as on 31 March 1999, an amount of Rs.230.13 crore (Principal: Rs.107.16 crore and Interest: Rs.122.97 crore) was overdue from 13,345 units. The details of the amount due (including interest) for recovery, target fixed, amount recovered during last five years up to 1998-99 are given in the table below:

Particulars	1994-95	1995-96	1996-97	1997-98	1998-99
	Amount : Rupees in crore				
1. Amount outstanding	751.90 (27777)	834.94 (25876)	887.94 (23853)	941.86 (21867)	991.16 (20653)
II. Amount overdue for recovery					
(a) Amount overdue at the beginning of year	158.13 (23016)	169.45 (19066)	178.40 (17461)	195.01 (15478)	211.02 (14030)
(b) Amount fallen due during the year	217.88	236.15	241.27	261.64	275.76
(c) Gross amount due for recovery (a+b)	**376.01**	**405.60**	**419.67**	**456.65**	**486.78**
(d) Amount rescheduled/deferred/ adjusted and involved in units under possession	50.40	50.62	29.89	49.65	50.51
(e) Net amount recoverable (c-d)	**325.61**	**354.98**	**389.78**	**407.00**	**436.27**
III. Targets for recovery	155.00	175.00	200.00	230.00	205.00
Percentage of targets to net amount recoverable	47.60	49.30	51.31	56.51	46.99
IV. Amount realised					
(a) Old dues	44.14	50.96	50.85	46.87	48.93
(b) Current dues	112.03	125.62	143.93	149.11	157.21
(c) Total	**156.17**	**176.58**	**194.78**	**195.98**	**206.14**
V. Amount overdue at the end of year	169.44 (19066)	178.40 (17461)	195.01 (15478)	211.02 (14030)	230.13 (13345)
VI. Percentage of recovery against					
(a) Net recoverable	47.96	49.74	49.97	48.15	47.25
(b) Overdues (Old dues)	27.91	30.07	28.50	24.03	23.19
(c) Current dues	51.42	53.20	59.66	56.99	57.01
(d) Targets	100.75	100.90	97.39	85.21	100.56

Note: Figures in bracket indicate the number of units.

In this connection following observations are made:

Targets fixed for recovery were much less than the norm suggested by the consultant.

(i) It would be observed that targets of recovery fixed by RFC ranged from 46.99 to 56.51 *per cent* only of the net amount recoverable. Thus, the targets itself were fixed very low to show better achievement in recovery. Keeping in view the low percentage of recovery, A.F. Furguson & Company, a consultant appointed (May 1995) by RFC, recommended (February 1996) that recovery targets should be raised to 75 to 90 *per cent* of net recoverable amount to avoid dependency on refinance. The percentage of recovery against net recoverable amount was less than 50 *per cent* in all the years. RFC stated (August 1999) that low recovery is due to industrial recession in recent years.

(ii) Separate targets for recovery of old and current dues were not fixed which has adverse effect on the recovery of old dues as the percentage of recovery of overdues (old dues) constitutes only 23.19 *per cent* to 30.07 *per cent* of the recoverable amount for the five years up to 1998-99 as compared to 51.42 *per cent* to 59.66 *per cent* for current dues. Low recovery against old arrears indicates that concrete efforts were not made for making recovery from chronic defaulters.

(iii) Out of overdues of Rs.230.13 crore as on 31 March 1999, a sum of Rs.160.63 crore was overdue for a period over two years representing 69.80 *per cent* of total defaults.

In view of poor recovery performance, the IDBI in their performance evaluation report (October 1998) recommended that RFC should give special emphasis to step up recoveries of overdues. Action on this recommendation has not been initiated (July 1999).

3C.6.1 Lack of monitoring/inspection

Inspection without reports defeats the very object of inspection.

During the currency of disbursement of loan, every assisted unit is required to be inspected at least once in 6 months by a team of officers of disbursement/technical cell to ascertain progress of implementation of project, identify the areas of slow progress, reasons for slow progress, action taken for early completion of the project and to ensure that loan was utilised for the very object for which it was sanctioned. As per records, RFC conducted visit/inspection of the units but facts of inspection regarding progress of the project was not reported to respective Branch Manager and as such it is doubtful whether inspection was at all carried out. Thus, the very object of the inspection had been defeated. Further as a result of improper monitoring and lack of inspection, RFC could not lay hand on the assets and whereabouts of the promoters as discussed in paragraphs 3C.12 and 3C.13.

Few cases of improper monitoring are given below:

3C.6.1.1 Bub Pac (India) Private Limited, Bhiwadi

Delay in inspection made the chances of recovery of Rs.68.46 lakh remote.

A term loan of Rs.27.85 lakh was disbursed (up to 1 September 1993) to Bub Pac (India) Private Limited, Bhiwadi for setting up a unit for manufacturing copper bars, rods and strips at Industrial Area, Bhiwadi. Subsidy of Rs.5.42 lakh was also disbursed (up to 25 August 1992) to the unit. The unit defaulted in making repayment of RFC's dues since inception, however, legal notice under Section 29 of SFC's Act, 1951 was issued only in December 1995. Unit was inspected for the first time on 1 March 1997 and it was noticed that the unit has been closed. As on 31 March 1999, a sum of Rs.68.46 lakh was outstanding against the unit. Thus, due to delay in inspection of the unit the chances of recovery of Rs.68.46 lakh became bleak.

The Government stated (September 1999) that possession of unit was taken over in April 1999 but assets could not be disposed of as the appeal of the unit for not disposing of assets was under consideration with State Level Committee. RFC, however, did not furnish the reasons for not initiating action in time when unit was in default since inception.

3C.6.1.2 Vimal Agro and Foods Company, Alwar

A term loan of Rs.16.25 lakh was sanctioned (July 1992) to Vimal Agro and Foods Company, Alwar for setting up a unit for manufacturing animal feed against which a sum of Rs.7.80 lakh was disbursed (up to July 1993). RFC did not monitor the activities of the unit up to December 1995 and inspected the unit for the first time in January 1996 when it was noticed that due to some dispute between the partners the unit could not be commissioned and was abandoned.

The possession of the unit was taken over only on 13 December 1996. The unit was put to auction 13 times but no buyer turned up. Non monitoring/inspection of the unit after disbursement of loan has, thus, resulted in non-recovery of outstanding dues of Rs.17.63 lakh.

3C.6.2 Inaction for recovery

For any financial institution recovery of dues is essential for recycling of funds; as such utmost care and all possible efforts/steps are required to be taken to improve the recovery performance. It was, however, observed that RFC was not taking timely action in this regard. A few cases where action to recover dues was not taken are discussed below:

3C.6.2.1 Ummed Textile Mills (P) Limited, Jodhpur.

RFC disbursed (up to September 1980) a term loan of Rs.29.50 lakh to Ummed Textile Mills (P) Limited, Jodhpur for setting up a processing house for processing synthetic fabrics at Heavy Industrial Area, Jodhpur. The unit defaulted in making repayments of loan since beginning. A legal notice under Section 30 was issued belatedly in October 1989 for recovery. Aggrieved due to charging of compounding of penal interest, the promoters approached (January 1990) the High Court for a relief. The Hon'ble Supreme Court held (July 1997) that RFC had a right to charge penal interest which should not be compounded. Based on above decision, the net balance recoverable was worked out to Rs.32.05 lakh in October 1997. RFC, however, did not initiate any action to recover the dues despite order of the Court in its favour.

In the meantime the promoter took shelter of RFC's OTS Scheme and applied (21 August 1997) for settlement of their account and made a payment (3 October 1997) of Rs.15 lakh in lump sum in full and final settlement which was not even sufficient towards recovery of principal Rs.18.76 lakh at the time of settlement. Thus, due to allowing the unit to settle the case under OTS scheme, RFC sustained a loss of Rs.17.05 lakh.

The Government stated (September 1999) that case was settled on the request of the party by charging documented concessional rate of interest and waiving entire penal interest for which the Board was fully competent. Reply is not tenable as in this case the Supreme Court had already upheld the right of the Board to charge penal interest without compounding, thus, relaxation was undue favour shown to the loanee and was against the interest of RFC.

3C.6.2.2 Manoj Industries, VKIA, Jaipur

For want of permission from competent authority action to recover Rs.1.23 crore not initiated.

In order to recover dues of Rs.22.51 lakh, Manoj Industries, Jaipur was taken over by RFC in March 1988. The unit was handed back (April 1988) to the promoter on receipt of Rs.2 lakh and 3 post-dated cheques of Rs.1 lakh each. The post-dated cheques so received were dishonored by the Bank for which no action has been taken (September 1999) to initiate criminal case against the party under Negotiable Instrument Act. To avoid taking over of assets by RFC promoter filed a civil suit for obtaining stay in the matter. The Court directed the unit to pay Rs.3.50 lakh by 31 July 1988, however, the same was not deposited by the unit. In the meantime, the overdues increased from Rs.68.29 lakh as on 1 April 1995 to Rs.118.65 lakh as on 1 October 1998. The case remain unattended for more than 8½ years reasons for which were neither on record nor intimated to audit. Belatedly (in January 1997), a legal notice to recover dues was issued and action under section 29 of the SFC's Act, 1951 was initiated which was stayed (February 1997) by the Court and subsequently vacated in September 1998. The Branch requested (September 1998) to accord permission to take over the assets, however, no further action was taken against the unit for want of permission from appropriate authority to recover dues which mounted to Rs.1.23 crore in March 1999.

The Government stated (September 1999) that even after vacation of stay (September 1998) by the Court, the assets of the unit were not taken over as party approached to settle the case under OTS Scheme and it was decided by RFC (February 1999) to settle the case at Rs.0.36 crore by charging simple documented rate of interest. Reply is not acceptable as despite having bad experience about non-fulfillment of committed assurance given by the party in the past, RFC accepted the proposal of the party, which would result in loss of Rs.0.87 crore.

3C.6.3 Scheme of One Time Settlement of dues

A relief of Rs.39.04 crore was allowed under OTS Scheme against dues of Rs.84.22 crore.

RFC introduced OTS Scheme in October 1993. Initially the scheme was implemented up to February 1994 to cover the loan cases up to Rs.25000 and was extended from time to time up to March 1996 to include cases of loans below Rs.2 lakh, which was subsequently increased (December 1996) to Rs.50 lakh. From November 1997, the scheme was made applicable in all cases irrespective of any monetary ceiling and periodicity of disbursement. Under the scheme, amount of principal together with interest (excluding penal interest) was to be recovered from the units according to the classification/category of the loan account. However, in exceptional cases, settlement was allowed after recovering principal or part of the principal according to merits of each case.

From October 1993 to March 1999, RFC settled 7,946 outstanding cases involving an amount of Rs.84.22 crore after realising Rs.45.18 crore and allowed a relief of Rs.39.04 crore.

Following irregularities were noticed in the implementation of the scheme:

(i) RFC did not maintain the records relating to relief granted towards principal, interest, penal interest and other money. It was, however, noticed that in 297 cases settled during the year 1997-98, principal amounting to Rs.2.04 crore was also allowed as relief;

(ii) The scheme was meant to help the genuine defaulters, however, in case of 121 loanees (outstanding: Rs.1.69 crore) who were regular in repayment and falling under category of standard assets were also settled for Rs.1.37 crore, consequently RFC sustained a loss of Rs.0.32 crore for which there was no justification on record.

Cases were settled *suo-moto* without receipt of any amount due to which there was loss of Rs.1.90 crore

(iii) During the years 1993-94 to 1997-98, 722 cases of Rs.1.90 crore were settled "*suo-moto*" by RFC without receipt of any amount from borrower and issued no dues certificate to them and thus, sustained a loss of Rs.1.90 crore;

(iv) RFC settled 7 cases (outstanding amount Rs.1.96 crore) for Rs.0.66 crore when the market realisable value (MRV) of assets as assessed by RFC was Rs.4.07 crore. Thus, RFC sustained a loss of Rs.1.30 crore.

(v) While settling cases under OTS scheme, RFC did not make cost benefit analysis indicating average yield on advances and the average cost of funds borrowed. In test check, audit observed that 38 cases were settled after recovery of Rs.0.13 crore as against the cost of Rs.0.28 crore.

(vi) Originally the scheme was to be implemented for a limited period which was subsequently made a regular/on going scheme covering cases without any limit/period which has led to loanees making payment only under OTS package. This resulted in conversion of standard assets into doubtful and loss assets which increased from Rs.165.72 crore at the end of March 1995 to Rs.267.30 crore at the end of March 1999; and

(vii) Besides incurring loss of Rs.39.04 crore under OTS, recovery performance showed negative trend as the recovery *percentage* of old dues fell down to 23.19 *per cent* in 1998-99 as compared to 27.91 *per cent* in the year 1994-95.

RFC stated (August 1999) that OTS Scheme was introduced to recover the locked up amount from the concerns which were not paying the dues of RFC and cases were settled as per provisions of the scheme. The reply is not tenable as cases were settled even where parties were regular in payment or there was no request from the loanee as mentioned in (ii) and (iii) above. RFC, however, did not reply to the various points raised above. It will be seen from the above that the implementation of the Scheme generally provided undue benefit to the loanees.

A few cases settled in violation of the scheme are discussed below:

3C.6.3.1 Grip India, V.K.I.A., Jaipur

Undue benefit of Rs.23.25 lakh passed on in settlement of case not covered under the scheme.

The promoter of Grip India, VKIA, Jaipur applied (January 1996) for settlement of the accounts (Total dues: Rs.96.84 lakh including interest Rs.86.54 lakh) under OTS Scheme by recasting the accounts since inception. At the time of settlement (February 1996), the case was not covered under OTS Scheme being the amount of loan was exceeding ceiling of Rs.2.00 lakh. However, RFC settled the case for Rs.21.09 lakh (Principal: Rs.10.30 lakh and Interest: Rs.10.79 lakh). Loanee discharged its liability by dispose of a piece of land.

It is pertinent to mention here that at the time of settlement of dues (February 1996) the MRV of the mortgaged assets was Rs.34.34 lakh. Besides, the loanee also offered (July 1996) to sell his house valued at Rs.10 lakh for payment of the dues of RFC. Thus, against the offer of Rs.44.34 lakh RFC recovered only Rs.21.09 lakh and extended undue benefit of Rs.23.25 lakh to the loanee.

The Government stated (September 1999) that Board has full power regarding settlement of any account and settled the case over and above the MRV (Rs.17.50 lakh) as assessed by the technical officers and promoters were allowed to clear the account out of the sale proceeds of the land. The promoters proposal to make payment after sale of their residential house was not taken into account as residential house was not kept as collateral security.

Reply is not tenable as it was indicative of extending undue benefits to the party without watching the interest of RFC as the:

(a) MRV of Rs.17.50 lakh assessed by RFC for land, building and plant & machinery was not realistic for the reason that the total cost of land (2500 sq. mtrs.) alone worked out to Rs.27.50 lakh on the basis of the rates on which part land (824 sq. mts. @ Rs.1101 per sq.mts.) was sold.

(b) the promoters being personal guarantors for repayment of loan, thus, decision of non-acceptance of offer of the promoters to repay loan out of sale proceeds of their residential house was imprudent.

3C.6.3.2 United Agencies Limited, Jaipur

Due to continuous default in repayment of dues since 1994-95, the possession of United Agencies Limited was taken over (January 1997) by RFC to recover the due of Rs.58.88 (July 1996) lakh and on auction (March 1997) received a cash down bid of Rs.100 lakh. However, on request of the promoter, RFC disregarding its own financial interest deferred the sale of the unit and settled

(March 1998) the case for Rs.23.28 lakh against the outstanding amount of Rs.77.46 lakh (October 1997) resulting in a loss of Rs.54.18 lakh for which there was no justification on record.

The Government stated (September 1999) that on receipt of request from the promoters to settle the account, the case was settled and after receipt of settled amount, the unit was handed over back in July 1999. Reply is not tenable as to act on the request of the promoter without watching the interest of RFC was not a judicious decision.

3C.6.3.3 Hotel Goyal, Jaipur

To recover its dues (Rs.39.60 lakh) RFC took over possession of the assets of the unit on 12 December 1996. The loanee was allowed 33 *per cent* waiver of penal interest under the scheme of OTS provided the entire dues are cleared up to 31 March 1997. The promoter again approached (11 August 1997) RFC with a fresh request to waive entire penal interest (Rs.10.36 lakh).

In violation of its Procedure and Guidelines and ignoring the advice of DGM (R) and earlier decision of January 1997, the CMD of RFC got recasted (30 September 1997) the accounts of the unit *ab-initio* as per convenience of the promoter and extended an undue benefit of Rs.10.36 lakh which lacked justification.

The Government stated (September 1999) that account was settled as per OTS Scheme in force. Reply is not tenable as the OTS Scheme was introduced with the object of extending help to genuine defaulting sick units. Thus, to settle the account of a regular profit making unit was against the very object of the OTS Scheme.

3C.6.3.4 Sunrise Rubber Industries Limited, VKIA, Jaipur

To recover its dues (Rs.23.77 lakh including interest), RFC took over possession (31 July 1996) of the assets of Sunrise Rubber Industries Limited, Jaipur and put it for auction. In auction (April 1997) a bid of Rs.45.25 lakh on deferred payment basis and of Rs.39.85 lakh on cash down basis was received as against the total dues of Rs.23.77 lakh. RFC missed this opportunity and on the request of the promoter gave back (August 1997) possession of the unit to the promoter after settling the case for Rs.13.80 lakh under OTS Scheme. Of Rs.13.80 lakh, a sum of Rs.5.00 lakh was received in cash. The cheques of Rs.8.80 lakh drawn (August 1997) by the promoter were, however, dishonoured (September 1997) by the Bank. RFC did not initiate action against the unit either under Negotiable Instruments Act for dishonor of the cheques or to take over possession of the unit.

Thus, due to non-availing of opportunity to dispose off the assets, RFC sustained a loss of Rs.18.77 lakh which lacked justification.

3C.6.4 Non-recovery of deficit amount

Civil suits (1016 cases) for Rs.37.32 crore were not filed for recovery from guarantor and awarded decrees (66 cases) for Rs.1.39 crore not got executed for want of details of promoters.

In a test check of 1336 units sold up to 31 March 1998 leading to deficit of Rs.43.66 crore, it was seen in audit that:

(i) RFC did not initiate any action to file civil suit against 1016 cases involving Rs.37.32 crore for recovery from the personal guarantor and a sum of Rs.15.92 crore (459 loanees) was written off during 1994-95 to 1997-98 without processing the case for recovery as arrear of land revenue.

(ii) Of the remaining 320 cases (Rs.6.34 crore) for which civil suits were filed, decrees awarded by the Court for Rs.1.39 crore (66 cases) could not be executed for want of details of the properties of promoters and remaining cases were still subjudice.

RFC stated (August 1999) that efforts were being made to trace out the details of properties of the promoters. A system to fix separate targets for recovery of deficit/decreed amount has been introduced for the year 1999-2000.

3C.6.4.1 Due to default in making the payment of Rs.58.65 lakh, the assets of Shri Niwas Metals Limited, Jaipur was taken over by the RFC in February 1997. These assets were sold (January 1998) to Pratap Automobiles for Rs.38.06 lakh for cash down payment. For recovery of deficit amount of Rs.20.59 lakh, no action was taken against the guarantor despite lapse of more than 20 months.

The Government stated (September 1999) that for the deficit amount, notice was being issued to the party under section 32-(G) of SFC Act to recover the dues as arrears of land revenue.

3C.7 Classification of outstanding loans

In the case of financial corporations, the IDBI had classified (March 1994) loans into four groups *viz.*: Standard[1], sub-standard[2], doubtful[3] and loss assets[4] which are based on the possibility of recovery of loans. According to these

1 The repayments are regular.
2 Loans as well as interest which remains overdue over a period for one year but not exceeding two years.
3 Loans as well as interest which remains overdue beyond two years.
4 Loans for which loss has been identified but not written off wholly or partly.

guidelines of the IDBI, RFC has classified its loans during the last five years ending 31 March 1999 as follows:

	Particulars	**1994-95**	**1995-96**	**1996-97**	**1997-98**	**1998-99**
				(Rupees in crore)		
(i)	Loans outstanding at the close of the year.	574.61	628.19	662.80	688.48	680.56
(ii)	**Classification of loans**					
(a)	Standard	320.57	320.12	349.40	356.84	313.95
(b)	Sub-standard	88.32	115.13	104.55	100.35	99.31
(c)	Doubtful	154.94	173.79	178.31	194.41	247.98
(d)	Irrecoverable(loss)	10.78	19.15	30.54	36.88	19.32
(e)	Percentage of sub-standard, doubtful & irrecoverable assets to total recoverable dues.	44.21	49.04	47.28	48.17	53.87

- From the above it would be observed that non-performing assets (sub-standard, doubtful and loss assets) had increased from 44.21 *per cent* in 1994-95 to 53.87 *percent* in 1998-99 to total recoverable amount which indicate improper disbursement of loan as well as lack of efforts for recovery.

Increase in NPA adversely affected the financial health of RFC.

- The heavy accumulation of non-performing assets resulting from poor recovery of loans had been affecting the financial position adversely as to the extent of un-recovered amount which increased from Rs.169.44 crore in the year 1994-95 to Rs.230.13 crore in the year 1998-99, the RFC had to make payment to financial institutions/banks from the borrowed funds with the result the interest burden has increased from Rs.57.38 crore in 1994-95 to Rs.77.65 crore in the year 1998-99.

- It is also pertinent to mention here that RFC had not classified outstanding interest (Rs.310.60 crore as on 31 March 1999) into above mentioned categories. Audit observed that out of Rs.310.60 crore, a sum of Rs.89.78 crore fall under the category of doubtful assets, the chances of whose recovery were remote.

RFC stated (August 1999) that a system to appoint nodal/link officer has now been introduced to monitor the recovery performance at various levels.

3C.8 Reschedulement of loans

RFC grants reschedulement for repayment of loan/instalments as well as interest due as a measure of relief to prevent further default. The amount of loans and interest rescheduled during the last five years ended 1998-99 aggregated Rs.47.10 crore in 378 cases.

A study of 111 cases of reschedulement of Rs.18.64 crore (Principal: Rs.18.26 crore and Interest: Rs.0.38 crore) with a relief of penal interest Rs.0.31 crore revealed that loanees (94) continued to default even after reschedulement and an amount of Rs.12.83 crore (Principal: Rs.8.14 crore and Interest: Rs.4.69 crore) was overdue as on 31 March 1999. Accumulation of dues was mainly due to the fact that there was no system to watch the performance of the units after reschedulement. Thus, the very object of reschedulement remained unachieved.

The Government stated (September 1999) that cases of reschedulement of loan were being reviewed regularly to ensure that there would not be any re-default. However, in the cases seen in audit there was no indication that any action was taken to review the cases and avoid re-default.

3C.9 Rehabilitation of sick units

In association with IRBI[1], IDBI[2] and SIDBI[3] *etc.* RFC extends additional financial assistance for rehabilitation/revival of sick and closed industries in small and medium sector with the objective of making them functionally viable for meeting their requirements of working capital, preliminary expenses, margin money *etc.* at a concessional rate of interest up to 11.5 *per cent.*

During the year 1993-94 to 1998-99, RFC considered 133 sick units potentially viable for the purpose of rehabilitation/revival against whom a sum of Rs.27.84 crore was outstanding. Out of 133 units, 76 units were granted rehabilitation financial assistance of Rs.2.82 crore.

In a test check of records of 38 units, it was seen that in addition to financial assistance of Rs.0.51 crore, other relief by way of waiver of interest (Rs.1.33 crore), funding of interest (Rs.2.80 crore) and reschedulement of loan (Rs.3.68 crore) were also given. Audit noticed that 26 units to whom rehabilitation assistance of Rs.0.43 crore was granted continued to default in repayment of overdue loans including interest amounting to Rs.7.93 crore (Outstanding: Rs.8.85 crore) as on 31 March 1999. Out of these 26 units, eight units could not implement the rehabilitation package for want of working capital and requisite contribution from the promoters while 18 units were again closed of which seven units were referred to BIFR[*] between March 1990 and May 1993, five units were taken into possession by RFC during January 1997 to June 1998 and six units are yet to be taken into possession by RFC (July 1999). These facts indicate that selection of the units for rehabilitation was made without analysing the viability of the projects before granting relief for rehabilitation.

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[1] Industrial Reconstruction Bank of India
[2] Industrial Development Bank of India
[3] Small Industries Development Bank of India
[*] Board for Industrial & Financial Reconstruction.

3C.10 Delay in disposal of units taken over

As on 31 March 1999, RFC was having 1141 units in its possession to recover its dues amounting to Rs.164.39 crore of which 498 units (Rs.62.10 crore) were in possession from more than 3 years. These units were awaiting disposal for want of suitable buyers, land dispute or being subjudice *etc*. RFC had been spending Rs.4.66 crore annually on the watch and ward of these units.

RFC stated (August 1999) that a new system has been introduced to monitor/ensure the early disposal of the assets of the units taken over.

3C.11 Non-availability of assets of assisted units

Assets were missing or promoters were not traceable for recovery of Rs.15.87 crore.

During the last five years up to the year 1998-99, RFC had written off Rs.3.90 crore (including interest) against 951 units where the assets were fully missing/whereabouts of promoters were not available. In addition to this, it was observed that in case of 1047 units against whom a sum of Rs.15.87 crore was outstanding as on 31 March 1999 either some assets were missing or promoters were not traceable. These facts indicate that there was no proper monitoring/inspection during and after implementation of the project.

The Government stated (September 1999) that as per policy, the FIRs were being lodged for such assets. Reply is not convincing as reasons for not closely monitoring the project during implementation were not intimated and the details of FIRs lodged in the cases pointed out by audit were not furnished.

3C.12 Recovery as land revenue arrears under section 32-G of SFC's Act, 1951

In case of non-recovery, RFC can make an application in the prescribed manner to the State Government or the specified authority for recovery of the amount due as arrears of land revenue. As on 31 March 1999, there were 1731 defaulters having dues of Rs.19.32 crore in 41 branches where RFC had no securities. Of these 1731 units, recovery action as land revenue arrears under section 32-G had been taken against only 106 defaulters (dues not ascertained by RFC) during 1992-93 to 1998-99 but no amount could be realised (April 1999) for want of details/whereabouts of properties of loanees/guarantors.

The Government stated (September 1999) that action for recovery as land revenue arrears depends upon the availability of the property belonging to entrepreneurs. Reply is indicative of lack of proper monitoring.

Conclusion

RFC was formed to provide loans to small and medium industrial units to accelerate industrial growth in the State. Ineffective management of the corporation leading to not following its own laid down procedures for sanction and disbursement of loans, lack of monitoring of recovery and imprudent settlement of cases under OTS Scheme, RFC has not only put its funds at stake but has also adversely affected the generation of its own resources, thereby affecting the financial health of the organisation and limiting its loan disbursement activity for which it was formed. In view of this, RFC needs to take urgent steps to (i) effectively follow its own laid down procedure in sanction/disbursement and (ii) improve the recovery performance by proper monitoring to reduce over-dependence on borrowed funds.

Chapter-IV

MISCELLANEOUS TOPICS OF INTEREST RELATING TO

4A. GOVERNMENT COMPANIES

4B. STATUTORY CORPORATIONS

CHAPTER-IV

Miscellaneous topics of interest

Chapter IV

Miscellaneous topics of interest relating to Government companies and statutory corporations

4A GOVERNMENT COMPANIES

4A.1 GENERAL

4A.1.1 Expenditure on Foreign Travels

Payment of daily allowance and other expenses to the Government/PSU's officers over and above the admissibility as per rules and guidelines of the Government/RBI* has resulted in excess/irregular payment of US$ 78559 (Rs.28.68 lakh).

(A) Excess Payment of Daily Allowance to Government Officers

Extra payment of daily allowance to Government officers while on foreign tours.

As per the orders of Ministry of Finance issued in February 1993 and May 1996, an officer holding charge of the Chairman/Managing Director/Director of a public sector undertaking (PSU)/autonomous body in addition to his regular charge in Government is entitled to TA & DA as admissible to him in Government as per Government rules. However, in audit scrutiny of the records for the period from 1994-95 to 1997-98, it was noticed (June 1999) that in case of two PSUs (Rajasthan State Hotels Corporation Limited and Rajasthan Paryatan Vikas Nigam Limited), three Government officers who undertook foreign tour between November 1994 and March 1998 were paid daily allowance as per PSU rate. This resulted in excess payment of daily allowance and other expenses of US$ 12483 (Rs.4.33 lakh) as per details given in Annexure-21. This included a sum of US$ 2350 (Rs.0.85 lakh) in respect of these officers who stayed abroad beyond their approved tour programme.

Government stated (September 1999) that one officer was permitted to travel abroad in his capacity as Managing Director of Rajasthan State Hotels Corporation Limited and as such payment admissible to PSU officers was correct. Reply is not tenable in view of Government of India's order of February 1993 and May 1996 as quoted above as the officer was holding additional charge of that post. Argument of Government that over stay of the

* Reserve Bank of India

officer was due to non-confirmation of return air ticket is also not tenable as over stay was not approved by the Government.

(B) Excess/Irregular payment of daily allowance to the officers of PSUs.

As per Government of India orders (September 1995, August/November 1996) the officers of PSU's are allowed daily allowances as per rates prescribed for each country by Ministry of External Affairs (MEA). In addition, reimbursement of actual room rentals for accommodation in empanelled hotels are also allowed on submission of T.A. bills alongwith supporting hotel bills/receipts. However, test check of T. A. claims for the period 1995-96 to 1997-98 revealed the following :

Reimbursement of Rs. 20.18 lakh (US $ 56078.39) was allowed to officers without production of supporting vouchers.

(i) In these PSU's (Rajasthan State Mines and Minerals Limited, Rajasthan Paryatan Vikas Nigam Limited and Rajasthan State Industrial Development and Investment Corporation Limited) 18 officers had undertaken foreign tours between November 1994 and November 1998 and were paid consolidated amount of US$ 73685 (Rs. 26.25 lakh) in respect of daily allowance and expenses without production of supporting vouchers. Thus, the correctness of the amount paid to these officers could not be ensured in audit in the absence of supporting vouchers. This has resulted in irregular payment of US$ 56078.39 (Rs. 20.18 lakh) as detailed in Annexure – 22(A).

In respect of Rajasthan Paryatan Vikas Nigam Limited, Government stated (October 1999) that officers concerned have been asked to submit detailed account, while in respect of RSMML*, Government stated (September 1999) that the DA approved by RSMML was less than RBI rates and as such production of supporting vouchers was not mandatory. Reply is not tenable since according to Government of India's order (September 1995), not only Government officers but also PSU employees were supposed to render account on return from foreign tours which was not submitted.

DA was paid in excess of number of days spent in foreign country.

(ii) In case of one PSU (Rajasthan State Mines and Minerals Limited), three officers undertook foreign tours between May 1995 and October 1996 and claimed daily allowance for one day in excess of the number of days spent in foreign country which resulted in excess payment of US$ 750 (Rs.0.24 lakh) as detailed in Annexure-22 (B).

Government stated (September 1999) that action was being taken to recover the excess payment.

Claim of loss of baggage and entertainment expenses *etc.* were allowed incorrectly.

(iii) In case of one PSU (Rajasthan State Mines & Minerals Limited) the Managing Director was on foreign tour from 6.10.95 to 9.10.95 and the expenditure on travel, accommodation, transportation *etc.* was to be borne by the sponsoring agency. However, he claimed daily allowance (Rs.0.42 lakh) at full rate instead of one-fourth rate. He also claimed loss of baggage (Rs.0.09 lakh), entertainment expenses (Rs.0.12 lakh) and conveyance charges (Rs.0.09 lakh) in addition to consolidated amount, which was not admissible as per

* Rajasthan State Mines and Minerals Limited

Government rules. This resulted in excess payment of US$ 1772.61 (Rs.0.61 lakh) to him as detailed in Annexure-22 (C).

Government stated (September 1999) that instead of Shri Deb, Shri N.S. Bohra was treated as State guest, hence full DA paid to Shri Deb was in order. However, no such orders have so far been issued by the Government (September 1999). Even otherwise, Shri Deb is not entitled to full DA at PSU rates.

DA at full rate was allowed though officers were State Guest.

In case of one PSU (Rajasthan Paryatan Vikas Nigam Limited) the Chairman and Manager were on tour to Kenya from 18.8.95 to 28.8.95 and 17.8.95 to 28.8.95 respectively as State Guest and they were entitled for only ¼ daily allowance against which both the officer claimed a lump sum amount of US$ 7100 (Rs.2.27 lakh) on account of entertainment expenses and daily allowance. This resulted in excess payment of US$ 5575 (Rs.1.79 lakh) as detailed in Annexure –22 (C).

TA claim was allowed for un-approved programme.

(iv) In case of one PSU (Rajasthan State Mines and Minerals Limited), three officers visited places (as shown in "D" of Annexure-22) which were not included in the approved tour programme. This resulted in irregular payment of US$ 1900 (Rs.0.63 lakh) including the payment of daily allowance to one officer in foreign currency while in India.

Government stated (September 1999) that it has already regularised the programme of Shri Deb from 11 October 1995 to 13 October 1995. Reply is not tenable as Shri Deb reached Dubai at 00.35 hrs. on 12 October 1995. Hence his claim from 10 to 11 October was in deviation of approved programme and irregular.

Recovery of conveyance charges, incurred by foreign embassy has not been made.

(v) In case of one PSU (Rajasthan State Industrial and Investment Development Corporation Limited), three officers (as shown in "E" of Annexure-22) undertook foreign tours from 22 May 1997 to 2 June 1997 for which foreign embassy had also incurred an amount of Rs.0.90 lakh, on account of conveyance charges which was recoverable from them but the same, was not recovered.

Thus, payment of daily allowance and expenses to the Government/PSU's officers over and above the admissibility as per rules and guidelines of the Government/RBI has resulted in excess/irregular payment of US$ 78559 (Rs.28.68 lakh).

4A.1.2 Purchases of Vehicles, Air Conditioners, Mobile Phones *etc.* in contravention of Government Orders

Four Companies and one Corporation purchased various items worth Rs.22.46 lakh defeating the very object of imposition of ban by the State Government to enforce economy in the expenditure.

In order to enforce economy in administrative expenses and to avoid unproductive/unnecessary expenditure in State Public Sector Undertakings (PSU's), the State Enterprises Department of Government of Rajasthan imposed (February 1997 and December 1997) complete ban on the purchase of vehicles, air-conditioners, desert coolers, water coolers, furniture and fixtures, photocopiers, all items of furnishing and new telephones *etc.*

However, it was noticed in audit (November 1998) that violating the instructions *ibid* Vehicles, Air Conditioners, Mobile Phones and Colour Television *etc.* worth Rs.22.46 lakh were purchased (1996-97 and 1997-98) by four Companies (Rajasthan Small Industries Corporation Limited, Rajasthan State Mines and Minerals Limited, Rajasthan State Industrial Development and Investment Corporation Limited and Rajasthan State Ganganagar Sugar Mills Limited) and one Corporation (Rajasthan State Warehousing Corpoation).

Two mobile phones valued at Rs.0.32 lakh purchased (February/August 1998) by RSGSM (Rs.0.14 lakh) and RSIC (Rs.0.18 lakh) were issued to State Ministers for their use. Thus, purchases of mobile phones were not for bonafide use of these Companies.

RIICO, RSMM, and RSWC stated (March and April 1999) that vehicles were purchased against replacement of condemned vehicles while RSIC stated (June 1997) that instructions of the Government were recommendatory and not mandatory. Replies are not tenable because according to instructions for the purchase of restricted items, approval of Chief Minister was essential which was not obtained in any case. Thus, the very object of imposition of ban to enforce economy in the expenditure has been defeated.

The matter was brought to the notice of the Government in February 1999, however, reply was awaited (August 1999) except in case of RSWC/RSMML, where the State Government endorsed (April/August 1999) the views of RSWC/RSMML.

4A.2. Rajasthan Paryatan Vikas Nigam Limited

Unauthorised travelling facility in Palace-On-Wheels

Complementary travels of Rs.38.93 lakh was provided to the unentitled persons.

The POW* is operated for 8 months (September to April) and operational and maintenance cost of its track is borne by Railways whereas expenditure incurred on lodging and boarding, sightseeing of passengers, marketing and publicity of POW is borne by RPVN**

To gain publicity mileage by hosting media and travel agents as also other opinion makers, the Board of RPVN authorised (June 1995) the Managing Director RPVN to allow four pax (passengers) per trip (two for Railway and two for RPVN) as complementary travel in POW in addition to any media effort or public relation exercise. From the year 1997-98, the quota was increased to eight pax per trip (four for Railways and four for RPVN) and would be on aggregate basis for the quota utilised in past trips. However, RPVN did not maintain any record for justifying the complimentary travel facility provided to the persons who were meant for business promotion.

Complementary travel facility of Rs.38.93 lakh was allowed unjudiciously.

The records of complementary travel allowed to 179 pax during 1997-98 were test checked in audit (February 1999) and it was observed that out of these 179 complementary travels, 32 persons were recommended by RPVN/Tourism Department and 27 persons by Railway Board and had no relation to the publicity campaign. Providing complementary travel of Rs.38.93 lakh including Rs.3.61 lakh being the cost of food *etc.* supplied to these persons was not beneficial in any way to the business interest of the RPVN and not for the purpose for which the Managing Director was authorised to provide the complementary travel.

Government stated (September 1999) that on an average the complementary travel allowed were not exceeding the prescribed quota. The reply is not relevant since the facility was extended to the persons who did not fall under the parameters of complementary passes.

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* Palace On Wheel

** Rajasthan Paryatan Vikas Nigam Limited

4A.3 Rajasthan State Handloom Development Corporation Limited

Implementation of District Rural Industrial Programme

Out of the funds of Rs.180 lakh received to implement the DRIP scheme, a sum of Rs.10.91 lakh was utilised to meet administrative expenses and yarn (Rs.61.74 lakh) purchased under this scheme was utilised for other schemes.**

With a view to provide employment to 1205 registered weavers of nine districts: Ajmer, Alwar, Bikaner, Dausa, Jodhpur, Kota, Sawaimadhopur, Sikar and Udaipur, throughout the year on assured basis, the RSHDC* raised loan of Rs.180 lakh in April 1995 from the Bank of Rajasthan and launched a scheme of DRIP. According to the scheme, the RSHDC was to provide yarn on quarterly basis to the weavers for weaving cloth for which weaving charges at prescribed rates were to be paid. Cloth so produced was to be sold by the RSHDC through its own marketing outlets and sale proceeds were to be utilised for procurement of yarn for the supply to the weavers. Separate account of flow of yarn and cloth produced and re-rolling of sale proceeds was also to be kept.

It was observed in Audit (July 1998) that out of the loan of Rs.180 lakh, Rs.169.09 lakh was utilised for purchase of yarn (hank cotton yarn Rs.80.64 lakh and woolen yarn Rs.88.45 lakh) between May 1995 and December 1995. The balance amount of Rs.10.91 lakh was utilised to meet the administrative expenses. The yarn valued at Rs.107.35 lakh (Rs.70.68 lakh hank cotton yarn and Rs.36.67 lakh woolen yarn) was issued to the weavers of eight districts without proper identification in accordance with the scheme. The yarn valued at Rs.61.74 lakh was utilised for the object not envisaged in the scheme.

Administrative expenses were meet out of subsidy to be passed on to weavers.

It was further observed that on the purchase of hank cotton yarn, the RSHDC obtained (31 March 1996) a subsidy of Rs.19.08 lakh from the Government of India under the separate scheme of 'Hank Yarn Price Subsidy Scheme'. The subsidy so received was to be passed on to the weavers but the same was utilised to meet the administrative expenses.

The RSHDC did not maintain separate accounts in respect of each weaver for yarn supplied, balance yarn with the weaver, cloth produced, cloth sold *etc.* As a result, the manner in which sale proceeds were re-rolled for the procurement of yarn *etc.* under the scheme could not be verified in audit.

The matter was reported to the Government/RSHDC in August 1998, but reply has not been received (June 1999).

** District Rural Industrial Programme
* Rajasthan State Handloom Development Corporation Limited

4A.4 Rajasthan Small Industries Corporation Limited

Development of Inland Container Depot at Bhiwadi

Abnormal delay in selection of site/completion of work has resulted in extra cost of Rs.94.37 lakh to RSIC besides potential loss of revenue of Rs.250.84 lakh.

In order to promote exports and also to provide promotional support to the exporters of Bhiwadi/Alwar, General Manager (Export) of the RSIC* appointed (May 1995) an officer to identify a suitable place for setting up ICD@ to provide key services *i.e.* facility of custom inspection, shipment of goods and facility of custom clearance to exporters under one roof. The said officer recommended (June 1995) Khuskhera as an ideal place for the purpose. Subsequently RSIC appointed (June 1995) RAJCON to conduct the feasibility study who also recommended Khuskhera for the purpose at an estimated cost of Rs.144 lakh (land and site development: Rs.74 lakh, building and civil works: Rs.53 lakh, miscellaneous fixed assets: Rs.10 lakh and contingencies: Rs.7 lakh). The project was to be financed out of State Government grants and the ICD had to commence commercial operation from 1996-97. Based on the feasibility report, the RSIC applied (December 1995) to Director (Infrastructure), Ministry of Commerce, New Delhi for granting permission to set up ICD at Bhiwadi (Khuskhera). No action was taken to finalise the selection of site for establishment of ICD up to February 1997. Ministry of Commerce approved the project in March 1997.

The General Manager deputed (13 March 1997) another team of officers alongwith an Executive Engineer of RSBCC# for selection of proper site for setting up ICD at Bhiwadi, Khuskhera or at any other nearby places. The team proposed to set up ICD either in Bhiwadi at a place where UIT$ land was available or Tapukara where another EPIP! was proposed to be established by RIICO~. The Managing Director approved (21 March 1997) UIT land available in Bhiwadi for setting up the ICD in view of the proximity of the site to the Bhiwadi Industrial area where most of the exporters were located without conducting comparative cost benefit analysis as the land at Tapukara was cheaper by Rs.150 per square metre. The RSIC finally purchased 15000 square metres (November 1997) and 9112.40 square metres (July 1998) of land from UIT at the rate of Rs.535 per square metre and awarded (October 1997) work order for the construction of civil works of ICD at Bhiwadi to RSBCC at an estimated cost of Rs.98.00 lakh. As per PERT chart the work was to be commenced in December 1997 and to be completed in March 1998. The work was actually completed in December 1998 after incurring an extra cost of

* Rajasthan Small Industries Corporation Limited
@ Inland Container Depot
\# Rajasthan State Bridge and Construction Corporation Limited
$ Urban Improvement Trust
! Export Promotion Industrial Park
~ Rajasthan State Industrial Development and Investment Corporation Limited

Rs.94.37 lakh as compared to estimated cost of Rs.144.00 lakh as per feasibility report of Khuskhera and ICD started functioning *w.e.f.* 2 February 1999.

Cost overrun of Rs.94.37 lakh was due to abnormal delay in obtaining approval from Ministry of Commerce, selection of site and delay in completion of work by RSBCC. In absence of any clause of penalty in work order, no action could be taken against RSBCC for the delay. Moreover, RSIC had also lost anticipated benefits of Rs.250.84 lakh (Rs.69.65 lakh in 1996-97, Rs.85.90 lakh in 1997-98 and Rs.95.29 lakh in 1998-99) due to non completion of works of ICD in scheduled time.

Government stated (September 1999) that Khuskhera site being undeveloped was not considered appropriate for establishment of ICD and the time period of four months allowed to RSBCC to complete the Civil works was to get the work completed as early as possible though it was not an easy task to complete such a big project within such a short span. Intermittent rain had also made the progress of work slow. Further, the estimate of Rs.144 lakh as projected by consultant was for establishment of ICD at Khuskhera and not at Bhiwadi. Reply is not tenable as authorities should have allowed appropriate time after considering scope of work involved. Government, however, did not put forth any justification for the abnormal time taken in selection of site. Besides, no cost analysis had been made for setting up ICD at Bhiwadi and the projection of the management for handling 225 TEUs* per month also remained unachieved as during 8 months (February to September 1999) only 5 TEUs were handled at ICD Bhiwadi.

4A.5 Rajasthan State Industrial Development and Investment Corporation Limited

Development of Export Promotion Industrial Park (EPIP)

Delay in implementation of EPIP has resulted in extra cost of Rs.1155.40 lakh. Allotment of plots at higher rates has defeated the very object of providing plots to entrepreneurs at reasonable rates.

To achieve the object of according higher priority for export as envisaged in Eighth five year plan, Government of India sponsored (September 1994) a scheme for development of EPIP** with a view to involve State Governments in export efforts by providing financial assistance for building up of infrastructural facilities of high standards. The financial assistance from Central Government was available to the extent of 75 *per cent* of capital expenditure up to Rs.10 crore and the remaining 25 *per cent* was to be borne by the State

* Tonnage equivalent to unit.

** Export Promotion Industrial Park

Government. The RIICO** was appointed as nodal agency by the State Government for implementation of the scheme and proposed to take up the development of EPIP at Industrial Area, Sitapura. Industrial units exporting 33 *per cent* of their production were eligible to be established in the park.

RIICO accorded (March 1995) approval for development of EPIP, Sitapura at an estimated cost of Rs.2684.38 lakh which was subsequently revised to Rs.4529.20 lakh in June 1997. The revised estimates were not submitted to the Government for approval. The EPIP was developed in September 1997 after incurring an expenditure of Rs.3839.78 lakh as on 31 March 1999. Against this, grants of Rs.333 lakh and Rs.1000 lakh were received from the State Government and Government of India respectively. The main reasons of increase in cost and delay in completion of the project as analysed by Audit were delays in acquisition of land by 9 months, processing the case for awarding of the civil works up to 10 months and time overrun and extra burden of interest (Rs.555.20 lakh) during construction of the project. Government stated (July 1999) that delay in processing the case was due to adopting technical and financial bid system for the first time.

Of the grant of Rs.1000 lakh released by the Government of India during 1994-95 to 1996-97, a sum of Rs.800 lakh was placed in (non-interest bearing) PD Account@ by the State Government on the condition not to withdraw it without prior approval of the State Government. The State Government released Rs.400 lakh on 6 December 1995 and the balance is still lying in PD Account (June 1999). Thus, the company could not utilise the funds for the purpose. Further, the company sustained a loss of interest of Rs.189 lakh (up to June 1999) as it had to manage the funds from other sources.

While computing development charges, subsidy was not taken into account and a sum of Rs.155.85 lakh was recovered in excess from entrepreneurs.

It was observed in Audit (January 1999) that of the 385 plots developed, RIICO could allot only 138 plots up to December 1998; 125* plots (measuring 2.19 lakh square metres) @ Rs.400 per square metre and 13 plots (measuring 0.26 lakh square metres) @ Rs.500 per square metre. After taking into account, subsidy of Rs.1333 lakh, the net development charges receivable from the entrepreneurs work out to Rs.347 per square metre. Thus, there was over recovery of the development charges of Rs.155.85 lakh from 138 entrepreneurs defeating the very object of the scheme to provide plots at reasonable rates. The remaining plots could not be allotted for want of demand. Government stated (July 1999) that rate of allotment was fixed keeping in view the rate of adjoining area. The reply is not tenable as the rates of development charges for allotment of plots is being fixed keeping in view the expenditure incurred on development of each area separately.

It was also noticed that the State Government sanctioned another EPIP at Tapukara in July 1997 at an estimated cost of Rs.5534 lakh. Though the EPIP, Sitapura completed at an additional cost of Rs.1155.40 lakh had not been operated so far (September 1999), State Government had released grant of Rs.300 lakh up to March 1998 on the presumption that first EPIP would be

** Rajasthan State Industrial Development and Investment Corporation Limited
@ Personal Deposit Account
* Excluding one commercial plot allotted through auction.

operated successfully. The sanction of the second EPIP was against the Directives of the Government of India that second EPIP should not be established unless existing EPIP operated successfully.

4A.6 Rajasthan State Mines and Minerals Limited

Delay in commissioning of the equipments

Delay in commissioning of four hydraulic presses has resulted in blocking up of funds of Rs.7.82 lakh with consequential loss of interest of Rs.9.07 lakh.

The Company** purchased (March 1992) from UEC*** six nos. hydraulic press of different capacities at a cost of Rs.15.62 lakh for Jhamar Kotra Integrated Project on the recommendations of the consultant. On receipt of the equipments 90 *per cent* payment amounting to Rs.14.06 lakh was made to UEC. The erection and commissioning of the machines was to be done free of cost by UEC. However, a sum of Rs.1.56 lakh was held up by the company as UEC did not furnish the performance bank guarantee. The supplier did not turn up for commissioning of the equipments. As a result, of the six nos. of hydraulic press only one was commissioned in July 1994.

It was noticed in audit (February 1999) that the Senior Manager (Mechanical) brought to the notice of group General Manager (July 1995) that due to passage of time, the press had developed jamming/rusting and may require heavy repairs if not commissioned immediately. No action to commission the press was taken till October 1998 when the second press was commissioned. The remaining 4 nos. hydraulic press valued at Rs.7.82 lakh could not be commissioned (June 1999) for want of replacement of defective parts of the press. Thus, due to not taking timely action for commissioning the press, the object of procuring them was defeated and funds of Rs.7.82 lakh remained blocked since March 1992. This resulted in loss of interest of Rs.9.07 lakh up to June 1999 worked out at the rate of 16 *per cent*.

While admitting the facts, Government stated (April 1999) that efforts were being made to procure the requisite parts and added (July 1999) that action to black list the firm, was under active consideration. It was further stated that hydraulic press being not a regular production equipment was used as a workshop tool as and when required. The reply is indicative of the fact that equipment was purchased without proper assessment of actual requirement.

** Rajasthan State Mines and Minerals Limited
*** United Engineering Corporation Limited, New Delhi.

4B. STATUTORY CORPORATION

4B.1 RAJASTHAN FINANCIAL CORPORATION

4B.1.1 Delay in credit of funds by bank resulting in loss of interest

Non-observance of the prescribed system and non-intimation of the discrepancies noticed in reconciliation immediately resulted in abnormal delay in credit of funds by bank.

The Corporation* is maintaining current accounts with various commercial banks. Each branch of the Corporation maintains an account for depositing the collections received from loanees. The branches are not authorised to withdraw any amount from this account. With a view to optimally utilise the funds, the Corporation instructed its banks that the balances in excess of Rs.10,000 would be remitted to the Corporation's account in Head Office every Saturday so that they may be invested to earn interest. The procedural guidelines *interalia* provide for submission of weekly statement of remittances to head office every Monday and statement of daily balances on 2nd day of the following month by its branch offices. The Head Office was responsible for watching regular receipt of returns and bank statements sent by the units and a bank reconciliation statement was to be drawn every fortnight.

A test check of records for the year 1997-98 by audit revealed (September 1998) that there were delays ranging from 78 to 290 days in affording credit from its four branches (Rs. 10.70 lakh to Rs. 54.80 lakh) by the Bank of Baroda in collection account of the Corporation at Headquarters after allowing grace period of seven days. The delays were attributable to non-observance of the prescribed procedure as regards drawing the bank reconciliation statements regularly and reporting the discrepancies to the bank in time. This has resulted in loss of interest of Rs.10.20 lakh to RFC as these funds remained unutilised.

The Government stated (October 1999) that delay in reconciling of remittance was due to late receipt of information from branches and non-availability of copy of bank account. However, efforts would be made to strengthen the system to overcome the shortcoming.

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* Rajasthan Financial Corporation

4B.1.2 Infructuous expenditure

Non-production of record before the Court relating to discharge of services of an officer resulted in the Corporation making idle payment of Rs.11.47 lakh.

A Deputy Manager was appointed (21 February 1983) on probation for two years. During probation period, the services of the said officer were found unsatisfactory and as such a notice of discharge was served (February 1985) upon him alongwith a cheque of one month's emoluments in lieu of notice period under the provisions of Regulation No.15 of RFC (Staff) Regulations, 1958.

The officer filed (March 1985) a civil suit with Additional Chief Judicial Magistrate, Jaipur challenging the order of termination on the ground that the order has not been passed by the competent authority (*i.e.* Board). The Court decreed the suit (September 1990) and set aside the order of termination passed by the Corporation stating that it was not passed by the competent authority. However, it was observed in Audit (September 1998) that the Corporation did not produce the documents before the Court regarding the termination of services by the Board of Directors.

The Corporation filed (October 1994) an appeal in the Honourable Rajasthan High Court, Jaipur Bench and did not state the reasons for non-production of record in lower Court. The Corporation produced the relevant document before the Honourable Rajasthan High Court, which could not be taken on record on the ground that no good cause had been shown for non-production of these documents at or before settlement of issues. An appeal preferred (June 1997) by the Corporation by filing a Special Leave Petition (SLP) in the Honourable Supreme Court was also dismissed (July 1997) on the same ground.

The services of the officer were reinstated to the post of Deputy Manager who joined duty on 26 July 1997 and consequential benefits on account of reinstatement was given by promoting him to the post of Manager against the promotion quota of the year 1989-90. Thus, due to non-production of approval of Board of Directors in lower court, the Corporation had to make an idle payment of Rs.11.47 lakh to the officer for the period from the date of dismissal to the date of reinstatement. The Corporation stated (June 1999) that departmental enquiry was initiated against the defaulting officer. However, decision of disciplinary authority on the report of the Enquiry officer was awaited (July 1999).

4B.2 RAJASTHAN STATE ELECTRICITY BOARD

4B.2.1 Incorrect classification of consumers

Due to incorrect classification of consumers as seasonal, the Board sustained a loss of Rs.5.95 lakh.

As per clause 3(7) of Tariff for Supply of Electricity, 1985, as amended from time to time, "Seasonal Factory" means factories which by virtue of their nature of production could work during a part of the year continuously up to a maximum period of eight months and off season period should commence after the expiry of seasonal period of eight months and monthly consumption during off season does not exceed 25 *per cent* of the average monthly consumption of preceding seasonal period. In case of existing consumer after completion of off season period, whenever the monthly consumption of consumer exceeds 50 *per cent* of the average monthly consumption over the preceding season, the seasonal period will be treated as having commenced from that month for continuous eight months. The Board qualified the Oil Mills, Ginning and Processing factories, Sugar Mills *etc.* under this category.

The audit scrutiny revealed (September 1998) that:

(a) A high tension connection of 375 HP was released (March 1993) to Ganganagar Vanaspati Refinery Private Limited (GVRPL), Sriganganagar. The consumer applied (November 1995) to treat the establishment as seasonal factory. The category of the consumer was converted as seasonal without verification of the fact that the consumer did not process raw oil seed for production of oil. The consumer in fact processed the raw oil for refining. Moreover, the consumption during off season was always more than 25 *per cent* of the average consumption of seasonal period.

On being pointed out by audit (September 1998), the matter was examined (October 1998) by the Chief Accounts Officer (Commercial) and it was found (November 1998) that the consumer used raw oil for refining instead of oil seed for oil extraction. Accordingly the consumer did not fall under the category of Oil Mill and being a refinery was not eligible for classifying as seasonal consumer. Thus, incorrect classification has resulted in loss of Rs.2.17 lakh.

(b) Mewar Sugar Mills (MSM), Bhopalsagar was released (January 1971) connection as seasonal factory for industrial purposes. However, the consumer was not entitled for such benefit for the period January 1995 to December 1998 as the average consumption during off season period was more than 50 *per cent* of the average consumption of seasonal period. Thus, the Board* incorrectly allowed the benefit to the consumer and suffered a loss of Rs.3.78 lakh.

* Rajasthan State Electricity Board

These facts were brought to the notice of the Government in September 1998; Government in its reply (May 1999) did not reply to the points raised in the para.

4B.2.2 Theft of energy

Not taking any action in 9210 cases of theft of energy had not only deprived the Board of revenue of Rs.92.10 lakh but also defeated the very object of introducing a scheme for settlement of such cases.

The Board introduced (July 1990) a scheme for settlement of compensation in the case of theft of energy which was modified in February 1991 and January 1995. As per the scheme, cases of theft of energy detected under section 39 of the Electricity Supply Act, 1948 are not to be reported to the police provided the offender is willing to settle the case and voluntarily makes payment of the charges at prescribed rates within seven days from the date of detection of theft of energy. Otherwise FIR[$] was invariably to be lodged. In case the offender comes forward for depositing compounding charges at any time even after filing of the FIR, the case could be allowed to be compounded on payment of extra charges @ 4 *per cent* per month of such compounding charges fixed under these orders.

During the course of audit (January 1999) of the records of Security and Vigilance Wing of the Board, it was observed that Board did not take any action to lodge FIR in 9210 theft cases related to non-consumers detected during 1995-96 to 1998-99 though payment of the compounding charges were not made by them up to June 1999. The reasons for not taking any action against the offenders were not on record.

Not following the prescribed procedure in cases of theft of energy *viz.* filing of FIR and levy of compounding charges had not only encouraged the non-consumers for the theft of energy but also deprived the Board of revenue of Rs.92.10 lakh calculated on the minimum compounding charges @ Rs.1000 per case per HP. This defeated the very object of introducing a scheme for settlement of cases of theft *etc.*

Government stated (May 1999) that due to rush of work, police authorities failed to register the cases, and could not investigate the cases promptly. The matter for having a separate police station for the theft of electricity has been taken up. Directives had also been issued (February 1999) by the Director General Police to Superintendents of Police for registering the cases promptly. The Government, however, did not mention any reasons for not settling the cases on the spot as per provisions of the scheme.

$ First Information Report

4B.2.3 Under recovery of average charges

Incorrect assessment of average charges has resulted in under recovery of Rs.10.97 lakh from the consumer.

As per provisions of Tariff and General Conditions of Supplies of Electricity, the assessment for the direct supplies including the period for which the metering equipments remained defective should have been made on the basis of average consumption of preceding three months. However, it was noticed in audit (April 1998) that on receipt of a complaint (June 1995) from the Assistant Engineer (DSD), RSEB*, Alwar that metering equipments installed at the premises of Thaper Milk Products, Alwar, were defective, the Executive Engineer (MT), RSEB, Alwar got the metering equipment checked (June 1995) and found that potential transformer (P.T.) was not recording correct consumption, voltage being zero. Based on the log sheet at GSS, Alwar, it was determined that the P.T. was damaged on 16 June 1995 and the supply was made direct to the consumer up to 26 July 1995 by the Superintending Engineer without getting the approval of the appropriate authority. Reasons for taking abnormal time against the 7 days permissible as per rules in installation of corrected equipment and not getting the approval of appropriate authority were not on record. Instead of calculating the average consumption for three months preceding 24 April 1995 as the meter was recording incorrect consumption from that date, the Board authorities calculated the assessment on the basis of four months average consumption of billing month February 1995 to May 1995 and billed for the period from 16 June 1995 to 23 July 1995 ignoring the period from 24 April to 15 June 1995. This has resulted in under recovery of Rs.10.97 lakh.

On being pointed out by Audit in April 1998, the bills were raised to the party in August 1998 but the recovery was awaited (April 1999).

4B.2.4 Under recovery of water charges

Recovery of water charges at lower rates has resulted in short recovery of Rs.15.16 lakh.

As per provisions of Rule 24 of Determination and Recovery of Rent of Residential Accommodation Regulations, 1980 of Board, the recovery of cost of water consumed by the tenants (employees of the Board) was to be made at the rates prescribed by the Public Health Engineering Department from time to time.

During the course of audit of accounts of Establishment Section of the Board and 35 units (between December 1998 and February 1999), it was noticed that there was no uniform practice in the Board regarding recovery of water charges and recovery was made below the prescribed rates of Public Health Engineering Department which ranged between Rs.14 and Rs.30. As a result,

* Rajasthan State Electricity Board

there had been short recovery of Rs.15.16 lakh in 31 units for the period between April 1990 to June 1999. The reasons for recovery at lesser rates were neither on record nor intimated to audit.

Government stated (June 1999) that on being pointed out by audit, instructions have been issued (April 1999) for recovery of water charges in instalments but recovery has not been effected (June 1999).

4B.3 RAJASTHAN STATE ROAD TRANSPORT CORPORATION

4B.3.1 Borrowings from Banks

Delayed reimbursement of differential interest by State Government in respect of the funds arranged by RSRTC as per their directive, resulted in loss of interest of Rs.6.23 lakh.

The State Government directed (December 1997) RSRTC** to raise funds up to Rs.100 crore with the stipulation that the difference in the rate of interest between the admissible rate in P.D. Account* and the actual rates payable to the lending institutions would be subsidised by the Government quarterly. Accordingly, RSRTC obtained between April 1997 and January 1998, loans aggregating Rs.87 crore from financial institutions and deposited the same in the interest bearing P.D. Account with the State Government.

It was noticed in audit (October 1998) that Rs.405.66 lakh was paid by RSRTC towards the differential interest for the quarters ending June 1997 to March 1998. Out of this, the Government sanctioned Rs.385.49 lakh only on 31 March 1998, and kept this amount in non-interest bearing PD Account. It was transferred into interest bearing P.D. Account on 16 May 1998. The delay in release of interest by Government has resulted in loss of interest of Rs.6.23 lakh. The balance amount (Rs.20.17 lakh) was reimbursed in January 1999.

RSRTC stated (May 1999) that the Government delayed reimbursement of the differential interest. Government endorsed (June 1999) the views of RSRTC. The reply is not tenable as the funds were arranged on the directives of the State Government and kept in the P.D. Account, and as such, the Government should have reimbursed the differential interest on due dates.

** Rajasthan State Road Transport Corporation
* Personal Deposit Account

4B.3.2 Concessional/Free travel facility

Not according formal approval by the Government to RSRTC's proposal for limiting the extent of free/concessional travel facilities, RSRTC was deprived of saving of Rs.12 crore for the last six years.

RSRTC provides concessional/free travel facility to certain category of passengers. The matter regarding reimbursement of financial burden in providing the concessional/free travel facility had been discussed (July 1992) in the meeting of the Planning and Development Co-ordination Committee, held under the Chairmanship of the Chief Secretary to the State Government. The Government expressed its inability to reimburse the financial burden to RSRTC. The RSRTC was, however, asked to send proposals to the State Government limiting/reducing such concessions. The Government in June 1993, however, agreed to pay lump sum amount of Rs.27.23 crore against Rs.35 crore for the years 1987-88 to 1991-92 which was paid/adjusted in March 1995.

RSRTC in October 1992, approved reduction in the extent of concessional/free travel facility being provided to various category of passengers, anticipating savings of Rs.200 lakh by bringing down the yearly incidence of burden from Rs.691 lakh to Rs.491 lakh. Accordingly, the State Government was requested (November 1992) for according formal approval. Despite repeated pursuance, Government's approval has not been received (June 1999). It was observed in audit (October 1998) that RSRTC continued to provide the same facilities pending approval from the State Government and was deprived of savings of Rs.12 crore for the period 1993-94 to 1998-99 @ Rs.2 crore per year.

The State Government while admitting the facts (June 1999) did not mention the reasons for not according the formal approval.

4B.3.3 Extra expenditure in purchases

Restricting the proportion of purchases of piston assembly and gear parts from valid lower and technically acceptable sources resulted in extra expenditure of Rs.9.81 lakh.

(a) Purchase of Piston Assembly (Tata 697)

The Purchase Board of RSRTC decided (2 June 1997) to place orders for full requirement (142 sets) of piston assembly (Tata 697) on Escort Mahle Limited, New Delhi (4th lowest) at the rate of Rs.8442.43 per assembly, considering them as the only Original Equipment (O.E.) supplier.

Menon Piston, Kolhapur (Ist lowest) represented (June 1997) that they were regularly supplying Tata 697 piston to Telco against their OE requirement and their OE status was confirmed by ASRTU in May 1997. The Purchase Board, however, decided (July 1997) to place only 30 *per cent* orders on Menon Piston, Kolhapur at the rate of Rs.5932.34 per assembly on the ground of being untried and 70 *per cent* on Escort Mahle Limited at rate higher by Rs.2510.09 per assembly. RSRTC continued purchases of piston assembly according to this proportion between August 1997 and July 1998 and purchased 385 piston assembly from Escort Mahale Limited and 158 piston assembly from Menon Pistons.

Restricting the purchase orders to 30 *per cent* on Menon Piston during the above period lacked justification because Menon Piston had been awarded OE status from May 1997 and their rates were quite lower when compared with the rates of Escort Mahle Limited. Had the proportion of 30 *per cent* been enhanced to 70 *per cent*, RSRTC would have saved Rs.5.57 lakh in purchases of piston assembly.

Government stated (July 1999) that order for only 30 *per cent* requirement was placed on Menon Piston as the firm was having OE status for Tata 697 pistons only and not for complete piston assembly. The reply is not tenable in view of the fact that the Purchase Board decided subsequently (December 1998) to place 100 *per cent* orders for complete piston assembly on Menon Pistons.

(b) Purchase of gear parts

The Purchase Board decided (17 February 1997) to restrict purchase of gear parts from the chassis manufacturers (Ashok Leyland and TELCO) and from the well tried firms *viz.* Gujarat Automotive Gears and Gajra Bevel Gears. Despite higher rates, decision to effect purchases from the chassis manufacturers was taken on the ground that gear parts were the shop made items of the chassis manufacturers and having better ground finish and transmission accuracy. While for Leyland gear parts, 60 *per cent* quantity was decided to be ordered on Ashok Leyland (balance 40 *per cent* on Gujarat Automotive Gears), for Tata gear parts, 40 *per cent* quantity was decided to be ordered on TELCO (balance 42 *per cent* on Gujarat Automotive and 18 *per cent* on Gajra Bevel Gears).

The decision to place 60 *per cent* orders on Ashok Leyland at higher rates, as against 40 *per cent* orders on TELCO, was imprudent for the following reasons:

(i) Gujarat Automotive Gears was on the rate contract with the ASRTU and their supply position was satisfactory with no adverse field reports, as reported in the Purchase Board meeting of 17 February 1997.

(ii) No tangible record was found maintained to substantiate that the quality of Ashok Leyland was better to commensurate their higher rates.

RSRTC stated (January 1999) that in view of higher fleet ratio of Leyland vehicles and their operation in City Transport service, wear and tear of Leyland gear parts was more. The reply is, however, not tenable as higher requirement of Leyland gear parts relates to the quantity to be purchased but proportion of quantity to be ordered on acceptable sources should prudently have been decided based on comparative rates and supply position. Government further stated (July 1999) that since there were only two acceptable sources of Leyland gear parts, 60 *per cent* quantity was decided in favour of Ashok Leyland. However, in view of the rate difference, placement of 60 *per cent* order on Ashok Leyland lacked prudence. Had the purchase of Leyland gear parts from Ashok Leyland been restricted to 40 *per cent*, as was done in case of Tata gear parts, RSRTC would have avoided extra expenditure of Rs.4.24 lakh on purchase of Leyland gear parts during 1997-98.

4B.3.4 Fabrication of bus bodies

Due to changes made in the specification during fabrication of super express bus bodies and ignoring valid lower offer for fabrication of Hi-tech bus bodies, RSRTC sustained loss of Rs.27.23 lakh.

(a) Fabrication of super express bus bodies

Changes in specification during fabrication resulted in loss of operational income of Rs.16.14 lakh.

RSRTC allotted between January and March 1996 the work of fabrication of super express bus bodies on 57 Leyland and 28 Tata chassis to eight firms, as per detailed specifications and drawings finalised based on two proto types of super express buses got fabricated from two firms. As per the agreements executed with the eight firms, bus body on each chassis was to be fabricated within 60 days of allotment of chassis.

During fabrication of bus bodies, following changes were made between 9 February and 12 June 1996 in the drawings and specifications:

<u>**Bus bodies on Leyland chassis**</u>	<u>**Bus bodies on Tata chassis**</u>
9 February 1996 (for 8 items of 2nd stage of fabrication)	30 April 1996 (involving complete changes in the structural details)
18 March 1996 (for 10 items of 2nd stage of fabrication)	12 June 1996 (involving changes in cab floor, front and rear end structure)
30 April 1996 (for 4 items of 2nd stage and 1 item of 3rd stage of fabrication)	

Accordingly, grace period of seven days in the stipulated period of delivery was allowed and resultantly RSRTC sustained loss of operational income of Rs.16.14 lakh.

Government stated (July 1999) that fabrication of super express bus bodies was a novel idea and the changes made were need based and could not be anticipated. The reply is, however, not convincing as detailed drawings and specifications were finalised after getting fabricated two proto type super express buses - one with folded section structure and the other with tubular structure. Further, RSRTC has been getting fabricated various types of buses since years and gained technical expertise in the matter and as such the changes made mid-stream could well have been anticipated at the time of preparation of original drawings and specifications.

(b) Fabrication of Hi-tech coaches

Fabrication of coaches was got done at an extra cost of Rs.11.09 lakh.

The Body Building Committee of RSRTC decided (12 February 1997) to get 8 numbers of non AC Hi-tech coaches fabricated on Tata chassis from Automobile Corporation of Goa Limited (ACGL), Goa, at the lowest/negotiated rate of Rs.651735 per coach inclusive sales tax. However, work order was not issued pending availability of chassis.

On knowing that the factory of ACGL was under strike, RSRTC enquired (19 February 1997) the factual position and in response thereof, ACGL confirmed (25 February 1997) that there was problem of labour unrest but assured RSRTC that the problem would be sorted out shortly. Despite the fact that delivery of the ordered 8 Tata chassis was not expected shortly due to dispute regarding the rate of sales tax applicable, the Body Building Committee decided (13 March 1997) to divert the work order in favour of Ruby Coach Builders Limited (RCB), Mumbai at higher rate of Rs.7,90,400 per coach against the rate of Rs.6,51,735 per coach of ACGL, work order was issued on 20 March 1997 in favour of RCB. On receipt of communication (May 1997) from ACGL about resumption of operation in their factory, RSRTC enquired (16 May 1997) from RCB, Mumbai as to whether they would be able to deliver the duly built bus bodies as per time period prescribed, which was confirmed by the RCB. Chassis were received on 5 June 1997 and delivered to RCB on 7 June 1997.

Decision (13 March 1997) to divert work order for fabrication of non AC hi-tech coaches in favour of RCB, Mumbai at a rate higher by Rs.138665 per coach was hardly justified because keeping in view the fact that the chassis itself was not available till 5 June 1997, by which time the ACGL had started operation of their factory RSRTC's hasty decision to place work order on RCB, Mumbai, resulted in an extra expenditure of Rs.11.09 lakh which could have been avoided.

Government stated (July 1999) that due to better design and higher comfort level, higher rate was paid to RCB, Mumbai. Reply is not tenable because RSRTC it self had decided (12 February 1997) to place order on ACGL, Goa in view of their lowest rate and their name being recommended by TELCO.

4B.4 RAJASTHAN STATE WAREHOUSING CORPORATION

4B.4.1 Avoidable expenditure

Delay in approaching the State Government to include risk of flood under SIS resulted in avoidable payment of Rs.62.45 lakh as insurance premium by RSWC.

The General Terms and Conditions of Storage of stocks in warehouses of RSWC,* *interalia,* provide that the stores in the warehouses are insured/indemnified against risk of fire, theft, house breaking and burglary under SIS** for which Rs.5 lakh were deposited annually under interest bearing Personal Deposit Account (PD Account). The SIS did not cover the risk against flood. However, the RSWC may at its discretion insure the goods stored in its warehouses against the risk of riots, strikes, civil commotion and flood if in its opinion there is an imminent danger thereof. It shall be entitled to recover from the depositors the additional charges incurred in this regard on advalorem basis.

In view of consistent request from customers to cover the risk of flood under SIS, the Executive Committee proposed (29 May 1997) to cover the risk of flood also under SIS after obtaining approval from State Government and amended the General Terms and Conditions of Storage (condition no. 12, 13 and 14). Simultaneously, it was also decided to take a floating policy against fire and flood for stocks stored in warehouses for a period of four months (10 June 1997 to 9 October 1997) from State Insurance Department for which premium of Rs.62.45 lakh was paid in June 1997. To off load the burden of the premium, increase of 10 *per cent* in storage charges was also decided *w.e.f* 1 June 1997. It was observed in Audit (December 1998) that the case was moved (October 1997) belatedly to the State Government to approve the amendment made in General Terms and Conditions for Storage covering risk of flood therein in SIS. The Government approved (16 December 1997) these proposals with the condition to deposit required amount under the scheme in their interest bearing PD Account accordingly a sum of Rs.50 lakh was deposited in April 1998 and covered the risk against flood in SIS.

Thus, considering the consistent requests from customers, RSWC could have taken up the matter for covering risk against flood under SIS with the Government immediately in May 1997 itself and premium of Rs.62.45 lakh paid to State Insurance Department could have been avoided.

Government stated (April 1999) that for covering risk of flood, the storage charges have been increased by 10 *per cent* with the expectation to cover additional insurance charges. The reply is not tenable as the RSWC was entitled to recover from the depositors additional charges even after insuring the stocks against flood under SIS.

* Rajasthan State Warehousing Corporation

** Self Indemnification Scheme

4B.4.2 Loss of Storage Charges

RSWC did not insist for joint inspection of the stock for categorisation in April 1996 and accepted down gradation carried out by FCI resulting in loss of storage charges of Rs.12.36 lakh.

Food Corporation of India (FCI) deposited between 11 June 1994 and 1 July 1994, 13289 MT of Superfine Rice with Rajasthan State Warehousing Corporation (RSWC) unit, Suratgarh. The RSWC categorised the rice after joint inspection as category 'B' for storage purposes as it contained in cut, torn, loose bags and gunnies texture was weak and as such was not fit for long time storage. However, RSWC warehoused the same for three months initially without determining the period of storageworthiness of the rice. The rice was inspected (February 1996/April 1996) by FCI and it was found that out of 13289 MT of rice, 2623 MT was of category 'C' (stock fell beyond rejection limits). The results of inspection carried out by FCI in April 1996 were accepted without insisting on Joint Inspection. The FCI lifted the whole quantity during September 1996 to March 1997.

It was noticed in Audit (February 1998) that after taking delivery of downgraded rice, FCI recovered Rs.12.36 lakh on account of down gradation from the storage charges and other bills during March 1997 to August 1997.

Government stated (December 1998/June 1999) that action of the FCI to downgrade the rice and deduction of Rs.12.36 lakh was unilateral and the matter was being pursued with FCI.

JAIPUR
The 24th March 2000

(SUNIL CHANDER)
Accountant General (Audit)-II, Rajasthan

Countersigned

NEW DELHI
The

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

Annexures

ANNEXURE – 1

Statement of companies in which State Government had invested more than Rs.10 lakh in share capital of each of such companies but which are not subject to audit by the Comptroller and Auditor General of India

(Referred to in Preface and paragraph 1.10)

Sl. No.	Name of the Company	Amount of investment in equity capital up to 1998-99 (Rupees in lakh)
1.	Jaipur Udyog Ltd., Sawaimadhopur	75.00
2.	Jaipur Spinning & Weaving Mills Ltd., Jaipur	17.46
3.	Man Industrial Corporation Ltd., Jaipur	15.00
4.	Metal Corporation of India Ltd., Calcutta	25.00
5.	Aditya Mills Ltd., Kishangarh	16.00
6.	Mewar Textile Mills Ltd., Bhilwara	30.00
	Total	**178.46**

ANNEXURE - 2

Statement showing particulars of capital, loans/equity received out of budget, other loans and loans outstanding as on 31 March 1999 in respect of Government companies and Statutory corporations.

(Referred to in paragraphs No. 1.2.1 and 1.3)

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

Serial number	Sector and name of the Company	Paid-up capital as at the end of the current year					Equity/loans received out of Budget during the year		Other loans rece-ived during the year@	Loans** outstanding at the close of 1998-99			Debt equity ratio for 1998-99 (Previous year) 4 (f)/3 (e)
		State Government	Central Government	Holding Companies	Others	Total	Equity	Loans		Govt.	Others	Total	
(1)	(2)	3 (a)	3 (b)	3 (c)	3 (d)	3 (e)	4 (a)	4 (b)	4 (c)	4 (d)	4 (e)	4 (f)	5
A.	**Government Companies**												
1.	**AGRICULTURE AND ALLIED**												
	(i) Rajasthan State Agro Industries Corporation Limited	600.73	-	-	-	600.73	-	-	-	33.40	-	33.40	0.06:1 (0.06:1)
	(ii) Rajasthan State Dairy Development Corporation Limited	15.69	271.90	-	-	287.59	-	-	-	-	-	-	-
	(iii) Rajasthan Jal Vikas Nigam Limited	127.00	-	-	-	127.00	-	-	-	-	-	-	-
	(iv) Rajasthan State Seeds Corporation Limited	605.50 (123.00)	103.93	-	20.35	729.78 (123.00)	123.00	Nil	Nil	1000.00	-	1000.00	1.37:1 (1.58:1)
	Sub Total (1)	**1348.92 (123.00)***	**375.83**	-	**20.35**	**1745.10 (123.00)***	**123.00**	-	-	**1033.40**	-	**1033.40**	-
2.	**INDUSTRIES**												
	(i) Rajasthan State Industrial Development and Investment Corporation Limited	15860.25 (300.00)	-	-	-	15860.25 (300.00)	300.00	2425.00	8226.23	12388.24	80152.49	92540.73	5.83:1 (5.45:1)
	(ii) Rajasthan Small Industries Corporation Limited	514.39	27.00	-	5.01	546.40		-	-	448.00	12.50	460.50	0.84:1 (0.87:1)
	Sub Total (2)	**16374.64 (300.00)***	**27.00**	-	**5.01**	**16406.65 (300.00)***	**300.00**	**2425.00**	**8226.23**	**12836.24**	**80164.99**	**93001.23**	
3.	**ENGINEERING**												
	Hi-Tech Precision Glass Limited	7.60	-	-	.0.05	7.65	-	Nil	Nil	11.08	-	11.08	1.45:1 (1.45:1)

(1)	(2)	3 (a)	3 (b)	3 (c)	3 (d)	3 (e)	4 (a)	4 (b)	4 (c)	4 (d)	4 (e)	4 (f)	5
4.	**ELECTRONICS**												
#	Rajasthan Electronics Limited (Subsidiary of Sl.No.2 (I)	-	-	30.00	-	30.00	-	-	-	-	187.88	187.88	6.26:1 (6.26:1)
5.	**HANDLOOM AND HANDICRAFTS** Rajasthan State Handloom Development Corporation Limited	560.00	-	-	55.00	615.00	-	-	-	949.54	153.31	1102.85	1.79:1 (1.66:1)
6.	**FOREST**												
	Rajasthan Rajya Van Vikas Nigam Limited	19.00	-	-	-	19.00	-	-	-	-	-	-	-
7.	**MINING**												
	(i) Rajasthan State Mines & Minerals Limited	6171.60	-	-	1.00	6172.60	-	-	-	710.00	4984.28	5694.28	0.92:1 (0.65:1)
	(ii) Rajasthan State Mineral Development Corporation Limited	1633.00	-	-	-	1633.00	-	150.00	-	1033.10	-	1033.10	0.63:1 (0.58:1)
#	(iii) Rajasthan State Granites & Marbles Limited (Subsidiary of Sl.No.7(ii))	-	-	19.00	-	19.00	-	-	-	-	21.01	21.01	1.11:1 (1.10:1)
#	(iv) Rajasthan State Tungsten Development Corporation Limited (Subsidiary of Sl.No.7 (ii)	-	-	133.79	-	133.79	-	-	-	-	21.16	21.16	0.16:1 (0.16:1)
	Sub Total (7)	**7804.60**	**-**	**152.79**	**1.00**	**7958.39**	**-**	**150.00**	**-**	**1743.10**	**5026.45**	**6769.55**	**-**
8.	**CONSTRUCTION** Rajasthan State Bridge and Construction Corporation Limited	1000.00	-	-	-	1000.00	-	-	122.03	-	11476.81	11476.81	11.48:1 (11.35:1)
9.	**SUGAR** Rajasthan State Ganganagar Sugar Mills Limited	360.33	-	-	4.40	364.73	-	-	-	410.00	-	410.00	1.12:1 (1.29:1)
10.	**TOURISM**												
	(i) Rajasthan State Hotels Corporation Limited	106.75	-	-	-	106.75	-	-		46.00	-	46.00	0.43:1 (0.43:1)
	(ii) Rajasthan Paryatan Vikas Nigam Limited	1384.96 (1.12)	-	-	-	1384.96 (1.12)	-	-	-	45.00	1145.50	1190.50	0.86:1 (0.93:1)
	Sub Total (10)	**1491.71 (1.12)***	**-**	**-**	**-**	**1491.71 (1.12)***	**-**	**-**	**-**	**91.00**	**1145.50**	**1236.50**	**-**

(1)	(2)	3 (a)	3 (b)	3 (c)	3 (d)	3 (e)	4 (a)	4 (b)	4 (c)	4 (d)	4 (e)	4 (f)	5
11.	**POWER**												
	(i) Rajasthan State Power Corporation Limited	160.00 (30.00)	-	-	-	160.00 (30.00)	30.00	-	-	-	-	-	-
	(ii) Rajasthan State Electricity Corporation Limited	5.00	-	-	-	5.00	-	-	-	-	-	-	-
	Sub Total (11)	**165.00 (30.00)***	-	-	-	**165.00 (30.00)***	**30.00**	-	-	-	-	-	-
	Total – A (Government Companies)	**29131.80 (454.12)***	**402.83**	**182.79**	**85.81**	**29803.23 (454.12)***	**453.00**	**2575.00**	**8348.26**	**17074.36**	**98154.94**	**115229.30**	**3.87:1 (3.60:1)**
B.	**Statutory corporations:**												
1.	**POWER** Rajasthan State Electricity Board	177459.00	-	-	-	177459.00	-	25501.00	102577.00	140793.00	408970.00	549763.00	3.10:1 (2.55:1)
2.	**TRANSPORT** Rajasthan State Road Transport Corporation	8112.50	2682.75	-	-	10795.25	-	-	21257.45	-	4067.00	4067.00	0.38:1 (0.35:1)
3.	**FINANCING** Rajasthan Financial Corporation	4470.60	-	-	2281.90	6752.50	-	1500.00	250.00	11664.60	50258.86	61923.46	9.17:1 (9.37:1)
4.	**AGRICULTURE AND ALLIED** Rajasthan State Warehousing Corporation	392.63	-	-	357.63	750.26	-	105.35	-	158.43	25.43	183.86	0.25:1 (0.16:1)
	Total – B (Statutory Corporations)	**190434.73**	**2682.75**	-	**2639.53**	**195757.01**	-	**27106.35**	**124084.45**	**152616.03**	**463321.29**	**615937.32**	**3.15:1 (2.65:1)**
	Grand Total (A+B)	**219566.53 (454.12)***	**3085.58**	**182.79**	**2725.34**	**225560.24 (454.12)***	**453.00**	**29681.35**	**132432.71**	**169690.39**	**561476.23**	**731166.62**	**3.24:1 (2.78:1)**

Note: **1.**Except in respect of Companies and corporations which finalized their accounts for 1998-99 {Serial No. A1(ii), 1(iv), 2(i), 2(ii), 3,4,7(i), (ii), (iv), 8 & 9 and B3} figures are provisional and as given by the companies.
2. Figures in brackets in column No.5 are for previous year.

** Loans outstanding at the close of 1998-99 represents long-term only.
@ Includes bonds, debentures, inter corporate deposits, *etc.*
# Subsidiary companies.
* This represents addition in the equity capital during the year.

ANNEXURE - 3

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

(Referred to in paragraphs No. 1.2.1, 1.2.2, 1.4.1, 1.5, 1.6, and 1.7)

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

Sl. No.	Sector and name of the company	Name of Department	Date of incorporation	Period of accounts	Year in which accounts finalized	Net profit(+)/ Net loss(-)	Net impact of Audit comments	Paid up capital	Accumulated profit (+)/loss(-)	Capital employed (A)	Total return on capital employed	Percentage of total return on capital employed	Arrears of accounts in terms of years	Status of the Company /Corporation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
A.	**Government Companies**													
1.	**AGRICULTURE AND ALLIED**													
	(i) Rajasthan State Agro Industries Corporation Limited	Agriculture	1 August 1969	1997-98	1999-2000	(-) 230.23	Accounts Under audit	600.73	(-) 2220.65	(-) 505.68	(-) 117.00	-	1 Year	Defunct
	(ii) Rajasthan State Dairy Development Corporation Limited	Agriculture	31 March 1975	1998-99	1999-2000	(-) 0.18	-	287.59	(-) 17.74	269.85	(-) 0.18	-	-	Defunct
	(iii) Rajasthan Jal Vikas Nigam Limited	Agriculture	25 January 1984	1997-98	1998-1999	32.66	-	127.00	24.72	157.28	32.66	20.77	1 Year	Working
	(iv) Rajasthan State Seeds Corporation Limited	Agriculture	28 March 1978	1998-99	1999-2000	259.03	Profit overstated by Rs.6.99 lakh	729.78	554.58	2284.99	359.50	15.73	-	-do-
	Sub Total (1)					**61.28**		**1745.10**	**(-)1659.09**	**2206.44**	**274.98**			
2.	**INDUSTRIES**													
	(i) Rajasthan State Industrial Development and Investment Corporation Limited	Industries	28 March 1969	1998-99	1999-2000	697.22	Nil	15860.25	769.95	112474.55	11826.80	10.52	-	Working
	(ii) Rajasthan Small Industries Corporation Limited	Industries	3 June 1961	1998-99	1999-2000	482.01	Profit overstated by Rs.64.44 lakh	546.40	86.08	2063.14	506.06	24.53	-	-do-
	Sub Total (2)					**1179.23**		**16406.65**	**856.03**	**114537.69**	**12332.86**			
3.	**ENGINEERING**													
	Hi-Tech Precision Glass Limited	Engineering	18 March 1963	1998-99	1999-2000	(-) 1.61	-	7.65	(-) 18.38	0.62	(-) 1.61	-	-	Defunct

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)•	(11)	(12)	(13)	(14)	(15)
4.	**ELECTRONICS** Rajasthan Electronics Limited. {Subsidiary of Sl. No.2(i)}	Electronics	23 January 1985	1998-99	1999-2000	(-) 13.69	-	30.00	(-) 246.45	(-) 24.20	(-) 13.69	-	-	Defunct
5.	**HANDLOOM AND HANDICRAFTS** Rajasthan State Handloom Development Corporation Limited	Handloom & Handicrafts	3 March 1984	1997-98	1998-1999	(-) 322.76	-	615.00	(-) 1280.39	407.32	(-) 217.53	-	1 Year	Working
6.	**FOREST** Rajasthan Rajya Van Vikas Nigam Limited	Forest	24 May 1985	1995-96	1999-2000	(-) 0.11	-	19.00	(-) 15.41	3.39	(-) 0.11	-	3 Years	Defunct
7.	**MINING** (i) Rajasthan State Mines & Minerals Limited	Mines	7 May 1947 (Govt. Company. Since June 1973)	1998-99	1999-2000	2686.32	Profit over-stated by Rs.128.75 lakh	6172.60	67.42	19687.45	3594.82	18.26	-	Working
	(ii) Rajasthan State Mineral Development Corporation Limited	Mines	27 September 1979	1998-99	1999-2000	555.31	Accounts under audit	1633.00	3.15	2603.23	706.04	27.12	-	Working
	(iii) Rajasthan State Granites & Marbles Limited {Subsidiary of Sl. No.7(ii)}	Mines	2 February 1977	1997-98	1998-1999	(-) 0.11	-	19.00	(-) 50.72	(-) 10.71	(-) 0.11	-	1 Yea	Under liquida-tion
	(iv) Rajasthan State Tungsten Development Corporation Limited {Subsidiary of Sl. No.7(ii)}	Mines	22 November 1983	1998-99	1999-2000	(-) 3.01	-	133.79	(-) 151.61	(-) 47.81	(-) 3.01	-	-	Defunct
	Sub Total (7)					**3238.51**		**7958.39**	**(-) 131.76**	**22232.16**	**4297.74**			
8.	**CONSTRUCTION** Rajasthan State Bridge & Construction Corporation Limited	Construction	8 February 1979	1998-99	1999-2000	294.24	-	1000.00	132.89	16793.42	334.41	1.99	-	Working
9.	**SUGAR** Rajasthan State Ganganagar Sugar Mills Limited	Sugar	1 July 1956	1998-99	1999-2000	7.62	Profit over-stated by Rs.96.26 lakh	364.73	0.04	1735.52	177.37	10.22	-	Working

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
10	**TOURISM**													
	(i) Rajasthan State Hotels Corporation Limited	Tourism	7 June 1965	1997-98	1998-1999	(-) 4.75	-	106.75	43.37	193.16	(-) 3.05	-	1 Year	Working
	(ii) Rajasthan Paryatan Vikas Nigam Limited	Tourism	24 November 1978	1997-98	1998-1999	30.49	-	1383.84	41.75	3223.76	250.22	7.76	1 Year	Working
	Sub Total (10)					**25.74**		**1490.59**	**85.12**	**3416.92**	**247.17**			
11	**POWER**													
	(i) Rajasthan State Power Corporation Limited	Energy	6 April 1995	1997-98	1998-1999	-	-	130.00	-	127.29	-	-	1 Year	This Company is under construction
	(ii) Rajasthan State Electricity Corporation Limited	Energy	24 January 1997	-	-	-	-	5.00	-	-	-	-	2 Year	Newly formed
	Sub Total (11)						-	**135.00**		**127.29**				
	Total – A (Government Companies)					**4468.45**	-	**29772.11**	**(-) 2277.40**	**161436.57**	**17431.59**	**10.80**		
B.	**Statutory corporations**													
1.	**POWER** Rajasthan State Electricity Board	Energy	1 July 1957	1997-98	1998-99	6535.00	Profit over-stated by Rs.17774.04 lakh	177459.00	(-) 17289.00	702022.00	56555.00	8.06	1 Year	Working
2.	**TRANSPORT** Rajasthan State Road Transport Corporation	Transport	1 October 1964	1997-98	1998-99	(-) 2398.62	Loss under-stated by Rs.51.78 lakh	10795.25	538.61	23152.05	(-) 1530.41	-	1 Year	Working
3.	**FINANCING** Rajasthan Financial Corporation	Industries	17 January 1955	1998-99	1999-2000	(-)543.37	-	6752.50	(-) 8033.11	69242.48	7221.68	10.43	-	Working
4.	**AGRICULTURE AND ALLIED** Rajasthan State Warehousing Corporation	Agriculture	30 December 1957	1997-98	1998-1999	183.17	-	725.26	0.72	2525.54	196.92	7.80	1 Year	Working
	Total – B (Statutory corporations)					**3776.18**		**195732.01**	**(-) 24782.78**	**796942.07**	**62443.19**	**7.84**		
	Grand Total (A+B)					**8244.63**		**225504.12**	**(-) 27060.18**	**958378.64**	**79874.78**	**8.33**		

(A) Capital employed represents net fixed assets (including capital work-in-progress) plus working capital except in case of finance companies/corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid-up capital, free reserves, bonds, deposits and borrowings (including refinance).

ANNEXURE - 4

Statement showing subsidy received, guarantees received, waiver of dues, loans on which moratorium allowed and loans converted into equity during the year and subsidy receivable and guarantees outstanding at the end of March 1999.

(Referred to in paragraph No. 1.3 and 1.5.1.2)

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

Sl. No.	Name of the Public Sector Undertaking	Subsidy received during the year@				Guarantees received during the year and outstanding at the end of the year**					Waiver of dues during the year				Loans on which morato-rium allowed	Loans converted into equity during the year
		Central Govern-ment	State Govern-ment	Others	Total	Cash credit from banks	Loans from other sources	Letters of credit opened by banks in respect of imports	Payment obligation under agreement with foreign consul-tants or contract	Total	Loan repay-ment written off	Interest waived	Penal interest waived	Total		
(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
A.	**Government Companies**															
1.	Rajasthan State Agro Industries Corporation Limited	-	182.00	-	182.00	-	-	-	-	-	-	-	-	-	-	-
2.	Rajasthan State Seeds Corporation Limited	-	266.38	-	266.38	-	-	-			-	-	-	-	-	-
3.	Rajasthan State Industrial Development and Investment Corporation Limited	-	960.52	-	960.52	-	11328.42 (67751.82)	-	-	11328.42 (67751.82)	-	-	-	-	-	-
4.	Rajasthan Small Industries Corporation Limited	-	268.00	-	268.00	-	(12.50)	-	-	(12.50)	-	-	-	-	-	-
5.	Rajasthan State Handloom Development Corporation Limited	-	74.82 (36.22)	-	74.82 (36.22)	(128.75)	-	-	-	(128.75)	-	-	-	-	-	-
6.	Rajasthan State Mines & Minerals Limited	-	-	-	-	-	(1665.00)	-	-	(1665.00)	-	-	-	-	-	-
7.	Rajasthan State Bridge & Construction Corporation Limited	-	-	-	-	(2399.88)	(11476.81)	-	-	(13876.69)	-	-	-	-	-	-
8.	Rajasthan Paryatan Vikas Nigam Limited	-	-	-	-	-	(1145.50)	-	-	(1145.50)	-	-	-	-	-	-
	Total A	-	**1751.72 (36.22)**	-	**1751.72 (36.22)**	**(2528.63)**	**11328.42 (82051.63)**	-	-	**11328.42 (84580.26)**	-	-	-	-	-	-

@ Subsidy receivable at the end of year is shown in brackets.

** Figures in bracket indicate guarantees outstanding at the end of the year.

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
B.	**Statutory corporations**															
1.	Rajasthan State Electricity Board	-	27843.23 (208564.32)	-	27843.23 (208564.32)	-	134535.00 (339242.00)	-	-	134535.00 (339242.00)	-	-	-	-	-	-
2.	Rajasthan State Road Transport Corporation	-	-	-	-	-	20000.00 (17500.00)	-	-	20000.00 (17500.00)	-	-	-	-	-	-
3.	Rajasthan State Financial Corporation	-	-	-	-	-	- (23490.00)	-	-	- (23490.00)	-	-	-	-	-	-
4.	Rajasthan State Warehousing Corporation	-	164.07	-	164.07	-	-	-	-	-	-	-	-	-	-	-
	Total B	-	**28007.30** **(208564.32)**	-	**28007.30** **(208564.32)**	-	**154535.00** **(380232.00)**	-	-	**154535.00** **(380232.00)**	-	-	-	-	-	-

ANNEXURE – 5

Statement showing financial position of Statutory corporations

(Referred to in Paragraph No. 1.2.2)

(Rupees in crore)

Sl. No.	Particulars	1996-97	1997-98	1998-99 (Provisional)
1.	**Rajasthan State Electricity Board**			
A.	**Liabilities**			
	Equity Capital	1027.59	1774.59	1774.59
	Loans from Government	1734.73	1152.92	1407.93
	Other long-term loans (including bonds)	2576.98	3320.50	4089.70
	Reserves and surplus	899.85	1114.75	1331.87
	Current liabilities and provisions	1598.55	1772.25	2285.64
	Total A	**7837.70**	**9135.01**	**10889.73**
B.	**Assets**			
	Gross fixed assets	4118.36	4524.68	5732.08
	Less: Depreciation	1322.57	1589.96	1876.70
	Net fixed assets	2795.79	2934.72	3855.38
	Capital works-in-progress	1308.51	1832.99	1158.27
	Deferred cost	4.93	2.34	2.40
	Current assets	3376.97	4024.76	5181.64
	Investments	113.26	167.31	584.95
	Miscellaneous expenditure			
	Accumulated losses	238.24	172.89	107.09
	Total B	**7837.70**	**9135.01**	**10889.73**
C.	**Capital employed****	**5882.72**	**7020.22**	**7909.65**

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

(Rupees in crore)

Sl. No.	Particulars	1995-96	1996-97	1997-98
2.	**Rajasthan State Road Transport Corporation**			
A.	**Liabilities**			
	Capital (including capital loan & equity loan)	107.95	107.95	107.95
	Borrowings (Government) (Others)	- 37.89	- 19.82	- 113.10
	Funds*	30.72	34.65	10.58
	Trade dues and other current liabilities (including provisions)	53.62	61.03	95.93
	Total A	**230.18**	**223.45**	**327.56**
B.	**Assets**			
	Gross Block	280.72	308.13	346.74
	Less: Depreciation	111.78	139.93	169.58
	Net fixed assets	168.94	168.20	177.16
	Capital works-in-progress (including cost of chassis)	2.33	2.63	3.45
	Investments	11.40	7.49	85.02
	Current assets, loans and advances	42.17	43.70	61.70
	Deferred cost	5.34	1.43	0.23
	Accumulated losses	-	-	-
	Total B	**230.18**	**223.45**	**327.56**
C.	**Capital employed****	**171.19**	**160.83**	**231.52**

* Excluding depreciation funds.

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

(Rupees in crore)

Sl. No.	Particulars	1996-97	1997-98	1998-99
3.	**Rajasthan Financial Corporation**			
A.	**Liabilities**			
	Paid up capital	67.53	67.53	67.53
	Share application money	-	-	-
	Reserve fund and other reserves and surplus	40.76	40.76	40.76
	Borrowings :			
	(i) Bonds and debentures	244.82	246.52	234.90
	(ii) Fixed deposits	-	-	-
	(iii) Industrial Development Bank of India and Small Industrial Development Bank of India	258.89	272.22	255.58
	(iv) Reserve Bank of India	-	-	2.50
	(v) Loans in lieu of share capital :			
	(a) State Government	13.95	13.95	13.95
	(b) Industrial Development Bank of India	9.60	9.60	9.60
	(vi) Others (including State Government)	70.27	88.27	102.70
	Other liabilities and provisions	164.04	184.81	190.55
	Total A	**869.86**	**923.66**	**918.07**
B.	**Assets**			
	Cash and Bank balances	60.82	58.88	64.81
	Investments	0.06	0.06	0.06
	Loans and advances	662.80	688.48	680.56
	Net fixed assets	4.10	4.83	5.00
	Other assets	59.62	69.27	60.04
	Miscellaneous expenditure :			
	Dividend deficit	22.96	27.27	27.27
	Accumulated loss	59.50	74.87	80.33
	Total B	**869.86**	**923.66**	**918.07**
C.	**Capital employed****	**653.43**	**685.22**	**692.42**

** Capital employed represents the mean of the aggregate of opening and closing balances of paid-up capital, loans in lieu of capital, seed money debentures, reserves (other than those which have been funded specifically and backed by investment outside), bonds deposits and borrowings (including refinance). The free reserves and surplus have been reduced to the extent of debit balance of profit and loss account..

(Rupees in crore)

Sl. No.	Particulars	1996-97	1997-98	1998-99 (Provisional)
4.	**Rajasthan State Warehousing Corporation**			
A.	**Liabilities**			
	Paid-up capital	6.90	7.25	7.50
	Reserves and surplus	15.31	17.84	24.00
	Borrowings :			
	Government	0.62	0.78	1.58
	Others	0.63	0.39	0.26
	Trade dues and current liabilities (including provisions)	1.84	3.21	4.96
	Total A	**25.30**	**29.47**	**38.30**
B.	**Assets**			
	Gross Block	25.54	27.63	33.70
	Less: Depreciation	8.64	9.28	10.26
	Net fixed assets	16.90	18.35	23.44
	Capital works-in-progress	1.44	2.59	2.21
	Investments	1.00	1.00	1.00
	Current assets, loans and advances	5.96	7.53	11.65
	Accumulated losses	-	-	-
	Total B	**25.30**	**29.47**	**38.30**
C.	**Capital employed****	**22.46**	**25.26**	**32.34**

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

ANNEXURE – 6

Statement showing working results of Statutory corporations

(Referred to in Paragraphs No. 1.2.2 and 1.5)

(Rupees in crore)

Sl. No.	Particulars	1996-97	1997-98	1998-99 (Provisional)
1.	**Rajasthan State Electricity Board**			
(1)	(a) Revenue receipts	2671.24	3294.49	3249.73
	(b) Subsidy/subvention from Government	563.14	704.88	1152.92
	Total	**3234.38**	**3999.37**	**4402.65**
(2)	Revenue expenditure (net of expenses capitalised) including write-off of intangible assets but excluding depreciation and interest	2569.62	3175.61	3546.02
(3)	Gross surplus(+)/deficit(-) for the year (1-2)	(+) 664.76	(+) 823.76	(+) 856.63
(4)	Adjustments relating to previous year	(+) 63.54	(+) 9.40	(+) 60.81
(5)	Final gross surplus(+)/deficit(-) for the year (3+4)	(+) 728.30	(+) 833.16	(+) 917.44
(6)	Appropriations:			
(a)	Depreciation (less capitalised)	229.34	267.61	287.08
(b)	Interest on Government loans	229.03	239.14	176.02
(c)	Interest on others, bonds, advance *etc.* and finance charges	348.20	477.51	599.69
(d)	Total interest on loans and finance charges (b+c)	577.23	716.65	775.71
(e)	Less: Interest capitalised	141.49	216.45	211.15
(f)	Net interest charged to revenue (d-e)	435.74	500.20	564.56
(g)	Total appropriations (a+f)	665.08	767.81	851.64
(7)	Surplus(+)/deficit(-) before accounting for subsidy from State Government {5-6(g)-1(b)}	(-) 499.92	(-) 639.53	(-) 1087.12
(8)	Net surplus(+)/deficit(-) {5-6(g)}	(+) 63.22	(+) 65.35	(+) 65.80
(9)	Total return on capital employed*	498.96	565.55	630.36
(10)	Percentage of return on capital employed	8.48	8.06	7.97

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

(Rupees in crore)

Sl. No.	Particulars	1995-96	1996-97	1997-98
2.	**Rajasthan State Road Transport Corporation**			
(1)	Operating :			
(a)	Revenue	409.37	433.45	484.72
(b)	Expenditure	410.71	434.80	515.21
(c)	Surplus(+)/deficit(-)	(-) 1.34	(-) 1.35	(-) 31.49
(2)	Non-operating :			
(a)	Revenue	9.19	8.13	12.25
(b)	Expenditure*	0.07	2.74	5.75
(c)	Surplus(+)/deficit(-)	(+) 9.12	(+) 5.39	(+) 6.50
(3)	Total :			
(a)	Revenue	418.56	441.58	496.97
(b)	Expenditure	410.78	437.54	520.96
(c)	Net profit(+)/loss(-)	(+) 7.78	(+) 4.04	(-) 23.99
(4)	Interest on capital and loans	9.15	6.56	8.68
(5)	**Total return on capital employed**	**16.93**	**10.60**	**(-) 15.31**

* In the accounts of RSRTC operating and non-operating expenditure is not shown separately. Hence only prior period adjustments have been shown under non-operating expenditures.

(Rupees in crore)

Sl. No.	Particulars	1996-97	1997-98	1998-99
3.	**Rajastham Financial Corporation**			
(1)	Income :			
(a)	Interest on loans	111.58	106.51	108.30
(b)	Other income	3.01	2.91	5.21
	Total (1)	**114.59**	**109.42**	**113.51**
(2)	Expenses :			
(a)	Interest on long term and short term loans	70.98	74.77	77.65
(b)	Provision for non-performing assets	27.02	11.32	6.09
(c)	Other expenses	30.07	38.71	35.21
	Total (2)	**128.07**	**124.80**	**118.95**
(3)	Profit before tax (1-2)	(-) 13.48	(-) 15.38	(-) 5.44
(4)	Prior period adjustment	-	-	-
(5)	Provision for tax	3.66	-	0.02
(6)	Profit(+)/loss(-) after tax	(-) 17.14	(-) 15.38	(-) 5.46
(7)	Other appropriations	6.50	-	-
(8)	Amount available for dividend[@]	Nil	Nil	Nil
(9)	Dividend paid/payable	4.30	4.30	Nil
(10)	Total return on capital employed	57.50	59.39	72.21
(11)	Percentage of return on capital employed	8.80	8.70	10.43

@ Represents profit of current year available for dividend after considering the specific reserves and provisions for taxation.

(Rupees in crore)

Sl. No.	Particulars	1996-97	1997-98	1998-99 Provisional
4.	**Rajasthan State Warehousing Corporation**			
(1)	Income :			
(a)	Warehousing charges	7.59	8.70	11.64
(b)	Other income	1.43	1.80	2.56
	Total (1)	**9.02**	**10.50**	**14.20**
(2)	Expenses :			
(a)	Establishment charges	4.71	5.63	6.50
(b)	Other expenses	2.09	2.94	2.63
	Total (2)	**6.80**	**8.57**	**9.13**
(3)	Profit(+)/loss(-) before tax	(+) 2.22	(+) 1.93	(+) 5.07
(4)	Provision for tax	-	-	-
(5)	Prior period adjustment	(+) 0.03	(-) 0.07	(-) 0.23
(6)	Other appropriations	1.99	1.65	4.62
(7)	Amount available for dividend	0.26	0.21	0.22
(8)	Dividend for the year	0.26	0.21	0.22
(9)	Total return on capital employed	2.42	1.97	4.98
(10)	Percentage of return on capital employed	10.80	7.80	15.39

ANNEXURE – 7

Statement showing Operational Performance of Statutory corporations

(Referred to in Paragraph No. 1.5.2.3)

1. Rajasthan State Electricity Board

Sl. No.	Particulars	1996-97	1997-98 (MW)	1998-99 (Provisional)
	Installed Capacity :			
(a)	Thermal	975.00	975.00	1225.00
(b)	Hydro	974.87	979.22	987.69
(c)	Gas	38.50	38.50	38.50
(d)	Other	-	-	-
	Total	**1988.37**	**1992.72**	**2251.19**
	Normal maximum demand			
	Power generated:		(MKWH)	
(a)	Thermal	6364.25	6966.340	6639.384
(b)	Hydro	3914.69	3652.328	5072.324
(c)	Gas	104.59	234.941	252.919
(d)	Other	-	-	-
	Total	**10383.53**	**10853.609**	**11964.627**
	Less: Auxiliary consumption*			
(a)	Thermal (percentage)	653.509 (86.15)	722.813 (88.70)	685.737 (78.13)
(b)	Hydro (percentage)	101.879 (13.43)	90.386 (11.09)	190.003 (21.65)
(c)	Gas (percentage)	3.16 (0.42)	1.749 (0.21)	1.961 (0.22)
(d)	Other (percentage)	–	–	–
	Total (percentage)	**758.548 (100)**	**814.948 (100)**	**877.701 (100)**

* Includes transformer losses in the power station premises.

Sl. No.	Particulars	1996-97	1997-98 (MKWH)	1998-99 (Provisional)
	Net Power generated	9624.985	10038.661	11086.926
	Power Purchased:			
(a)	Within the State			
	- Government	-	-	-
	- Private	-	-	-
(b)	Other states	1091.577	835.597	936.330
(c)	Central Grid	8439.696	10104.429	11200.546
	Total power available for sale:	19156.258	20978.687	23223.802
	Power sold:			
(a)	Within the State*	13714.367	14752.238	15780.445
(b)	Outside the State	665.882	675.600	616.238
	Transmission and Distribution losses:			
(a)	Within the State	4110.640	4804.928	6012.622
(b)	Whole system	4776.009	5550.849	6628.86
	Load factor (percentage)	69.57	70.45	71.45
	Percentage of transmission and distribution losses to total power available for sale :			
(a)	Within the State	23.06	24.57	27.59
(b)	Whole system	24.93	26.46	28.54
	Number of villages /towns electrified	34750	35490	36235
	Number of pump sets/wells energised	530324	554768	579574
	Number of sub-stations :			
(a)	EHV GSS	192	202	207
(b)	33/11 KV GSS	1218	1330	1422
	Transmission /distribution lines(in kms):			
(a)	High/medium voltage	166952	175643	187365
(b)	Low voltage	185699	192192	197980
	Connected load (in MW)	9259	9902	10027
	Number of consumers	4612902	4825243	5082743
	Number of employees	56113	56293	56424
	Consumer/employees ratio	82.21:1	85.72:1	90.08:1

* Includes auxiliary consumption at Grid Sub-station.

Sl. No.	Particulars	1996-97	1997-98	1998-99 (Provisional)
	Total expenditure on staff during the year (Rupees in crore)	382.61	469.70	540.43
	Percentage of expenditure on staff to total revenue expenditure	11.83	11.91	12.29
	Units sold		(MKWH)	
(a)	Agriculture	4737.373	4980.353	6032.184
	(Percentage share to total units sold)	(32.94)	(32.28)	(36.79)
(b)	Industrial	5595.438	5974.236	5708.527
	(Percentage share to total units sold)	(38.91)	(38.73)	(34.82)
(c)	Commercial	750.885	868.752	844.205
	(Percentage share to total units sold)	(5.22)	(5.63)	(5.15)
(d)	Domestic	2168.248	2435.965	2653.638
	(Percentage share to total units sold)	(15.08)	(15.79)	(16.18)
(e)	Others**	1128.305	1168.532	1158.129
	(Percentage share to total units sold)	(7.85)	(7.57)	(7.06)
	Total	**14380.249**	**15427.838**	**16396.683**
			(paise per KWH)	
(a)	Revenue (excluding subsidy from Government)	185.76	213.54	198.19
(b)	Expenditure*	196.43	225.43	236.84
(c)	Profit (+)/Loss(-)	(-) 10.67	(-)11.89	(-) 38.65
(d)	Average subsidy claimed from Government (in Rupees)	563,14,19,270	704,87,70,000	1152,91,79,000
(e)	Average interest charges (in Rupees)	435,74,00,000	500,20,000	564,56,00,000

** Others include sale of energy outside the State, energy supplied to common pool from the projects and auxiliary consumption of GSS/SS also.

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

2. Rajasthan State Road Transport Corporation

Sl. No.	Particulars	1996-97	1997-98	1998-99 (Provisional)
1.	Average number of vehicles held	4557	4751	4788
2.	Average number of vehicles on road	4111	4234	4263
3.	Percentage of utilisation of vehicles	90	89	89
4.	Number of employees	25723	25720	25707
5.	Employee vehicle ratio	5.33:1	5.13:1	5.23:1
6.	Number of routes operated at the end of the year	2622	2673	2704
7.	Routes kilometres	457057	480699	444717
8.	Kilometres operated (in lakh)			
(a)	Gross	4574.05	4892.03	4931.18
(b)	Effective	4387.71	4703.56	4730.22
(c)	Dead	186.34	188.47	200.96
9.	Percentage of dead kilometres to gross kilometres	4.07	3.85	4.08
10.	Average kilometres covered per bus per day	292	304	304
11.	Operating revenue per kilometre (paise)	887	943	968
12.	Average expenditure per kilometre (paise)	913	1015	1094
13.	Profit(+)/Loss(-) per kilometre (paise)	(-) 26	(-) 72	(-) 126
14.	Number of operating depots	45	46	46
15.	Average number of break – down per lakh kilometres	3	3	3
16.	Average number of accidents per lakh kilometres	0.22	0.22	0.19
17.	Passenger kilometres operated (in crore)	1847.43	1730.85	1673.85
18.	Occupancy ratio	74.0	65.2	63.01
19.	Kilometres obtained per litre of :			
(a)	Diesel oil	4.77	4.78	4.80
(b)	Engine oil	1174	1242	1394

3. Rajasthan State Warehousing Corporation

Sl. No.	Particulars	1996-97	1997-98	1998-99
1.	Number of stations covered	79	81	83
2.	Storage capacity created up to the end of year (tonne in lakh)			
(a)	Owned	4.74	4.89	5.31
(b)	Hired	0.31	0.50	0.46
3.	**Total**	**5.05**	**5.39**	**5.77**
4.	Average capacity utilised during the year (tonne in lakh)	3.52	3.79	4.21
5.	Percentage of utilisation	70	70	73
6.	Average revenue per tonne per year (Rupees)	256	277	337
7.	Average expenses per tonne per year (Rupees)	193	226	217
8.	Profit (+)/Loss(-) per tonne (Rupees)	63	51	120

4. Rajasthan Financial Corporation

(Amount: Rupees in crore)

Particulars	1996-97		1997-98		1998-99	
	Number	Amount	Number	Amount	Number	Amount
Applications pending at the beginning of the year	74	23.75	60	8.60	14	6.64
Applications received	1888	277.55	1635	241.31	858	154.02
Total	**1962**	**301.30**	**1695**	**249.91**	**872**	**160.66**
Applications sanctioned	1406	167.45	1288	165.14	601	93.33
Applications cancelled/withdrawn/rejected/ reduced	496	103.68	393	66.92	252	49.38
Applications pending at the close of the year	60	8.60	14	6.64	19	8.55
Loans disbursed	1266	122.09	1109	127.67	662	95.67
Loans outstanding at the close of the year	-	662.80	--	688.48	-	680.56
Amount overdue for recovery at the close of the year						
(a) Principal	-	97.88	-	104.95	-	107.16
(b) Interest	-	97.13	-	106.06	-	122.97
Total	-	**195.01**	-	**211.01**	-	**230.13**
Amount involved in recovery certificate cases	-	NA	-	NA	-	NA
Total		NA		NA		NA
Percentage of overdue to the total loans outstanding	-	29.42	-	30.65	-	33.81

ANNEXURE – 8
Statement showing financial position and working results of Rajasthan State Seeds Corporation Limited
(Referred in paragraph 2.6)

I Financial Position

Particulars	1994-95	1995-96	1996-97	1997-98	1998-99
		(Rupees in lakh)			
1. Share capital	232.94	633.94	633.98	633.98	606.48
2. Reserve and Surplus	0.17	0.17	215.85	373.57	555.20
3. Share Application Money (Grower/ State Government)	0.79	0.79	0.76	0.30	123.30
4. Loan Fund: Un-secured	2239.80	1971.88	1771.79	1147.88	1000.00
5. Trade dues and other liabilities	527.84	964.77	1234.60	1636.49	1743.61
Total	**3001.54**	**3571.55**	**3856.98**	**3792.22**	**4028.59**
1. Gross block	928.58	950.54	935.88	973.98	927.88
2. Less: Depreciation	626.65	660.68	562.85	590.06	617.50
3. Net block	301.93	289.86	373.03	383.92	310.38
4. Capital Work - in-Progress	3.03	3.03	-	-	-
5. Material at site	3.17	3.17	-	-	-
6. Current Assets and Loans and Advances	2246.12	3218.44	3483.95	3408.30	3718.21
7. Profit and Loss A/C	447.29	57.05	-	-	-
Total	**3001.54**	**3571.55**	**3856.98**	**3792.22**	**4028.59**
Capital employed	2026.41	2549.73	2622.38	2155.73	2284.98
Net Worth (-)	213.39	577.85	850.58	1007.85	1284.98

II Working results

(A) Income

(Rupees in lakh)

	1994-95	1995-96	1996-97	1997-98	1998-99
1. Sales	2295.00	3120.82	3153.47	3428.09	3878.06
2. Interest	43.06	101.07	155.98	156.45	152.68
3.Profit on sale of plant and machinery	-	-	-	2.08	-
4. Claim received from Insurance company	-	-	-	16.78	-
5. Other income@	44.62	49.80	41.25	51.32	61.74
6. Add (+) increase (-) decrease in stock	62.17	160.67	147.40	(-) 91.16	294.66
Total (A)	**2444.85**	**3432.36**	**3498.10**	**3563.56**	**4387.14**

(B) Expenditure

	1994-95	1995-96	1996-97	1997-98	1998-99
1. Purchases	1568.84	2122.73	2102.85	2230.67	2774.65
2. Processing Expenditure	177.71	213.27	320.27	278.46	340.35
3. Staff expenditure	147.81	159.04	209.32	243.84	257.92
4. Office and Administration Expenditure	53.33	64.42	96.07	80.87	132.21
5. Selling and distribution expenses	164.68	303.40	289.73	369.34	478.40
6. Financial expenses	160.43	135.14	106.15	101.63	101.42
7. Depreciations	39.23	33.97	37.11	35.37	30.54
8. Income Tax	-	-	-	--	3.39
9. Other expenses	0.15	0.15	86.85	2.07	9.43
Total (B)	**2312.18**	**3032.12**	**3248.35**	**3342.25**	**4128.31**
(C) Profit for the year	**132.67**	**400.24***	**249.75**	**221.31**	**258.83**
(D) Operational profit#	**44.99**	**249.37**	**52.52**	**(-)5.32**	**44.41**

@ Other income includes income from farms, enrollment fees and other miscellaneous receipts

* The abnormal profit during the year was due to sale of by product (cotton lint).

\# Operational profit has been calculated as sales +/- increase/decrease in stock minus total expenditure.

ANNEXURE - 9

(Referred in paragraph 2.7.3 and 2.7.4)

Statement showing the position of availability/sale of breeder seed and expected yield/actual receipt of foundation seed.

Year	Season	Crop	Breeder seed available for distribution	Breeder seed sold to growers	Expected yield of raw foundation seed	Actual raw foundation seed received	Percentage of distribution to availability of Breeder seed	Percentage of actual yield to expected yield
			(In Quintals)					
1995-96	Kharif	Cereals	20.324	1.40	99	69	6.89	69.70
		Pulses	17.35	6.44	131	30	37.12	22.90
		Oil seed	139.14	93.71	2847	1940	67.35	68.14
		Others*	23.28	23.24	1574	886	99.83	56.29
			200.094	**124.79**	**4651**	**2925**	**62.36**	**62.89**
	Rabi	Cereals	389.90	323.92	14000	10446	83.08	74.61
		Pulses	59.90	45.90	1354	740	76.63	54.65
		Oil seed	30.19	7.31	804	684	24.21	85.07
			479.99	**377.13**	**16158**	**11870**	**78.57**	**73.46**
1996-97	Kharif	Cereals	11.239	10.035	120	113	89.29	94.17
		Pulses	29.64	23.12	243	180	78.00	74.07
		Oil seed	228.11	130.74	1817	1203	57.31	66.21
		Others*	30.73	30.01	3376	1786	97.66	52.90
			299.719	**193.905**	**5556**	**3282**	**64.70**	**59.07**
	Rabi	Cereals	378.85	378.45	12955	9701	99.89	74.88
		Pulses	122.86	120.85	2016	1445	98.36	71.68
		Oil seed	3.37	2.93	845	813	86.94	96.21
			505.08	**502.23**	**15816**	**11959**	**99.43**	**75.61**
1997-98	Kharif	Cereals	9.33	4.18	344	187	44.80	54.36
		Pulses	30.495	20.38	455	102	66.83	22.42
		Oil seed	230.26	177.76	3952	3001	77.20	75.94
		Others*	20.115	19.025	2069	827	94.58	39.97
			290.20	**221.345**	**6820**	**4117**	**76.27**	**60.37**
	Rabi	Cereals	506.20	498.60	19818	13137	98.50	66.29
		Pulses	132.09	120.68	1715	1492	91.36	87.00
		Oil seed	2.71	2.52	406	298	92.99	73.40
			641.00	**621.80**	**21939**	**14927**	**97.00**	**68.04**
1998-99	Kharif	Cereals	9.31	7.66	138	83.30	82.27	60.36
		Pulses	23.03	13.18	329	61.74	57.22	18.77
		Oil seed	207.46	169.01	1704.60	1606.16	81.46	94.23
		Others*	11.38	10.38	1596.45	1628.29	91.21	101.99
			251.18	**200.23**	**3768.05**	**3379.51**	**79.71**	**89.69**
	Rabi	Cereals	339.72	339.32	12580.30	10235.69	99.88	81.36
		Pulses	144.71	99.84	2143.55	1425.16	68.99	66.49
		Oil seed	2.73	2.63	490.34	419.05	96.34	85.46
			487.16	**441.79**	**15214.19**	**12079.90**	**90.69**	**79.40**
Grand Total			**3154.423**	**2683.22**	**89922.24**	**64539.41**	**-**	**-**

* Others includes only Cotton and Guar.

ANNEXURE – 9 - A

(Referred in paragraph 2.7.5)

Statement showing the availability, distribution, expected yield and actual yield of foundation seed.

Year	Crop	Variety of seed	Pro-cured/ available	Actual distribu-tion	Expec-ted yield of raw founda-tion seed	Actual raw founda-tion seed received	Percent-age of distribu-tion to availa-bility of founda-tion seed	Percent-age of actual yield to expected yield
				(In Quintals)				
1995-96	Kharif	Cereals	189.82	104.74	4879	3046	55.18	62.43
		Pulses	626.21	236.34	2473	941	37.74	38.05
		Oil seed	1486.04	1122.78	16613	9004	75.55	54.20
		Others*	1520.66	796.68	48460	17974	52.39	37.09
			3822.73	**2260.54**	**72425**	**30965**	**59.13**	**42.75**
	Rabi	Cereals	7363.64	5636.54	200941	130778	76.55	65.08
		Pulses	1104.08	692.07	9797	4754	62.68	48.52
		Oil seed	237.37	177.45	37635	19839	74.76	52.71
			8705.09	**6506.06**	**248373**	**155371**	**74.74**	**62.55**
1996-97	Kharif	Cereals	142.49	30.36	1235	807	21.31	65.34
		Pulses	214.56	125.11	2625	1203	58.31	45.83
		Oil seed	2394.01	1114.76	40448	11896	46.56	29.41
		Others*	2183.50	495.62	65595	21475	22.70	32.74
			4934.56	**1765.85**	**109903**	**35381**	**35.78**	**32.19**
	Rabi	Cereals	10346.60	7167.50	163688	130039	69.27	79.44
		Pulses	1016.05	589.71	11016	7491	58.04	68.00
		Oil seed	516.88	119.91	29861	20979	23.20	70.25
			11879.53	**7877.12**	**204565**	**158509**	**66.31**	**77.48**
1997-98	Kharif	Cereals	243.62	103.86	7326	5695	42.63	77.74
		Pulses	325.12	161.78	2636	493	49.76	18.70
		Oil seed	4255.54	1712.97	25310	21814	40.25	86.18
		Others*	2768.65	723.53	49869	11058	26.13	22.17
			7592.93	**2702.14**	**85141**	**39060**	**35.59**	**45.88**
	Rabi	Cereals	9396.30	5964.61	213397	148972	63.48	69.81
		Pulses	1353.90	1156.63	10517	6003	85.43	57.08
		Oil seed	820.78	182.77	29536	13859	22.27	46.92
			11570.98	**7304.01**	**253450**	**168834**	**63.13**	**66.61**
1998-99	Kharif	Cereals	191.525	109.45	7829.00	5176.25	57.15	66.12
		Pulses	310.50	173.24	1946.00	725.80	55.79	37.30
		Oil seed	2611.08	2238.62	25943.15	17563.09	85.74	67.70
		Others*	1912.61	757.40	53175.45	21188.79	39.60	39.85
			5025.715	**3278.71**	**88893.60**	**44653.93**	**65.24**	**50.23**
	Rabi	Cereals	13717.91	8576.11	266571.00	171080.81	62.52	64.18
		Pulses	1598.47	921.30	11311.50	5357.94	57.64	47.37
		Oil seed	778.30	155.72	29366.17	18254.27	20.00	62.16
			16094.68	**9653.13**	**307248.67**	**194693.02**	**59.98**	**63.37**
Grand Total			**69626.215**	**41347.56**	**1369999.27**	**827466.95**	-	-

* Others includes only Cotton and Guar.

ANNEXURE - 10

(Referred in paragraph 2.7.6.2)

Statement showing the targets for distribution, production and actual distribution of certified seed.

(In Quintals)

Year	Crop	Variety of Seed	RSSCL target in the State plan	RSSCL's own Targets for distribution	Seeds produced/procured	Actual distribution	Percentage of: Production To Targets	Percentage of: Seed distribution to seed Procured/produced	Percentage of: Seed distribution to RSSCL target in the state plan
1995-96	Kharif	Cereals	13163	24900	12673	9642	50.90	76.08	73.25
		Pulses	9237	12300	4586	3139	37.28	68.45	33.98
		Oil seed	11738	20850	14353	9846	68.84	68.60	83.88
		Others*	20645	15150	28798	14669	190.08	50.94	71.05
		Total	**54783**	**73200**	**60410**	**37296**	**82.53**	**61.74**	**68.08**
	Rabi	Cereals	115550	128600	110976	109613	86.30	98.77	94.86
		Pulses	13330	9200	7981	7514	86.75	94.15	56.37
		Oil seed	17986	18800	12700	12550	67.55	98.82	69.78
		Total	**146866**	**156600**	**131657**	**129677**	**84.07**	**98.50**	**88.30**
	Grand Total		**201649**	**229800**	**192067**	**166973**	**83.58**	**86.93**	**82.80**
1996-97	Kharif	Cereals	9678	26450	7732	5736	29.23	74.19	59.27
		Pulses	4196	12650	4702	4316	37.17	91.79	102.86
		Oil seed	10042	22350	19755	13241	88.39	67.03	131.86
		Others*	17433	16150	31146	15039	192.85	48.29	86.27
		Total	**41349**	**77600**	**63335**	**38332**	**81.62**	**60.52**	**92.70**
	Rabi	Cereals	106252	126720	104283	103868	82.29	99.60	97.76
		Pulses	3792	10100	5433	5368	57.79	98.80	141.56
		Oil seed	15318	18800	13620	13332	72.83	97.89	87.03
		Total	**125362**	**155620**	**123336**	**122568**	**79.25**	**99.38**	**97.77**
	Grand Total		**166711**	**233220**	**186671**	**160900**	**80.04**	**86.19**	**96.51**
1997-98	Kharif	Cereals	12133	26450	11590	8356	43.82	72.10	68.87
		Pulses	3431	12650	3935	3238	31.11	82.29	94.37
		Oil seed	9201	22350	22720	8975	101.66	39.50	97.54
		Others*	22696	16150	23234	15006	143.86	64.59	66.12
		Total	**47461**	**77600**	**61479**	**35575**	**79.22**	**57.87**	**74.96**
	Rabi	Cereals	110496	104200	108649	104939	104.27	96.59	94.97
		Pulses	5190	14100	6250	6148	44.33	98.37	118.46
		Oil seed	18400	15700	15705	12485	99.40	79.50	67.85
		Total	**134086**	**134000**	**130604**	**123572**	**97.47**	**94.62**	**92.16**
	Grand Total		**181547**	**211600**	**192083**	**159147**	**90.78**	**82.85**	**87.66**
1998-99	Kharif	Cereals	21819	21360	21632	14185	66.41	65.57	65.01
		Pulses	2651	6370	3468	3139	49.29	90.53	118.41
		Oil seed	13114	24180	26341	15387	63.63	58.41	117.33
		Others*	10810	19150	24812	10940	57.13	44.09	101.20
		Total	**48394**	**71060**	**76253**	**43651**	**61.43**	**57.24**	**90.20**
	Rabi	Cereals	119431	119700	128245	125376	104.74	97.76	104.98
		Pulses	4233	15650	6090	6017	38.42	98.79	142.15
		Oil seed	14192	18300	16993	16600	91.21	97.69	116.97
		Total	**137856**	**153650**	**151328**	**147993**	**96.37**	**97.80**	**107.35**
	Grand Total		**186250**	**224710**	**227581**	**191644**	**101.28**	**84.21**	**102.90**

* Others include Cotton and Guar seeds.

Annexure – 11

Statement showing the power generated and its utilisation

{Referred to in paragraphs No.3A.4(b) and 3A.5.3}

Particulars	Plan targets Original	Plan targets Revised (Midterm appraisal)	Actual power available	Excess(+) shortfall(-) to original plan & midterm appraisal	*Per cent*age of shortfall against original targets/midterm appraisal
		(In million units)			
(i) Power requirement	56546	53988	32279.31	(-)24266.69 (-)21708.69	(-)42.91 (-)40.21
(ii) Power generation (including partnership projects)					
Hydel	14215	15861	16233.01	(+)2018.01 (+)372.01	(+)14.20 (+)2.35
Thermal (including others)	12598	8709	10632.80	(-)1965.20 (+)1923.80	(-)15.60 (+)22.09
Total (ii)	**26813**	**24570**	**26865.81**	**(+)52.80** (+)2295.81	**(+)0.20** (+)9.34
(iii) Less : Auxiliary consumption					
Hydel	251	87	266.06	(+)15.06 (+)179.06	(+)6.00 (+)205.82
Thermal	1431	997	1156.45	(-)274.55 (+)159.45	(-)19.19 (+)15.99
Total (iii)	**1682**	**1084**	**1422.51**	**(-)259.49** (+)338.51	**(-)15.43** (+)31.23
(iv) Net Generation (ii-iii)					
Hydel	13964	15774	15966.95	(+)2002.95 (+)192.95	(+)14.34 (+)1.22
Thermal	11167	7712	9476.35	(-)1690.65 (+)1764.35	(-)15.14 (+)22.88
Total (iv)	**25131**	**23486**	**25443.30**	**(+)312.30** (+)1957.30	**(+)1.24** (+)8.33
(v) Add : Purchase from Central Projects	11302	11935	14783.00	(+)3481.00 (+)2848.00	(+)30.80 (+)23.86
Other States	500	2033	2376.03	(+)1876.03 (+)343.03	(+)375.21 (+)16.87
Total (v)	**11802**	**13968**	**17159.03**	**(+)5357.03** (+)3191.03	**(+)45.39** (+)22.85
(vi) Energy available for sale (iv+v)	36933	37454	42602.33	(+)5669.33 (+)5148.33	(+)15.35 (+)13.75
(vii) T&D losses	8271	8742	10323.02	(+)2052.02 (+)1581.02	(+)24.81 (+)18.09
(viii) Sale of power (v-vi)	28662	28712	32279.31	(+)3617.31 (+)3567.31	(+)12.62 (+)12.42

Annexure – 12

Statement showing the position of installed capacity
(Referred to in paragraph No.3A.5.1)

Particulars	At the end of VI plan (actual)	Target for addition Original plan	Midterm appraisal Addition	Midterm appraisal Slipped to next plan	Total revised target	At the end of VII plan (actual)	Capacity added during VII plan (actual)	Shortfall with reference to mid-term appraisal	Total shortfall including slipped to next plan
1	2	3	4	5	6	7	8	9	10
				(In	MW)				
Installed Generation capacity A. Owned by RSEB									
I Thermal	220.00	210.00	210.00	-	420.00	640.00	420.00	-	-
II Hydel (including mini hydel projects)	-	172.20	0.17	23.20	149.17	149.00	149.00	0.17	23.37
III Gas	-	3.00	-	3.00	-	-	-	-	3.00
IV Others (Mini/Diesel)	31.58	(-)31.58@	-	-	(-)31.58	-	(-)31.58	-	-
Total (A)	251.58	353.62	210.17	26.20	537.59	789.00	537.42	0.17	26.37@
B. Inter State Partnership Project									
I Thermal (Satpura)	125.00	-	-	-	-	125.00	-	-	-
II Hydel	807.75	-	-	-	-	807.75	-	-	-
Total (B)	932.75	-	-	-	-	932.75	-	-	-
Total (A+B)	1184.33	353.62	210.17	26.20	537.59	1721.75	537.42	0.17	26.37
C. Owned by Central Government	563.53	468.47	NA	NA	468.47	989.50	425.97	42.50	42.50
Gross Generation Capacity	1747.86	822.09	210.17	26.20	1006.06	2711.25	963.39	42.67	68.87@

@ Indicates capacity reduction of 31.58 MW due to closure of mini plants by Board and as such actual targets to capacity addition by Board was 595.37 which was further reduced by 4.80 MW (Jakham 9 MW to 5 MW and Charanwala 2 MW to 1.20 MW) due to shortage of water in the dams. Thus, 590.57 MW was to be added in VII plan. Actual shortfall of Board and overall capacity reduced from 26.37 MW and 68.87 MW to 21.57 MW and 64.07 MW respectively.

Annexure 13

Statement showing the status of generation project, time taken and cost incurred

(Referred to in paragraphs No.3A.5.1 and 3A.5.2.1)

Name of of the plant	No of Units & Capacity in MW	Date of sanction by Planning Commission	Project date of Commercial commissioning	Actual Date of commissioning/ comm. operation	Period of delay in months
1	2	3	4	5	6
COMPLETED DURING PLAN PERIOD					
MINI HYDEL					
1 PH I Unit 1	1X25=25		MARCH 84	1/86	22
Banswara		12/77			
PH I Unit 2 "	1X25=25		MARCH 84	2/86	23
2 PH II Unit 1 "	1x45=45		MARCH 84	2/89	59
PH II Unit 2 "	1X45=45	1/79	MARCH 84	9/89	66
	140				
Anoopgarh Mini Hydel					
3 PH I	3X1.5=4.5	6/80	6/83	9/87	51
4 PH II	3X1.5=4.5	6/80	12/83	3/88	51
			12/83	9/87	45
	9		6/83	12/87	54
			12/83	1/88	49
	149		12/83	3/88	51
THERMAL KTPS KOTA					
5. (Stage-II)	1X210=210	4.10.80	1 JUNE 85	MARCH 89	45
	1X210=210		2 DEC.,85	MARCH 90	51
	420				
Total 1 to 5	569				
COMPLETED BEYOND PLAN PERIOD					
MINI HYDEL					
6 Suratgarh	2x2=4	25.8.84	June 86 & Dec. 86	Feb. 1992	68 62
7 Charanwala	1X1.20=1.20 Revised	25.8.84 August 85	March 87	Dec. 1993	81
8 Mangrol	3X2=6	25.8.84	March 86	7.11.92	79
				21.10.92	79
				15.11.92	79
9 Pugal PH I	1X1.5=1.50	17.10.84	March 87	31.3.95	96
PH II	1X0.65=0.65	17.10.84	March 87	19.7.92	64
	2.15				
	Say 2.20				
10 RMC Mahi II	1X0.165=0.17	Sept. 87	June 88	March 91 but comml. Commissioning in Nov.91	33
GAS					
11 Mini Gas Plant Ramgarh (Jaisalmer) Thermal	1X3=3	August 84	1987-88	Nov. 94	80
Total 6 to 11	16.57				
Grand total 1 to 11	585.57				
PROJECT NOT YET COMPLETED					
12 Jhakham	2x2.5=5	Oct. 84	NA	Not commissioned	-

Serial No. 1 to 4 are the carry over projects of earlier plan.
Serial No. 6 to 11 were to be completed during VII plan but slipped to next plan.

Original Estimated cost (Rs.	Actual cost upto 3/98 (Tentative) in	Cost over run (Tentative) crore)	Percentage overrun of estimated cost	Reasons for delay in implementation of the Generation projects
7	8	9	10	11
59.38	186.02	126.64	213.27	Change in location and alignment of penstocks, design and layout, Decision to add third units of 45 MW capacity in PH-II para 3 A of Audit Report (Coml.) 90-91.
6.51	17.69	11.18	171.73	Invitation of tenders for civil works only in Sept. 1983 as against schedule date Dec., 1981, delay in land acquisition proceedings only by Feb., 1983 against targated date of March 1982, slipages in delivery of generation equipments etc para 3.3.3 of A.R.(Coml.) 1989-90.
133.78	455.74	321.96	240.66	Paucity of fund delay in placing order for the boiler and generations sets, awarding the contracts, finalisation and approval of drawings, handling over working fronts, shortage of certain steel sections. Para 3.1.2 of Audit Report (Coml.) 89-90.
199.67	659.45	459.78		
5.27	12.12	6.85	129.98	Delay in acquisition of land, excessive dewatering in 1987 coffer dam breached on Feb., 1990 due to foundation failure etc para 4.B.1 of A.R. (Coml.) 90-91.
2.86	5.32	2.46	86.00	Due to reduced in designed flow of water by 567.78 cusec by the IGNP, the projected capacity was further reduced from 1.8 MW to 1.2 MW para No. 4.B.1.3. of A.R. (Coml.) 95-96.
6.11	16.94	10.83	177.25	Delay in land acquisition proceedings, finalisation of contracts for civil works and delay in completion work para No. 3.B.4. of A.R. (Coml.) 91-92.
4.38	13.13	8.75	199.77	Delay in acquisition of land for want of forest clearance for PH-I. The transmission line was however constructed in 3/93 *i.e.* two years ahead of commercial operations.
1.67$	3.60$	1.93$	115.57$	The constructions work of the project was completed in 1989-90 but could not be taken at trial for running due to non-availability of canal closure. Also refer para No. 3B.3 of A.R. (Coml.) 91-92.
3.94	12.56	8.62	218.78	The rates of supply of gas by O.N.G.C. could not be decided upto 85-86 and as such other works could not be started. Arrangements could be made in Nov. 1993 for supply of Gas *w.e.f.* Jan. 1994. A.R. (Comml.) 96-97
24.23	63.67	39.44		
223.90	723.12	499.22		
16.01	NA	NA	NA	Commented under para 5.2.2 of the review of VII plan.

$ Including RMC Mahi No. 1 for 0.800 MW as separate figures are not available.

Annexure 14

Statement showing the details of time over run and cost over run of the 220 KV and 132 KV lines included in VII plan

(Referred to in paragraph No.3A.5.4.3)

S. No.	Name of line Unit	Estimated cost(7/86)	Actual cost (Tentative)	Cost over run and %	Estimated length	Actual length	Month of stub setting work started	Month of stringing work completed	Month of line/ GSS charged	Total time taken (in months)	Remarks
1	2	3	4	5	6	7	8	9	10	11	12
		(Rupees in lakh)			(in circuit KMs)						
(A)	**220 KV Line:**										
1.	Ratangarh-Suratgarh Line with S/S at Suratgarh	1043.00	1880.84 (up to 97-98)	837.84 (80.33)	150.00	167.90	6/88	1/90	31.3.90 21.1.91	21 10 (6/88 to 3/90)	Stubing work was slowed down during 6/88 to 5/89 due to non-availability of cement while delay in start of tower erection work and charging of GSS after charging line. Tower work held up due to shortage of tower.
2.	Beawar-Jodhpur S/C line	727.10	939.61 (up to 97-98)	212.51 (29.23)	125.00	139.31	8/89	10/91	6.11.91	27 (8/89 to 6/11/91)	(i) Delay in start of tower erection work due to shortage of material. (ii) Stringing work was slowed down due to shortage of 70 KN disc insulator.
3.	Kota-Beawar D/C line	1652.70	2125.47 (up to 93-94)	472.77 (28.61)	360.00	380.00	6/88	3/90	15.3.91	33	(i) The line could not be charged due to stay granted by court in May 89. (ii) Shortage of pre formed armour roads,70KN insulators.
4.	Dausa-Bharatpur line	678.30	1128.04 (up to 97-98)	449.74 (66.30)	120.00	133.31	7/90	10/92	5.12.92	28	Stringing work held up (6/91 to 2/92) due to non-availability of 70 KN disc insulator and Zebra vibration dampers.
5.	Dausa-Alwar line	481.50	1516.66 (up to 97-98)	1035.16 (214.99)	80.00	95.13	10/90	3/92	31.3.92	17	No reasons were recorded for delay at different stages in monthly progress report.
	Total A	**4582.60**	**7590.62**	**3008.02 (65.64)**							

1	2	3	4	5	6	7	8	9	10	11	12
(B)	**132 KV line:**										
1.	Bhilwara-Gangapur with GSS at Gangapur	250.30	262.50 (85-86 to 97-98)	12.20 (4.87)	42.00	40.33	N.A.	N.A.	17.10.86 21.10.87	N.A. 12	Expenditure prior to 1985-86 not available.
2.	Chirawa-Pilani with GSS Pilani	169.90	416.62 (up to 91-92)	246.72 (145.21)	16.00	16.60	N.A.	N.A.	30.3.88 13.6.89	N.A. 14	(i) GSS was delayed due to civil foundation work of power transformer was held up for want of transformer details. (ii) Earthmat design awaited. (iii) Delay in earth filling. (iv) GSS remained idle during August 89 to Oct. 90.
3.	Sagwara-Dungarpur with GSS at Dungarpur	237.30	430.95 (up to 95-96)	193.65 (81.61)	38.00	46.90	N.A.	9/88	30.9.88 30.3.92	N.A. 42	(i) Commissioning of 132 KV GSS Dungarpur fixed in 1989-90 plan. The work of GSS was started in May, 1990 while it was charged on 30.3.92 after 3.5 years of charging the line.
4.	Debari-Mavli line	114.60	119.77 (up to 91-92)	5.17 (4.51)	25.00	24.15	1/89	2/90	30.3.90	14	(i) Line remained idle for nine months due to separating at Debari end in December 1990 as against 3/90 as separate controls were not installed.
5.	Khetri-Bhuwana with S/S at Bhuwana	200.00	300.92 (up to 93-94)	100.92 (50.46)	26.00	15.15	4/90	N.A.	29.3.93 29.3.93	35 NIL	The stubing work was stopped after 10/90 due to non-availability of land, the cost of which was deposited in July, 1991. The GSS was taken on load on 25 Sept. 1995 for which no reasons were recorded in progress report.
6.	Sirohi-Reoder with GSS at Reoder	256.60	406.22 (up to 96-97)	149.62 (58.31)	44.00	42.00	12/89	7/91	25.7.91 31.3.93	19 20	No specific reason for delay in commissioning of GSS were found on record.
7.	Pokaran-Jaisalmer with S/S at Jaisalmer	423.60	577.86 (up to 96-97)	154.26 (36.42)	95.00	105.32	4/91	8/92	25.1.93 21.1.93	21 NIL	
8.	Hindaun-Karauli with GSS at Karoli	200.00	626.77 (up to 95-96)	426.77 (213.39)	26.00	31.50	9/91	N.A.	17.6.93 31.10.93	21 4	Non-possession of land and non-availability of conductors, Insulators and some hardwares etc.
9.	Jodhpur-Bhopalgarh via-Baori with S/S at Baori	433.00	613.40 (up to 97-98)	180.40 (41.66)	90.00	81.00	3/88	3/91	2.5.91 20.12.91	37 7	(i) The delay in test charging of 81 KMS. Line on 2.5.91 from Bhopalgarh end was mainly due to heavy shortage of D/C towers during 7/88 to 7/89 and 7/90 to 10/90. (ii) The line charging at Jodhpur end could be done only in 8/91 due to non-attending the work by ABB and due to non-availability of 220 volt D/C 132 feeder panel. (iii) The work of GSS was started in July 91 without allotment of land (date of possession not available).
	Total B	**2285.30**	**3755.01**	**1469.71 (64.31)**							

Annexure - 15

Statement showing the details of cost per unit, Revenue per unit, loss per unit and rate of return during VII five year plan.

(Referred to in paragraph No.3A.6)

		1985-86	1986-87	1987-88	1988-89	1989-90
(i)	No. of unit consumed/sold in state /outside state (in MU)	5087.55	5866.95	6174.99	7139.65	7985.30
(ii)#	(a) Total revenue from sale of power (excluding subsidy(Rs. in crore)	304.09	394.17	393.14	538.35	651.11
	(b) Revenue per KWH(in paise)	59.75	67.18	63.66	75.40	81.54
(iii)#	Expenditure(Rs.in crore)	245.95	299.60	367.82	465.87	635.51
	Interest & Depreciation	121.02	108.32	115.44	142.44	184.21
	Total expenditure	366.97	407.92	483.26	608.31	819.72
	(c) Expenditure per KWH (in paise)	72.13	69.53	78.26	85.20	102.66
(iv)	(a) Total loss on sale of energy (Rs. in crore)	62.88	13.75	90.12	69.96	168.61
	(b) Loss per KWH (in paise)	12.38	2.35	14.60	9.80	21.12
(v)	Operating revenue including previous years receipts (Rs. in crore)	328.88	404.80	432.14	562.04	668.84
(vi)	Operating expenses including previous years expenses(Rs. in crore)	374.45	428.98	498.05	619.19	820.22
(vii)	Surplus(+)/Deficit(-) (Rs. in.crore)	(-)45.57	(-)24.18	(-)65.91	(-)57.15	(-)151.38
(viii)	Net fixed assets in service at the beginning of the year (Capital Base) (Rs. in crore)	904.08	977.76	1091.69	1188.54	1484.76
(ix)	Rate of return in respect of surplus/Deficit on capital base (items vii/viii)	(-)5.04%	(-)2.47%	(-)6.04%	(-)4.81%	(-)10.20%

The revenue and expenditure do not include previous years adjustment.

ANNEXURE - 16

Statement showing the details of Generation, Purchase, Consumption and T & D losses of Power

(Referred to in paragraph No.3B.4)

S. No.	Particulars	1994-95	1995-96	1996-97	1997-98 (Provisional)
			(Million Units)		
1.	Net Generation	8150.633	9185.677	9624.985	10038.661
2.	Power Purchased	8272.863	9985.564	9531.273	10940.026
3.	Power available for sale (1+2)	16423.496	19171.241	19156.258	20978.687
4.	T & D losses (outside State)	451.621	552.447	508.430	560.995
5.	Net power available for sale (3-4)	15971.875	18618.794	18647.828	20417.692
6.	Power sale (outside State)	432.715	608.385	665.882	675.600
7.	Power available for sale within State (5-6)	15539.160	18010.409	17981.946	19742.092
8.	Energy supplied by T & C wing to O & M wing for distribution	14457.275	16404.974	16284.200	18510.100
9.	Transmission losses within State (7-8)	1081.885	1605.435	1697.746	1231.992
10.	Total transmission losses (4+9) (Percentage of 10/3)	1533.506 (9.34)	2157.882 (11.25)	2206.176 (11.51)	1792.987 (8.55)
11.	Total energy sold within the State	11890.417	13135.482	13714.367	15016.659
12.	Sub-transmission and distribution losses (8-11)	2566.858	3269.492	2569.833	3493.441
	(Percentage of 12/3)	(15.63)	(17.05)	(13.42)	(16.65)
13.	Total T & D losses (10+12)	4100.364	5427.374	4776.009	5286.428
	(Percentage of 13/3)	(24.97)	(28.31)	(24.93)	(25.20)
14.	Transmission losses in excess of norms (4 %)	876.566	1391.033	1439.926	953.840

15.	Excess sub-transmission and distribution loss in excess of norms (11.5%)	678.156	1064.800	366.864	1080.892
16.	Total excess system losses	1554.722	2455.833	1806.790	2034.732
17.	Average revenue (Rupees per unit)	1.4589	1.7112	1.8576	2.0994
18.	Loss of revenue due to excess transmission losses (Rs. in crore)	127.8822	238.0335	267.4806	200.2492
19.	Loss of revenue due to excess sub-transmission and distribution losses (Rs. in crore)	98.9362	182.2085	68.1486	226.9225
20.	Loss of revenue due to system losses (Rs. in crore)	226.8184	420.2420	335.6292	427.1717
	Total of Column No. 20 (Losses)	**(226.8184 + 420.2420 + 335.6292 + 427.1717) = 1409.8613**			
				Say Rs.1409.86 crore	

Annexure - 17

Statement showing the pattern of investment on generation, transmission, sub-transmission & distribution and Rural electrification in Rajasthan (Power Sector)

{Referred to in paragraph No.3B.5(a)}

S.No.	Particulars			1994-95	1995-96	1996-97	1997-98	Total
				(Rupees in lakh)				
1.	Generation	Budget estimates	Plan	34119.00	41797.00	39696.15	39040.67	154652.82
			Non-Plan	5195.88	1022.00	526.85	12539.89	19284.62
			Total	**39314.88**	**42819.00**	**40223.00**	**51580.56**	**173937.44**
		Expenditure	Plan	34267.26	40970.94	39147.27	32160.38	146545.85
			Non-Plan	4384.11	304.50	Nil	12539.15	17227.76
			Total	**38651.37**	**41275.44**	**39147.27**	**44699.53**	**163773.61**
2.	Transmission	Budget estimates	Plan	13956.00	17915.00	14603.85	17598.45	64073.30
			Non-Plan	5045.67	6213.00	14052.52	5064.31	30375.50
			Total	**19001.67**	**24128.00**	**28656.37**	**22662.76**	**94448.80**
		Expenditure	Plan	13980.00	18491.52	15150.82	22354.85	69977.19
			Non-Plan	5125.28	7957.92	11092.95	6540.91	30717.06
			Total	**19105.28**	**26449.44**	**26243.77**	**28895.76**	**100694.25**
3.	Sub-Transmission & Distribution	Budget estimates	Plan	6500.00	10000.00	9600.00	11050.00	37150.00
			Non-Plan	3795.13	5590.00	9365.98	9363.22	28114.33
			Total	**10295.13**	**15590.00**	**18965.98**	**20413.22**	**65264.33**

		Expenditure	Plan	6521.00	10159.84	9697.19	10326.99	36705.02
			Non-Plan	3746.63	5655.30	8813.89	10124.78	28340.60
			Total	**10267.63**	**15815.14**	**18511.08**	**20451.77**	**65045.62**
4.	Rural Electrification Programme	Budget estimates	Plan	10000.00	11420.00	9100.00	11500.00	42020.00
			Non-Plan	-	1080.00	-	-	1080.00
			Total	**10000.00**	**12500.00**	**9100.00**	**11500.00**	**43100.00**
		Expenditure	Plan	10009.00	11603.81	9100.00	9901.25	40614.06
			Non-Plan	-	1082.55	-	-	1082.55
			Total	**10009.00**	**12686.36**	**9100.00**	**9901.25**	**41696.61**
5.	Deposit Work & other work	Budget estimates	Plan	-	-	-	-	-
			Non-Plan	2101.46	4948.00	3362.11	1202.14	11613.71
			Total	**2101.46**	**4948.00**	**3362.11**	**1202.14**	**11613.71**
		Expenditure	Plan	-	-	-	-	-
			Non-Plan	2074.74	5601.75	1496.65	701.60	9874.74
			Total	**2074.74**	**5601.75**	**1496.65**	**701.60**	**9874.74**
6.	Grand Total	Budget estimates	Plan	64575.00	81132.00	73000.00	79189.12	297896.12
			Non-Plan	16138.14	18853.00	27307.46	28169.56	90468.16
			Total	**80713.14**	**99985.00**	**100307.46**	**107358.68**	**388364.28**
		Expenditure	Plan	64777.26	81226.11	73095.28	74743.47	293842.12
			Non-Plan	15330.76	20602.02	21403.49	29906.44	87242.71
			Total	**80108.02**	**101828.13**	**94498.77**	**104649.91**	**381084.83**

ANNEXURE - 18

Statement showing the details of delay in completion of the work and loss in the form of T & D losses

(Referred to in paragraph No. 3B.6)

S.No.	Name of the Project	Cost of Project (Rs.in lakh) with date of approval	Date of Completion		Time overrun in		Total delay (In months)	Anticipated savings in losses.		Reasons for time overrun
			Scheduled	Actual	award-ing of contract	execu-tion of works		MUS	Rs. in lakh	
1.	220 KV Jodhpur-Balotra line	1272.80 (May 1993)	31.01.95	31.03.96	8	14	22	4.382	69.96	Delay in inviting tenders (8 months), and 14 months delay in execution of the work due to non-supply of the material by the Board.
2.	220 KV Jodhpur-Tinwari line and 132 KV Jodhpur-Tinwari-Dechu line	1333.00 (January 1993) 969.10 (June 1994)	12.11.96 05.04.96	16.10.97 09.11.97 40 Kms 09.11.96 80 Kms 24.04.98	27	12	39	30.123	539.39	Yet to be ascertained
3.	132 KV S/C Dungarpur-Rishabhdev line and GSS at Rishabhdev	633.20 (September 1996)	08.11.97	31.12.98	2	14	16	5.075	106.55	Increase in Kilometer (8 km) of line and delay in finalisation of extra work.
4.	220 KV S/C Chittorgarh-Nimbahera line	1402.50 (May 1997)	08.02.98	11.09.98	9	7	16	17.661	370.76	Non-finalisation of tender, non-providing material to the contractor and delay in arranging Railway crossing.
5.	132 KV S/C Kankroli-Amet line	604.40 (March 1995)	March 1998	01.09.98	21	5	26	22.713	457.83	Not on record.

6.	132 KV S/C Rayla-Shahpura line	(January 1996)	22.03.98	24.12.98	11	9	20	7.148	150.07	Delay in approval of complete profile of work by the Board.
7.	132 KV GSS Dug	846.00 (January 1996)	March 1997	March 1998 (Commissioned in 9/98)	-	17	17	1.483	31.14	Delay in acquisition of land for site, reasons for which were not on record.
8.	132/33 KV GSS Rawatbhata	415.20 (December 1994)	31.01.95	31.03.95 14.02.96 (on load)	-	12	12	1.378	23.58	Delay in approval in design and non-completion of outgoing system and civil works *etc.*.
	Total							**89.963**	**1749.28** **Say Rs.17.49 crore**	

Abstract of expenditure

S.No.	Particulars	Expenditure (Rs. in crore)	Expenditure in percentage	Ratio of investment
1.	Generation	1637.74	42.98	4:3
2.	Transmission	1006.94	26.42	2:6
3.	Sub transmission (including deposit works)	749.20	19.66	2:0
4.	Rural Electrification	416.97	10.94	1:1
	Total	**3810.85**	**100.00**	

Annexure - 19

Statement showing resources and utilisation of funds in respect of Rajasthan Financial Corporation for the last five years up to 1998-99

(Referred to in paragraph No.3C.4)

S.No	Particulars	1994-95	1995-96	1996-97	1997-98	1998-99
				(Rupees in crore)		
(A)	**Resources**					
1.	Increase in Share Capital	4.50	-	-	-	-
2.	Borrowings					
(a)	Refinance (SIDBI/IDBI)	65.16	72.74	57.82	71.59	42.63
(b)	Bonds	19.00	25.00	24.00	10.50	-
(c)	Others	9.20	17.50	17.00	18.00	17.50
3.	Recovery from loanees	69.06	75.14	83.25	87.88	95.26
4.	Other recoveries	-	-	-	-	-
5.	Others	62.76	96.29	111.07	101.58	85.69
	Total	**229.68**	**286.67**	**293.14**	**289.55**	**241.08**
(B)	**Utilisation**					
(i)	Disbursement of loan	120.72	131.66	122.09	127.67	95.67
(ii)	Repayment of bonds	-	19.80	11.55	8.80	11.62
(iii)	Repayment of loans	49.47	53.18	54.14	58.27	59.84
(iv)	Others	59.49	82.03	105.09	94.81	73.94
	Total	**229.68**	**286.67**	**293.14**	**289.55**	**241.08**

Annexure - 20

Statement showing the details of receipt of applications, sanctions and disbursements made for the last five years up to 1998-99

(Referred to in paragraph No.3C.5)

Particulars	1994-95		1995-96		1996-97		1997-98		1998-99	
	No.	Rs.in crore	No.	Rs.in crore	No.	Rs.in crore	No.	Rs.in crore	No.	Rs.in crore
a. Applications pending at the beginning of year	177	32.19	42	11.59	74	23.75	60	8.60	14	6.64
b. Applications received	2441	249.40	2297	255.93	1888	277.55	1635	241.31	858	154.02
c. Total	**2618**	**281.59**	**2339**	**267.52**	**1962**	**301.30**	**1695**	**249.91**	**872**	**160.66**
d. Applications sanctioned	1794	177.55	1770	163.44	1406	167.45	1288	165.14	601	93.33
e. Applications lapsed/withdrawn/ rejected	782	88.99	495	64.69	496	103.68	393	66.92	252	49.38
f. Total	**2576**	**266.54**	**2265**	**228.13**	**1902**	**271.13**	**1681**	**232.06**	**853**	**142.71**
g. Applications pending at the close of year	42	11.59	74	23.75	60	8.60	14	6.64	19	8.55
h. Loans disbursed	1534	120.72	1411	131.66	1266	122.09	1109	127.67	662	95.67

Annexure-21

Statement showing the excess payment of daily allowance to Government officers on foreign travel

{Referred to Paragraph 4A.1.1(A)}

Name of Company	Officer's Name	Period	Country visited	Amount paid	Amount due	Excess Amount in Rupees	Remarks
Rajasthan State Hotels Corporation Limited	1. Sh. Lalit K. Panwar Director, Art, Culture and Tourism, Govt. of Raj.	7.11.94 to 9.11.94	Italy	\$ 4,900.00 Rs.155434 (DA)	\$ 1,050.00 Rs.33306	122128	To attend International Trade Fair
	MD, Raj. State Hotels Corporation	9.11.94 to 13.11.94	Germany	\$ 1,095.00 Rs.34746 (Tel. Exp.)	\$ 889.00 Rs.28190	6556	do
		13.11.94 to 20.11.94	U.K.				do
		21.11.94	U.K.	\$350 Rs.11102		11102	Stay was unapproved
	2. Sh. Shailender Agarwal Director, Art, Culture and Tourism, Govt. of Raj.	7.3.98 to 11.3.98	Germany	\$ 2,500.00 Rs.99635 (DA)	\$ 500.00 Rs.19925	79710	To participate in ITB, Berlin
	MD, Raj. State Hotels Corporation	12.3.98 to 13.3.98	Germany	\$1,000 Rs.39850		39850	Stay was unapproved
Rajasthan Paryatan Vikas Nigam Limited	3. Sh. Anirudh Krishan Director Tourism and MD RPVN	8.3.96 to 13.3.96	Germany	\$ 3,000.00 Rs.102750 (DA)	\$ 444.00 Rs.15207	87543	To participate in ITB, Berlin
				\$ 1,521.00 Rs.52205 (Enter.Exp.)	Nil	52205	
		14.3.96 to 15.3.96	Germany	\$1,000 Rs.34261		34261	Stay was unapproved
		Total		**\$15,366.00 Rs.529983**	**\$ 2,883.00 Rs.96628**	**433355**	

Annexure - 22

Statement showing excess/irregular payment of daily allowance to the officers of PSUs on foreign travels

{Referred to Paragraph 4A.1.1(B)}

(A): Claim without rendering details/supporting vouchers of expenses

Name of Company	Officer's Name	Period	Country visited	Amount paid (Consolidated)	Amount due	Excess Amount in Rupees	Remarks
Rajasthan State Mines and Minerals Limited	1. Sh. P.K. Deb Managing Director	23.10.96 to 29.10.96	Italy	$ 6,600.00 Rs.242225 (DA)	$ 1,575.00 Rs.57802 (DA)	184423	To attend International Marble Fair, discussion with foreign parties regarding increase of production of Rock Phosphate
		29.10.96 to 4.11.96	USA	$ 1,479.00 Rs.54276	Nil Nil	54276	
		4.11.96 to 9.11.96	Canada	(Conveyance, Entertainment Exp. & other exps.)			No approval of State Govt. for visiting USA & Germany
		10.11.96 to 12.11.96	Germany				
		12.10.95 to 13.10.95	Dubai	$ 600.00 Rs.20802	$ 123.00 Rs.4264	16538	Follow up Green Marble sales
	2. Sh. S.C.K. Vaid General Manager	22.5.95 to 29.5.95	Uganda	$ 3,000.00 Rs.92100	$ 600.00 Rs.18420	73680	For setting up joint venture project
		30.5.95 to 2.6.95	Kenya				
	3. Sh. J. Santharam Chief Manager	22.5.95 to 29.5.95	Uganda	$ 3,000.00 Rs.92100	$ 600.00 Rs.18420	73680	do
		30.5.95 to 2.6.95	Kenya				
	4. Sh. Arvind Mathur Dy. Manager	22.5.95 to 31.5.95	Uganda	$ 2,500.00 Rs.76750	$ 375.00 Rs.11512	65238	do
		1.11.96 to 3.11.96	France	$ 2,500.00 Rs.91407	$ 562.50 Rs.20481	70926	Participation in mid-term review meeting with SNC Lavalin,

		3.11.96 to 9.11.96	Canada				visit O&K Factory in Germany
		9.11.96 to 10.11.96	USA				
		10.11.96 to 12.11.96	Germany				No approval for visiting Germany
	5. Sh. Anil Bhatnagar Dy. Manager	22.5.95 to 31.5.95	Uganda	$ 2,500.00 Rs.76750	$ 375.00 Rs.11512	65238	For setting of joint venture project
	6. Sh. R. Choudhary Group General Manager	23.10.96 to 29.10.96	Italy	$ 5,250.00 Rs.191582	$ 1,575.00 Rs.57472	134110	To attend International Marble Fair
		29.10.96 to 4.11.96	USA				No approval of State Govt. for visiting USA
		4.11.96 to 9.11.96	Canada				For discussion with foreign parties regarding increase of production of Rock Phosphate
		10.11.96 to 12.11.96	Germany				No approval of State Govt. for visiting to Germany
Rajasthan Paryatan Vikas Nigam Limited	7. Sh. Gun Niddhi Manager	8.3.96 to 13.3.96	Germany	$ 2,800.00 Rs.95907	$ 444.00 Rs.15207	80700	To attend ITB Fair & publicity of Palace on Wheels
		13.3.96 to 15.3.96	Switzerland				
	8. Sh. D.K. Vishnoi Manager	14.5.95 to 20.5.95	Switzerland	$ 2,975.00 Rs.92820	$ 956.25 Rs.29835	62985	To participate in EIBTM 95 for marketing of RTDC and Palace on Wheels
		21.5.95 to 24.5.95	Netherlands				
		25.5.95 to 26.5.95	Beligium				
		27.5.95 to 30.5.95	U.K.				
		13.4.97 to 17.4.97	USA	$ 1,750.00 Rs.63475	$ 375.00 Rs.13575	49900	To participate in India Evening

9. Sh. E.M. Johnson Manager	14.5.95 to 20.5.95 21.5.95 to 24.5.95 25.5.95 to 26.5.95 27.5.95 to 30.5.95	Switzerland Netherlands Beligium U.K.	$ 2,975.00 Rs.92820	$ 956.25 Rs.29835	62985	To participate in EIBTM 95 for marketing of RTDC and Palace on Wheels
10. Sh. Ravi Goswami Manager	8.3.97 to 15.3.97	Germany,	$ 2,800.00 Rs.102609	$ 600.00 Rs.21984	80625	To participate in ITB Fair
11. Sh. J.P. Mathur Sr. Manager	8.3.97 to 15.3.97	Germany,	$ 2,800.00 Rs.101089	$ 600.00 Rs.21660	79429	To participate in ITB Fair
12. Sh. Ajay Saxena Sr. Manager	15.11.98 to 20.11.98	U.K.	$ 2,100.00 Rs.90806	$ 450.00 Rs.19458	71348	To participate in WTM Fair
13. Sh. Himmat Singh General Manager	26.4.97 to 2.5.97	Sri Lanka	$ 2,450.00 Rs.89400	$ 315.00 Rs.11494	77906	To participate in SATTE 97
14. Maharaja Gaj Singh Chairman	4.11.94 to 22.11.94	Italy, Germany & U.K.	$ 9,500.00 Rs.304078 (DA)	$ 1,425.00 Rs.45600 (DA)	258478	To attend World Tourism Fair
			Rs.15000 (Extra baggage)	Nil	15000	
	3.3.95 to 8.3.95	Germany,	$ 3,000.00 Rs.96150 (DA)	$ 450.00 Rs.14422 (DA)	81728	To attend ITB Fair
			$ 356.00 Rs.11404 (Enter.exp.)	Nil	11404	
	8.3.96 to 11.3.96	Germany,	$ 2,000.00 Rs.68500 (DA)	$ 1,485.11 Rs.50865 (DA)	17635	To attend ITB Fair
			$ 500.00 Rs.17200 (Taxi charge)	Nil	17200	

Raj. State Industrial Dev. & Investment Corp. Limited	15. Sh. K.P. Lal Dy. General Manager	22.5.97 to 28.5.97 28.5.97 to 2.6.97	Italy Germany	\$ 3,600.00 Rs.128345	\$ 1,200.00 Rs.42782	85563	To study Technological Developments in Stone Industries & attend affairs
	16. Sh. G.S. Sandhu Managing Director	22.5.97 to 28.5.97	Italy	\$ 3,600.00 Rs.132000	\$ 1,200.00 Rs.44000	88000	To study Technological Developments in Stone Industries
		28.5.97 to 2.6.97	Germany				
		16.10.95 to 21.10.95	Italy	\$ 1,600.00 Rs.55568	\$ 417.00 Rs.14478	41090	To attend ITMA Fair
	17. Sh. M.L Bhargava Chief General Manager	27.8.95 to 1.9.95 1.9.95 to 3.9.95	South Korea Taiwan	\$ 2,400.00 Rs.77708	\$ 600.00 Rs.19428	58280	To attend Board meeting of M/s A.Infrastructure Limited
	18. Sh. R.P. Udawat Chief General Manager	17.10.95 to 21.10.95	Italy	\$ 1,500.00 Rs.51965	\$ 247.50 Rs.12038	39927	To participate in International Textile Manufacturers Trade Fair
		Total		**\$ 73,685.00 Rs.2624836**	**\$ 17,606.61 Rs.606544**	**2018292**	

(B): Claim of DA in excess of days spent in Foreign

(Rajasthan State Mines & Minerals Ltd.)	1.Sh.S.C.K.Vaid	21.5.95	Uganda	\$ 250.00 Rs.7675	Nil	7675
	2.Sh.J.Santaram	21.5.95	Uganda	\$ 250.00 Rs.7675	Nil	7675
	3. Sh. R. Chaudhary	22.10.96	Italy	\$ 250.00 Rs.9123	Nil	9123
		Total		**\$ 750.00 Rs.24473**		**Rs.24473**

(C): Claim of DA at full rate inspite of State Guest

(Rajasthan State Mines & Minerals Limited)	1. Sh. P.K. Deb	6.10.95 to	Italy	$ 1,200.00	$ 300.00		
		9.10.95		Rs.41604 (DA)	Rs.10401	31203	To participate in international Marble Exhibition
				$ 265.75	Nil		
				Rs.9214 (Loss of baggage)		9214	
				$ 349.38	Nil		
				Rs.12113 (Entertainment exp.)		12113	
				$ 257.48	Nil		
				Rs.8927 (Conveyance charges)		8927	
		Sub total		**$ 2,072.61**	**$ 300.00**		
				Rs.71858	**Rs.10401**	**61457**	
(Rajasthan Paryatan Vikas Nigam Ltd.)	2. Maharaja Gaj Singh	18.8.95 to 28.8.95	Kenya	$ 5,000.00	$ 1,375.00		
				Rs.160027 (Entertainment Exp.)	Rs. 44000 (DA)	116027	
	3. Sh. Pradeep Vohra Manager	17.8.95 to 28.8.95	Kenya	$ 2,100.00	$ 150.00		To attend festival in Kenya
				Rs. 67470	Rs.4820	62650	
		Sub Total		$ 7,100.00	$ 1,525.00	178677	
				Rs.227497	Rs.48820		
		Grand Total		**$ 9,172.61**	**$ 1,825.00**		
				Rs.299355	**Rs.59221**	**Rs.240134**	

(D): Amount claimed for unapproved programme

Rajasthan State Mines & Minerals Ltd.	1.Sh. P.K. Deb	10.10.95 to 11.10.95	Germany	$ 600.00 Rs.20802	Nil	20802	Approved programme was for Dubai from 11/10 to 13/10 to follow up Green Marble sales
		22.10.96 to 23.10.96	India	$ 300.00 Rs.11010	Nil	11010	
	2. Sh. Arvind Mathur	1.6.95 to 2.6.95	Dubai	$ 500.00 Rs.15350	Nil	15350	
	3. Sh. Anil Bhatnagar	1.6.95 to 2.6.95	Dubai	$ 500.00 Rs.15350	Nil	15350	
		Total		**$ 1,900.00** **Rs.62512**		**62512**	

(E) Name of the Officers for whom Indian Embassy incurred expenses

Raj. State Industrial Dev. & Investment Corporation Limited	1. Sh. K.P. Lal	22.5.97 to 2.6.97	Indian embassy had incurred a sum of Rs.0.90 lakh towards taxi charges which has not been recovered from these officers
	2. Sh. N.S. Sisodia	22.5.97 to 2.6.97	
	3. Sh. G.S. Sandhu	22.5.97 to 2.6.97	