REPORT

OF THE

COMPTROLLER

AND

AUDITOR GENERAL OF INDIA

For the year ended 31st March 1987

NO. 2 OF 1989

(COMMERCIAL)

GOVERNMENT OF UTTAR PRADESH

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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:

- Government Companies,
- Statutory Corporations and
- Departmentally-managed Commercial undertakings.

2. This report deals with the results of audit of Government Companies and Statutory Corporations including Uttar Pradesh State Electricity Board and has been prepared for submission to the Government of Uttar Pradesh under Section 19 A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971, as amended in March 1984. The results of audit relating to Departmentally-managed commercial undertakings are contained in the Report of Comptroller and Auditor General of India (Civil)-Government of Uttar Pradesh.

3. There are, however, certain companies which, inspite of Government investment, are not subject to audit by the Comptroller and Auditor General of India as Government or Government owned/controlled Companies/Corporations hold less than 51 per cent of the shares. A list of such undertakings in which Government investment was more than Rs. 10 lakhs as on 31st March 1987 is given in Annexure-I.

4. In respect of Uttar Pradesh State Road Transport Corporation and the Uttar Pradesh State Electricity Board which are Statutory Corporations, the Comptroller and Auditor General of India is the sole auditor. In respect of Uttar Pradesh Financial Corporation and Uttar Pradesh State Warehousing Corporation, he has the right to conduct the audit of their accounts independent of the audit conducted by the Chartered Accountants appointed under the respective Acts. The audit reports on the accounts of all these Corporations are being forwarded separately to the Government of Uttar Pradesh.

5. The cases mentioned in this Report are those which came to notice in the course of audit during the year 1986-87 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports. Matters relating to the period subsequent to 1986-87 have also been included, wherever considered necessary.

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OVERVIEW

1. There were 97 Government Companies (including 42 subsidiaries) and four Statutory Corporations in the State as on 31st March 1987.

Four Companies were under liquidation. The aggregate paid-up capital of 93 Government Companies was Rs. 606.94 crores, of which State Government's investment was Rs.469.38 crores. The State Government loans outstanding as on 31st March 1987 was Rs. 542.33 crores in 65 Companies.

(Paragraph 1.2.1 and 1.2.2)

The Government's participation in the capital of three Statutory Corporations as on 31st March 1987 was Rs. 159.67 crores while its investment in Uttar Pradesh State Electricity Board (UPSEB) by way of loan capital was Rs.4759.95 crores as on 31st March 1987.

(Paragraph 1.4.1, 1.5.1, 1.6.1 and 1.7.1)

Government had guaranteed payment of loans raised by UPSEB, two Corporations and 19 Companies and loans outstanding thereagainst aggregated Rs.996.90 crores.

(Paragraph 1.2.2(c),1.4.1, 1.5.1 and 1.6.2)

Accounts of 64 Companies and 2 Statutory Corporations wer in arrears ranging from 1 to 13 years. Out of 19 Companies which finalised their accounts for 1986-87, 10 Companies earned profits aggregating Rs.4.42 crores, 9 Companies incurred losses aggregating Rs.48.58 crores. According to the latest available accounts, the accumulated losses of Rs. 269.09 crores incurred by 14 Companies exceeded their paid-up capital of Rs. 166.92 crores. The accumulated losses in respect of UPSEB as on 31st March 1987 was Rs.774.96 crores, as per the latest finalised accounts.

(Paragraph 1.2.3, 1.2.4.1, 1.2.4.3, and 1.4.2)

2. Working of Kichha Sugar Company Limited and Garhwal Mandal Vikas Nigam Limited and execution of civil works in Parichha Thermal Power Project of Uttar Pradesh State Electricity Board were reviewed in audit during the period of the Report.

3. Kichha Sugar Company Limited, incorporated in 1972 has been incurring losses since its inception to 1984-85 and the accumulated losses of Rs.14.62 crores (leaving depreciation of Rs. 1.25 crores not provided on certain assets) as on 30th September 1986 represented about 208 per cent of the paid-up capital as on that date. The continuous losses were stated to be due to higher cane price, less sales realisation and heavy interest burden.

Although the suppliers of the plant (installed in March 1974 at a cost of Rs. 1.58 crores) failed to have the performance of the plant tested and to have the defects, if any, remedied during the maintenance period, the Company could not recover any penalty from them. The Company also did not test the efficiency of the plant but incurred a capital expenditure of Rs. 1.44 crores on additions and rectifications during 1973-74 to 1980-81 in an attempt to achieve rated capacity, despite which it could achieve only 40 to 87per cent of the rated capacity during the period.

Although there was a delay of six weeks in commissioning the machinery installed for expansion of cane crushing capacity, the liquidated damages of Rs.1.54 lakhs due under the terms of agreement towards delay in commissioning the machinery installed for expansion were not recovered from the suppliers. Of the two stages of the performance trial to be provided by the supplier in two consecutive crushing seasons, the first stage was dropped and the second performance trial was not carried out. However, instead of claiming liquidated damges as per terms of the contract, the performance trial was taken in the third year, thereby, giving further undue financial aid of Rs.6.92 lakhs to the suppliers.

The Company installed (January 1986) double sulphitation process at a cost of Rs.75.05 lakhs in place of carboration, but the anticipated savings of Rs. 7.70 lakhs on release of 200 labourers did not materialise.

While the cane crushing capacity of the plant was increased from 2000 to 3000 TCD, the cane growing area was reduced from 1.70 lakh hectares in 1974-75 to 1.03 lakh hectares in 1986-87.

Despite increase in cane crushing capacity from 36 lakhs to 54 lakhs quintals during 1983-84, the Company failed to achieve rated capacity of even 80 <u>per cent</u> during the period from 1983-84 to 1985-86 though it was achieved in 1981-82, resulting thereby loss of production of sugar valuing Rs. 14.08 crores.

Due to non-observance of norms for losses of sugar in bagasse, filter cake and undetermined loss as prescribed by the Sugar Industry Inquiry Commission, the value of sugar lost in excess of the norms amounted to Rs. 1.20 crores during the period from 1981-82 to 1985-86.

The cost of producing sugar was always more than the sales price due to higher cane prices, higher cane transportation charges, heavy expenditure on repairs and maintenance of the plant. Even after 16 years of its incorporation, the Company had not established its own marketing organisation. The sales and sale prices are still controlled by the holding company; the company has only been executing the sale orders issued by the holding company.

The Company is yet to take action on the directions of the Board (1981-82)to conduct ABC analysis of the inventory and to reduce the inventory level to about Rs.25 lakhs. The value of the inventory held by the Company had increased from Rs. 51.50 lakhs at the end of 1982-83 to Rs.78.87 lakhs in 1985-86.

Non-levy of penalty of Rs. 1.08 lakhs on the supplier of centrifugal machines and consumption of lime stone and coke in excess during 1986-87 amounting to Rs.5.85 lakhs were the other points noticed by Audit.

(Paragraph 2A)

4. Garhwal Mandal Vikas Nigam Limited set up in March 1976 for the development of five hill districts of Garhwal region, confined its activities to establishment of mini industrial unitsd and promotion of tourism and package tours.

In the Turpentine and Rosin Factory, capacity utilisation during the period of five years upto 1985-86 ranged between 50 and 63 per cent. Although the Company had identified shortage of raw material as the main reason for under utilisiation of capacities, it had not initiated action to enter into a long term contract with the forest department for adequate and uninterrupted supply of raw material. Against the 8 per cent process loss envisaged in the Project Report, the percentage of process loss to resin processed ranged from 8 to 14 during the period of five years upto 1985-86 resulting in excess loss of resin valuing Rs. 9.13 lakhs.

Similarly, the integrated wood works unit had also been incurring losses since inception and the main reason for loses was stated to be shortage of raw materials. However, the Company had not entered into a contract with the forest department for sustained supply of wood.

The Electronics Training-cum-Production Centre established in January 1981 was closed in March 1985, after incurring total expenditure of Rs. 1.91 lakhs, on the ground of lack of trained and expert technicians and rejection of 30 to 35 per cent of products.

For the construction of tourist rest house at Rambara, fabricated steel structures were procured in March 1982 at a cost of Rs.1.62 lakhs but the Forest Department declined (September 1982) to give possession of land as an anti-pollution measure. The steel structure was lying unutilised (March 1988).

For the purchase of hydraulic plywood press of 6.30 tonnes capacity for Flush Door Factory, the Company paid (April 1982) an advance of Rs.3.60 lakhs to a firm of Yamunanagar against a bank guarantee. While the delivery of the press was pending, the Company purchased (July 1982) another such press of 4.50 tonnes capacity from a firm of Bangalore for the same factory at a cost of Rs. 6.70 lakhs on the ground that the press of higher capacity would not be useful for the factory. Basis or justification for revision of the capacity of press within a short period of 3 months was not on record. Interestingly the Board decided in March 1987 that to avoid the forfieture of advance of Rs.3.60 lakhs by the firm, the press should be purchased and a new industrial unit "Garhwal Doors" should be set up in the premises of Flush Door Factory at a cost of Rs.23 lakhs. Neither the delivery of the press was obtained by the Company nor any action was taken on Board's decision (March 1988).

The ambitious project of laying a rope-way connecting Joshimath to Goroson for encouraging tourists in winter sports, estimated to cost Rs. 2.21 crores and scheduled to be completed by December 1984, has not yet been completed (March 1988) even after incurring an expenditure of Rs. 3.97 crores up to 31st March 1988.

(Paragraph 2B)

5. The Project for setting up a power station at Parichha with an initial installed capacity of 220 MW, approved in October 1977 for Rs. 83.72 crores (including cost of civil works: Rs.14.38 crores) was completed after a delay of about 4 years at a cost of Rs. 189.50 crores (including civil works Rs. 49.24 crores). The increase in cost of civil works was due to frequent changes in design/scope costing Rs.25.12 crores (174.7 per cent) and due to price escalation amounting to Rs.13.22 crores (91.9 per cent).

The consultants who were required to plan and coordinate all activities of of the project right from preparation of tender specifications to complete commissioning of the project were found, as admitted bythe Board later on, inefficient and incapable due to their limited experiencein hydraulic structure. Consequently, the Board had to make frequent revisions in the quantities, designs and drawings, it could not obtain competitive rates for higher quantities and it had to negotiate rates for additional items of work found to be executed depending upon the site conditions faced during execution. Not having been able to penalise the contractors on any account, the Board had to absorb the additional costs. Although the consultants were responsible for the additional costs, the Board had not contemplated levy of penalty on the consultants, for possible lapses on their part. Further, the design wing of the Board also failed miserably in its function in that the shortcomings and deficiencies in the designs and drawings prepared by the consultants were not checked and pointed out.

Administrative laxities and financial irregularities involving Rs.151.49 lakhs were noticed in the execution of civil works, significant of which were as under:

- Extra expenditure on executing additional items of work at higher rates (Rs.15.25 lakhs),
- extra contractual payment towards price escalation in respect of steel and cement supplied by the Board (Rs.10.76 lakhs) avoidable expenditure due to faulty designs of outfall structure (Rs.5.86 lakhs) in respe--ct of construction of water cooling system,
- ambiguity in the language of different clauses of agreement, resulting in a claim by the contractor engaged in the construction of intake channel, for Rs.74.33 lakhs which had to be taken for arbitration,
- extra expenditure on account of construction of boundary wall in 350 mm thickness due to non-availability of stones of required size (Rs.3.43 lakhs),
- allowing 9.4 per cent, instead 5 per cent as prescribed in the agreement, towards wastage of steel supplied by the Board for structural work, thus waiving recovery ofRs. 20.68 lakhs, apart from in-admissible payment of Rs.5.93 lakhs for supplying and laying of bolts

- extra expenditure of Rs. 8.89 lakhs on account of completion through another contractor of some of the auxiliary buildings, abandoned midway by the original contractor on grounds of delay in selection of site and release of drawings after scheduled date of completion,

- payment of price escalation of Rs.27.35 lakhs due to delay in completion of finishing work, reasons for which were not attributable to the contractor and

- loss of 680 tonnes of cement valued Rs.5.23 lakhs in floods.

(Paragraph 3)

6. Besides the reviews as mentioned above, a test check of the records of the Government Companies and Statutory Corporations in general, disclosed a number of points of interest as under:

(i) **In Uttar Pradesh Handloom Corporation limited**

Stock of handloom cloth worth Rs.68.73 lakhs purchased during the period from 1982-83 to 1985-86 was found, during physical verification in October/December 1986, damaged due to poor and prolonged storage of cloth and according to the disposal committee, disposal of controlled cloth worth Rs.52.31 lakhs if put on auction would fetch only 25 <u>per cent</u> value. Though the Board decided in March 1988 on the modalities of disposal, the cloth had not been finally disposed of till July 1988.

- Against the prescribed norm of shrinkage upto 4.25 per cent in processing of terrycot shirtings and suitings, the actual shrinkage (1982-83 to 1985-86) as intimated by a processing firm of Faridabad, was higher by 1.02 to 3.75 per cent resulting in a loss ofRs. 1.98 lakhs to the Company. With a view to recover the cost of excess shrinkage, Management withheld payment of Rs. 1.20 lakhs to the firm. In turn the firm withheld (April 1987), processed fabrics valuing Rs. 7.95 lakhs which could not be got back upto June 1988.

- Mis-appropriation of cloth (value Rs.5.82 lakhs) at Akbarpur Production Centre was facilitated due to incorrect verification of bills and non-checking of stock by the Centre Incharge and non-checking of production by the Production Superintendent.

(Paragraph 4A.1)

(ii) Out of the watch components worth Rs.27.10 lakhs, imported by **U.P. Small Industries Corporation Limited** on behalf of a small scale unit, Rs. 26.32 lakhs worth of material, not lifted by the assisted unit were replaced and removed by the deliquent employees of the depot in connivance with the firm causing a loss of Rs.40.24 lakhs (components worth Rs. 26.32 lakhs and godown rent: Rs.13.92 lakhs) to the Company which incurred also service charges (Rs.0.54 lakh). Mis-appropriation was rendered possible due to delay in taking decision to dispose of unlifted material and non-conducting physical verification during the period of storage.

No action was contemplated against

the Hire Purchase Inspector (retired in March 1986), on the basis of whose verification reports, loans to the extent of Rs.0.64 lakh were released to two units, one of which was non-existent and the other installed the machinery at a place other than that mentioned in the agreement.

(Paragraph 4A.2)

(iii) 80,917 tonnes of clinker despatched by Churk Unit of **U.P. State Cement Corporation to the Chunar Unit** by rail suffered a transit loss of 12,948 tonnes of clinker. The excess loss of clinker, over allowable norms of 8 to 9 per cent worked out to 5632 tonnes valuing Rs.28.08 lakhs. The Company did not consider the economics of purchasing a weighbridge and has not investigated the reasons for excessive losses in transit.

(Paragraph 4A.3)

(iv) Under Central Government sponsored Integrated Rural Development Programme, **Allahabad Mandal Vikas Nigam Limited** constructed 74 tube-wells during February 1979 to June 1985, for which, instead of preferring the claim of subsidy for Rs.33.45 lakhs, the Company claimed only Rs.28.23 lakhs. In the meantime, the scheme was wound up by the Government and the balance subsidy of Rs.5.22 lakhs was left unclaimed.

(Paragraph 4A.4)

(v) **The Nandganj-Sihori Sugar Company Limited** paid commission charges in full to the Sahkari Ganna Samiti without deducting establishment charges amonting to Rs.2.72 lakhs incurred by the Company, on behalf of the Samiti for disbursement of dues to cane growers.

(Paragraph 4A.5)

(vi) The highest offer of Rs. 11.01 lakhs in the auction of fishing rights for the period upto June 1987 of Nanak Sagar Nainital in July 1986 carried out by Matsya Vikas Nigam was rejected by State Government in November 1986 without assigning any reason. On re-inviting the tenders for the same in January 1987, the highest offer of Rs.9.01 lakhs was accepted in January 1987 on the ground that fishing period for 1986-87 was reduced by 4 months. Had the Government communicated its approval or otherwise immediately, the loss of Rs. 2 lakhs could have been reduced to a considerable extent.

(Paragraph 4A.6)

(vii) Failure on the part of the Indian Turpentine and Rosin Company Limited to instal shunt capacitors for maintaining power factor at 0.85 as per electricity tariff resulted in its having to pay surcharge amounting to Rs. 1.50 lakhs.

(Paragraph 4A.7)

(viii) A test check of the records of Uttar Pradesh State Electricity Board disclosed:

(a) non-levy of additional surcharge (Rs.13.30 lakhs), late payment surcharge

(Rs.1.06 lakhs), surcharge for non-installation of shunt capacitors (Rs.5.52 lakhs), low power factor surcharge (Rs.5.11 lakhs) and fuel surcharge (Rs.3.17 lakhs),

(b) non-settlement of claims amounting to Rs. 19.31 lakhs (preferred in July 1984) by Insurance Company due to delay in taking delivery of spares for Anpara Thermal Power Project,

(c) under assessment of revenue in 24 theft cases,

(d) failure to initiate departmental action in respect of mis-appropriation of conductors valued at Rs.1.41 lakhs,

(e) avoidable expenditure of Rs. 1.64 lakhs on watch and ward even after 4 years of closure of a power house to take care of stores lying there (value: Rs.33.50 lakhs) which were not verified and out of which lubricant etc. valuing Rs. 10 lakhs became unfit for use,

(f) locking up of funds of 1.29 lakhs because of non-installation of card punching system procured in August 1983,

(g) infructuous expenditure of Rs.1.49 lakhs on part construction of residential quarters andother development works of a 33 KV sub-station which had to be abandoned.

(Paragraph 4B.1.7)

(ix) **In Azamgarh Region of Uttar Pradesh State Road Transport Corporation,** improper posting in Daily Vehicle Return (DVR) and non-reconciliation of income from counter bookings at outstations posted in DVR on the basis of way bills with actual booking as mentioned in Daily Sale Account led to mis-appropriation of cash amounting to Rs. 1.22 lakhs by a conductor.

(Paragraph 4B.2)

(x) The Uttar Pradesh Financial Corporation did not fix up any responsibility on any of its officers, who released loan of Rs. 3.23 lakhs to a Kanpur Unit without verifying the authenticity of the bank guarantee furnished by the Unit. The Bank disowned its liability since no such guarantee was given by it and also that a Branch Manager was not empowered to issue such bank guarantee. The amount became irrecoverable, when the partners of the firm were not found at the given addresses.

(Paragraph 4B.3)

CHAPTER I

1. General view of Government Companies and Statutory Corporations

1.1. Introduction

The Chapter contains particulars about the investment in, and state of accounts etc. of, the Government Companies and Statutory Corporations.

Paragraph 1.2 gives a general view of Government Companies, paragraph 1.3 deals with general aspects relating to Statutory Corporations and Paragraph 1.4 to 1.7 give more details about each Statutory Corporation including its financial and operational performance.

1.2. Government Companies - General view

1.2.1. There were 97 Government Companies (including *42 subsidiaries) as on 31st March 1987, as against 94 Government Companies (including 40 subsidiaries) as on 31st March 1986.

According to information received by Audit during the year 1986-87, three new

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* Includes three subsidiaries viz. Uptron Communication and Instruments Limited, Uptron Digital Systems Limited and Uptron Capacitors Limited amalgamated with Uptron India Limited after 31st March 1987.

Government Companies (including 2 subsidiaries) were incorporated and four companies were in the process of liquidation. The particulars of the Companies formed and of those in the process of liquidation during the year are given below:

(a) **Government Companies formed**

Name of Company	Date of incorporation	Authorised capital (Rupees in crores)
(1) Kumaon Televisions Private Limited (Subsidiary of Teletronix Limited)	29th August 1984	0.50
(2) Ghatampur Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Company Limited)	30th May 1986	6.20
(3) Uttar Pradesh Police Avas Nigam Limited	27th March 1987	10.00

(b) **Government Companies in the process of liquidation**

Name of Company	Date of incorporation	Date of going into liquidation
(1) The Indian Bobbin Company Limited	22nd February 1924	10th September 1973

(2) The Turpentine Subsidiary Industries Limited (a subsidiary of the Indian Turpentine and Rosin Company Limited)	11th July 1939	Ist April 1978
(3) Uttar Pradesh Potteries (Private)Limited(a subsidiary of Uttar Pradesh Small Industries Corporation Limited)	28th June 1972	27th April 1985
(4) The Gandak Samadesh Kshetra Vikas Nigam Limited	15th March 1975	7th June 1977

1.2.2. Annexure-2 gives the particulars of uptodate paid-up capital, outstanding loans, amounts outstanding thereagainst, working results, etc. in respect of all the Government Companies. The position is summarised as under:

(a) Against the aggregate paid-up capital of Rs. 496.34 crores in 90 Companies (including 38 subsidiaries but excluding 4 Companies under liquidation) as on 31st March 1986, the aggregate paid-up capital as on 31st March 1987 stood at Rs. 606.94 crores in 93 Companies (including 40 subsidiaries but excluding 4 Companies under liquidation) as per particulars given below:

Particulars	Number of Companies	Investment by State Government	Investment by Central Government	Investment by Others	Investment by Total
		(Rupees in crores)			
(1) Companies wholly owned by State Government	35	434.54	--	--	434.54
(2) Companies jointly owned with Central Government/ others	18	33.89	9.41	1.22	44.52
(3) Subsidiary Companies	40	0.95	--	126.93	127.88**
TOTAL	93	469.38*	9.41	128.58	606.94

(b) The balance of long-term loans outstanding in respect of 65 Companies (including 28 Subsidiaries) on 31st March 1987 was Rs.905.66 crores (State Government: Rs.542.33 crores, others: Rs.344.35 crores and deferred payment credits: Rs.18.98 crores) as against Rs.778.76 crores in

* The figure as per Finance Accounts is Rs 453.19 crores, the difference was under reconciliation (June 1988)

** Excludes figures in respect of Vindhyachal Abrasives Limited and Uttar Pradesh Police Avas Nigam Limited as the data were not available.

respect of 68 Companies (including 28 subsidiaries) as on 31st March 1986 (State Government: Rs.423.31 crores, others: Rs.355.39 crores and deferred payment credits: Rs. 0.06 crore).

(c) The State Government had guaranteed repayment of loans raised by 19 Companies and payment of interest thereon. The amounts guaranteed and outstanding thereagainst as on 31st March 1987 were Rs. 140.79 crores* and Rs. 123.50 crores* respectively.

No guarantee commission is required to be paid by the companies to the State Government for availing the guarantees.

1.2.3. A synoptic statement showing the financial results of all the 97 Companies based on the latest available accounts is given in Annexure-3.

Out of total 83 companies for which accounts upto 1986-87 were due, 19 Companies (including 8 Subsidiaries) had finalised their accounts for the year ending 31st March 1987 (includes Companies which finalised accounts ending June 1987) vide serial numbers 1, 3, 7, 13, 15, 19, 27, 34, 35, 38, 65 and 66 and 23, 48, 49, 50, 73, 89, 93 respectively of Annexure-3. In addition, 38 Companies had finalised their accounts for some earlier years since

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* The figures as per Finance Accounts are Rs.603.99 crores and Rs.227.23 crores respectively. The difference was under reconciliation (June 1988).

the previous Report (Serial numbers 5,8,10,12,18,21,22,28,29,31,32,36,39,40,41,42,43,44,46,47,51,54,57,58,62,63,69,70,71,76,78,80,81,82,84,85,87 and 88 of Annexure-3).

It will be observed from Annexures-2 and 3 that the accounts of 64 Companies (including 25 Subsidiaries) were in arrears. The position is summarised as under:

Serial Number	Extent of arrears	Number of years involved	Number of Companies involved		Investment				Reference to serial number of Annexure-2
					Government		Holding Company		
			Companies	Subsidiaries	Share Capital	Loans	Share capital	Loans	
1	2	3	4	5	6	7	8	9	10
					(Rupees in lakhs)				
1.	1974-75 to 1986-87	13	---	1	---	---	0.10	---	14*
2.	1975-76 to 1986-87	12	-	3	---	---	12.86	4.23	16*,22*, and 25*
3.	1976-77 to 1986-87	11	---	1	---	---	5.06	0.05	67*
4.	1977-78 to 1986-87	10	1	2	3.06	---	4.73	6.90	4,17* and 29*
5.	1978-79 to 1986-87	9	2	---	577.15	60.33	---	---	9 and 33
6.	1979-80 to 1986-87	8	1	2	1043.49	674.36	7.30	---	20,68* and 79*

1	2	3	4	5	6	7	8	9	10
7.	1980-81 to 1986-87	7	2	4	140.00	74.34	33.95	0.07	30*,53*,64*,69, 72 and 74*
8.	1981-82 to 1986-87	6	7	2	1512.76	351.40	84.00	30.00	6,10,39,45*,47, 55,58,59,&62*
9.	1982-83 to 1986-87	5	3	2	464.76	181.98	28.06	1.06	26*,36,46*,56, and 71
10.	1983-84 to 1986-87	4	4	1	285.00	64.60	63.24	22.05	18,24*,51,61, and 77
11.	1984-85 to 1986-87	3	7	--	2514.93	689.17	--	--	2,11,21,28,40, 60 and 78
12.	1985-86 to 1986-87	2	7	2	4451.39	39144.79	35.20	21.16	5,31,52,57,63, 75*,83#,85 &90#
13.	1986-87	1	5	5	304.99	--	3184.83	814.33	37,41*,44,54*, 70,80*,82*,86, 87* and 88
	TOTAL		39	25	11297.53	41240.97	3459.33	899.85	

*Subsidiary Companies

* Data in respect of Company at Sl.No.90 not available.

In the absence of finalisation of accounts, the productivity of the inve-investment of Rs.56,897.68 lakhs (Capital:Rs.14,756.86 lakhs and loans: Rs.42,140.82 lakhs) by the State Government in these Companies could not be conclusively vouchsafed.

In the absence of finalisation of annual accounts for a number of years (ranging from 2 to 13 years) in respect of a large number of State Government Companies, the performance and state of affairs of these Companies could not be evaluated. Accumulation of heavy arrears in accounts of these Government Companies had also deprived the State Legislature and the Shareholders of their rights to have timely information about the financial position and functional performance as at the end of the period and the profit or loss made on their investment in these Companies.

In the absence of material information on the various aspects of their functioning, the operations of these Companies could not be considered to have the necessary direction and control.

The position of arrears in finalisation of accounts was last brought to the notice of the Government in April 1988 at the level of the Chief Secretary.

1.2.4. In regard to working results of the Companies, the following further observations are made:

1.2.4.1. In respect of 19 Companies which finalised the accounts for 1986-87, the position was as follows:

(a) 10 Companies (including 3 subsidiaries earned profit aggregating Rs.4.42 crores during 1986-87. The particulars in respect of them, giving the comparative position of the previous year are given below:

33.	146.	7th line from top	date	data
34.	160.	2nd sub-para-4th line	tems	terms
35.	164.	2nd sub-para of para 3.08.2-6th line	bssis	basis
36.	166.	last line	(April 1988)	(April 1989)
37.	168.	Add following at the end of the page 168 "On a test check of records (June 1987) of the Company, it was noticed that neither such a provision was made in the agreement entered into with the processing of terrycot fabric nor the actual shrinkage was determined by the Chief Production Manager."		
38.	176.	8th line from top	80,197	80,917
		-2nd sub-para 5th line	Trnasit	Transit
39.	181.	Add the following sub-para before paragraph 4.A.7. "The matter was reported to the Company in July 1987 and to Government in February 1988; their replies had not been received (April 1989)."		
40.	182.	2nd sub para 3rd line	rs. 1.50 lakhs	Rs. 1.50 lakhs
41.	183.	18th line of the page	eheck	check
42.	184.	8th line from bottom	employees	employee
43.	186.	5th line from top	depsatches	despatches
44.	187.	14th line from top	auction of	auction in
45.	191.	Para heading	4.B.1.1	4.B.1.1(C)
		-4th line of the para	capcitors	capacitors
46.	192.	2nd sub-para 4th line	capcitors	capacitors
47.	208.	5th line from top	Ons	on
48.	210.	Para 4.B.1.8- 2nd sub para 6th line	provisins	provisions
		-3rd sub-para 2nd line	December 1982	December 1987
49.	213.	3rd line from bottom	involved	invoked
50.	219.	Sl.No.10	Agra	Agro
51.	220.	Sl.No.29	Raunag	Raunaq
52.	221.	2nd line from top	Where against	their against
		3rd line from top	paragraph 2.2.2 page. . .	paragraph 1.2.2 page 3
		-Sl.No.7-Col.5(a)	2829.10	2829.00
53.	222.	Sl.No.16-Col.2(a)	Protectin	Protection
		-Sl.No.19-Col.3(a)	749.00	749.99
54.	224.	Sl.No.35-Col.6(b)	2265.85	2263.85
		-Sl.No.38-Col.6(c)	(-)462.04	(-)462.70
55.	225.	Sl.No.54-Col.6(d)	244.60	244.66
56.	231.	Heading line 2	paragraph 2.2.3 page ...	paragraph 1.2.3 page 5
		-Sl.No.1-Col.20	10.	10.2
		-Sl.No.8-Col.18	3594.0	3594.03
57.	233.	Item 17-Col.19	(+)2.4	(+)2.04
		-Item 19-Col.16	898.56	897.56
58.	234.	Item 28-Col.16	331.45	321.45
59.	236.	Item 45-Col.16	32.95	32.91
60.	237.	Item 50-Col.2(a)	(Poo-va)	(Poorva)
		-Item 50-Col.6	2.79	2.69
		-Item 52-Col.2(a)	Chalchita	Chalchitra
		-Item 55-Col.17	35.42	35.52
		-Item 49-Col.19	(-)38.28	(+)38.28
61.	238.	Item 61-Col.19	(-)3.14	(+)3.14
62.	239.	Item 72-Col.18	(+)14.60	(+)14.71
63.	240.	Item 76-Col.10	63.64	63.34
64.	241.	Item 86 & 87	--	The figures in column 13 to 19 against Sl.No. 87 may be readagainst serial No.86.

65. **At the end of each paragraph Nos.4A.1.1 to 4B.3, January 1988/ April 1988/November 1988 may be read as April 1989.**

-x-x-x-

ERRATA

Report of the Comptroller & Auditor General of India for the year ended 31 March 1987 (Commercial) Government of Uttar Pradesh

Sl.No.	Page	Reference to page/ paragraph	For	Read
1.	(i)	Fourth sub-para Ist line	payment	repayment
2.	(v)	5th line	unitsd	units
		-3rd sub-para 3rd line	loses	losses
3.	(vi)	sub-para 2-17th line	forfieture	forfeiture
4.	(vii)	Sub-para 2 of para 5 -second and third line	activities of of	activities of
		-7th line	experiencein	experience in
5.	(viii)	3rd sub-para-2nd line	Rs.15.25	Rs.51.25
		-last sub-para-1st line	instead	instead of
6.	(x)	sub-para(ii)-6th line	deliquent	delinquent
7.	(xiii)	sub-para (f)	of 1.29	of Rs.1.29
8.	2.	Table-item(2)	Sugar Company	Sugar Corporation
9.	4.	Total under Investment by Others	128.58	128.15
10.	12.	5th Column	(-)875.88	(-)873.88
11.	18.	Table heading of Col.4	Paid up capital	Paid up capital contributed by
12.	20.	5th line from top	execeeded	exceeded
		-para 1.2.6(a)-3rd line	November 1972	November 1973
13.	24.	Table heading-Col.3	Comanies	Companies
14.	42.	Table-item 4 under 1982-83	95.89	94.89
15.	45.	Table-Item 16-last Col.	76	74
16.	51	Item 9		To be numbered as 9(i)
		-Item 9(i)(a)-Col.7	31.14	31.15
		-After(b)-9(ii) and total inserted as below		
		-9(ii)Amount involved in RC/suit filed cases		Col.3 20.04; Col.5 28.78; Col.7 40.22
		-Total		66.77; 85.86; 108.53
		-Item 11 and 12 may be renumbered as item 10 and 11		
17.	51.	Item 10-Col.7	30.27	30.55
18.	53.	Item 2(b)-1986-87	3.56	3.57
19.	59.	Heading of Col.4	recei-	received
20.	70.	6th line from top	1985-86	1986-87
21.	72.	5th line from bottom	eachin	each in
		-1st line last para below the table	commission	Commission
22.	91.	2nd line from top	Ma agement	Management
		-4th line from top	(January 1988)	(April 1989)
23.	94.	Para 2.B.2-7th line	Vally	Valley
24.	106.	Table-Heading of Col.2	Capcity	Capacity
25.	121.	last line	(April 1988)	(April 1989)
26.	122.	1st para-10th line	Increase	increase
27.	123.	3rd para last line	adminis ative	administrative
28.	127.	2nd para 9th line	cnstruction	construction
29.	128.	Sub-para(i)-Ist line	Increase cost	Increase in cost
30.	130.	Para 3.05-3rd Col.	Date of completion	Date of completion
31.	133.	Para 3.07 2nd col. in table	Cost as per	Cost as per
32.	142.	6th line from bottom	correct-basis	basin
		-6th line from bottom	washedinto	washed into

Sl.No.	Name of Company	Paid-up capital 1985-86	Paid-up capital 1986-87	Profit(+) Loss (-) 1985-86	Profit(+) Loss (-) 1986-87	Percentage of profit to paid-up capital 1985-86	Percentage of profit to paid-up capital 1986-87
1	2	3	4	5	6	7	8
		(Ruppees in lakhs)					
1.	Indian Turpentine and Rosin Company Limited	22.02	22.02	(+) 45.84	(+) 22.19	208.17	100.77
2.	Uttar Pradesh State Industrial Development Corporation Limited	2092.29	2142.29	(+) 95.97	(+) 121.31	4.59	5.66
3.	Pradeshiya Industrial and Investment Corporation of Uttar Pradesh Limited	5549.75	6149.75	(+) 39.04	(+) 176.61	0.70	2.87
4.	Teletronix Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	95.71	121.21	(+) 47.30	(+) 3.89	49.42	3.21
5.	Uttar Pradesh (Rohilkhand Tarai) Ganna Beej Evam Vikas Nigam Limited	24.69	24.83	(+) 9.09	(+) 7.74	36.82	31.17
6.	Uttar Pradesh(Paschchim) Ganna Beej Evam Vikas Nigam Limited	19.14	19.46	(+) 11.82	(+) 2.75	61.75	14.13

7. Uttar Pradesh(Poorva) Ganna Beej Evam Vikas Nigam Limited	17.28	17.38	(+) 0.26	(+) 0.21	1.50	1.21
8. Harijan Evam Nirbal Varg Avas Nigam Limited	15.00	15.00	(+) 81.25	(+) 78.34	541.66	522.27
9. Uptron Powertronics Limited(Subsidiary of Uttar Pradesh Electronics Corporation Limited)	22.00*	22.00**	(-) 38.97*	(+) 2.69**	--	12.23
10. Kumaon Television Private Limited(Subsidiary of Teletronix Limited)	--	5.03	--	(+) 25.88	--	514.51

* Figures for the year ended 31st December 1985.

** Figures for the year ended 30th June 1987.

(b) 9 Companies (including 5 subsidiaries) incurred losses aggregating Rs.48.58 crores during 1986-87. The particulars in respect of them, giving comparative position of the previous year, are given below:

Sl. No.	Name of the Company	Paid-up capital 1985-86	Paid-up capital 1986-87	Profit(+)/Loss(-) 1985-86	Profit(+)/Loss(-) 1986-87
1	2	3	4	5	6
	(Rupees in lakhs)				
1.	Uttar Pradesh State Textile Corporation Limited	8093.07	8883.94	(-)603.67	(-)971.23
2.	Uttar Pradesh State Cement Corporation Limited	5249.00	6153.16	(-)557.39	(-)1684.20
3.	Auto Tractors Limited	750.00	750.00	(-)637.17	(-)714.20
4.	Uttar Pradesh State Leather Development and Marketing Corporation Limited	246.60	334.81	(-)37.22	(-)53.04

1	2	3	4	5	6
5.	Uttar Pradesh State Spinning Mills Company (No.I)Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	2638.00	3205.84	(-) 875.88	(-) 941.30
6.	Uttar Pradesh State Spinning Mills Company (No.II)Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	1987.86	2263.85	(-) 279.79	(-) 393.24
7.	Uttar Pradesh Instruments Limited(Subsidiary of Uttar Pradesh State				

1	2	3	4	5	6
	Industrial Development Corporation Limited)	202.22	202.22	(+) 20.22	(-) 50.51
8.	Bhadohi Woollens Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	291.56	291.56	(-) 26.55	(-) 45.20
9.	Uttar Pradesh Hill Electronics Corporation Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	0.001	68.76	Under construction	(-) 4.62

1.2.4.2. During the year 1986-87 three Companies declared dividend as per particulars below:

Sl. No.	Name of the Company	Distributable surplus	Amount retained in business	Dividend declared	Percentage of dividend to paid-up capital of the Company
	1	2	3	4	5
		(Rupees in lakhs)			
1.	The Indian Turpentine and Rosin Company Limited	7.80	5.40	3.08	14.0
2.	Uttar Pradesh Rajkiya Nirman Nigam Limited	170.12	161.62	8.50	8.5
3.	Uttar Pradesh (Rohilkhand Tarai)Ganna Beej Evam Vikas Nigam Limited	9.70	9.71	1.48	6.0

1.2.4.3. As shown in Annexure-2, the accumulated losses in respect of the following 14 Companies as reflected in the accounts received up to the period noted against each, had exceeded their paid-up capital as at the close of that year:

Sl. No.	Name of Company	Year upto which accounts were prepared	Paid-up capital at the close of the year	Accumulated loss upto the year	Serial number of Annexure-2
1	2	3	4	5	6
			(Rupees in lakhs)		
1.	Uttar Pradesh State Agro Industraial Corporation Limited	1980-81	723.83	744.77	6
2.	Uttar Pradesh State Sugar Corporation Limited	1985-86	8866.64	12442.85	8
3.	Kichha Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	1985-86	703.77	1461.98	12
4.	Auto Tractors Limited	1986-87	750.00	3066.54	19
5.	Transcables Limited(Subsidary of				

1	2	3	4	5	6
	Kumaon Mandal Vikas Nigam Limited)	1982-83	8.09	31.50	24
6.	Faizabad Roofings Limited(Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	1976-77	1.63	3.87	29
7.	Uttar Pradesh State Spinning Mills Company (NO.I) Limited(Subsidiary of Uttar Pradesh State Textile Corporation Limited)	1986-87	3205.84	4910.59	34
8.	Uttar Pradesh Instruments Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	1986-87	202.22	462.70	38

1	2	3	4	5	6
9.	Uttar Pradesh Pashudhan Udyog Nigam Limited	1980-81	65.05	65.12	39
10.	Nandganj Sihori Sugar Company Limited(Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	1985-86	1630.73	2834.35	41
11.	Chhata Sugar Company Limited(Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	1985-86	395.71	403.37	43
12.	Uttar Pradesh Tyres and Tubes Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	1985-86	106.68	351.34	54
13.	Uttar Pradesh Handloom Intensive Development Corporation(Bijnore) Limited				

1	2	3	4	5	6
	(Subsidiary of Uttar Pradesh State Handloom Corporation Limited).	1978-79	2.00	3.35	66
14.	Uttar Pradesh State Horticultural Produce Marketing and Processing Corporation Limited.	1981-82	30.00	127.45	71

1.2.5. In addition, there were six Companies covered under Section 619 B of the Companies Act, 1956 as detailed below, out of which only four Companies finalised their accounts (serial number 1, 2,3, and 4).

Sl. No.	Name of Company	Year of Accounts ending on	Paid up capiltal					Profit (+)/ loss(-) during the year
			State Government	Government Companies	Corporations	Others	Total	
1	2	3	4(a)	4(b)	4(c)	4(d)	4(e)	5
			(Rupees in lakhs)					
1.	Almora Magnesite Limited	31st October 1987	--	40.00	82.00	78.00	200.00	(+) 16.42
2.	Synthetic Foams Limited	30th June 1986	--	29.72	12.68	17.50	59.90	(-) 13.00

1	2	3	4(a)	4(b)	4(c)	4(d)	4(e)	5
3.	Command area Poultry Development Corporation Limited	31st December 1986	--	--	21.325	2.925	24.25	(-)2.49
4.	Uttar Pradesh Seeds and Tarai Development Corporation Limited	30th June 1986	50.00	38.75	21.25*	35.53	145.53	(+)5.61
5.	Steel and Fasteners Limited	31st December 1979	--	36.97	17.95	34.92	89.84	(-)44.96
6.	Electronics and Computors (India) Limited	31st December 1975	Accounts not finalised since inception					

* Represents shares held by Govind Ballabh Pant University of Agriculture and Technology for Rs.21.25 lakhs

The accumulated losses in respect of Synthetic Foams Limited and Command Area Poultry Development Corporation Limited amounting to Rs. 194.03 lakhs and Rs. 47.71 lakhs respectively had execeeded their paid-up capital.

The accounts from 1980 to 1986 in respect of Steel and Fasteners Limited, and from 1975 to 1986 in respect of Electronics and Computors (India) Limited were in arrears.

1.2.6. Some of the important points made by the Statutory Auditors. and as a result of audit by the Comptroller and Auditor General of India in respect of the accounts of the Government Companies audited during the year are mentioned below:

(i) The Statutory Auditors had reported in their Reports to the share-holders of the respective Companies that in view of the various reasons/comments/qualifications/ limitations mentioned by them, the accounts of the following three companies did not give a true and fair view. Some of the major qualifications made by the Auditors in respect of these Companies were:

(a) In case of the accounts of U.P. Roofings Limited, Kanpur for the period 24th November 1972 to 31st March 1975 (Auditors' Report of April 1977, a copy of which was made available in September 1984)-

- No cash book and ledgers were being maintained at Faizabad factory and no proper stores records for material received, consumed and balances or any Measurement books or other records in respect of construction works carried out were shown,

- the accounts handed over to Auditors could not be adopted by the Board as no Board's meeting took place and

- the Auditors had not been furnished with all the information and explanations which were necessary for the purpose of audit and also proper books of accounts as required by law had not been kept by the Company so far as it appeared from their examination of those books.

(b) In case of the accounts of Uttar Pradesh State Food and Essential Commodities Corporation Limited, Lucknow for the year ended 31st March 1982, (Auditors' report of April 1987)-

- sheets/records in respect of physical verification and valuation of opening stock as on Ist April 1981 had not been produced for verification, hence changes made in the figures of opening stock taken in final accounts could not be verified,

- frequent changes had been made in the accounts after being audited by them for which no explanations and supporting papers had been produced for verification of such changes,

- books of accounts had not been maintained during the course of business as there had been several cuttings, over-writings, changes of balances and even cancellations of written pages in Cash book and in other records,

- inter-office balances and their merger in Head Office account could not be verified as reconciliation statement had not been produced and

- as required by the Manufacturing and other Companies (Auditors' Report) Order 1975 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act 1956, the Company had not maintained proper records showing full particulars including quantitative details and situation of its fixed assets and also the discrepancies noticed between physical stocks of goods and stores and book records were significant but the same had not been properly dealt with in books of accounts.

(c) In case of the accounts of Uttar Pradesh Scheduled Castes Finance and Development Corporation Limited, Lucknow for the year ended 31st March 1984 (Auditor's Report of April 1987)-

- as required by the Manufacturing and Other Companies (Auditor's Reports) Order 1975, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act 1956, the Company had maintained proper records except at units where full particulars as required were not given. As per Internal Auditor's report no adjustments in respect of assets stolen/sold/not found on physical verification at the units, had been made in the accounts. Further at some of the units the balances as indicated in the General Ledger of the units did not tally with the figures as reflected in the Fixed Assets registers,

- the Employees Provident Fund Act was made applicable to the Company with effect from Ist January 1979 by the Regional Provident Fund Commissioner, Kanpur in 1983. However, the provisions of the said Act were introduced by the Company with effect from Ist August 1982. No provision for payment of Rs. 4.36 lakhs being the Employees' and Employer's contribution to the Fund had been made for the said period. An amount of Rs. 11.35 lakhs was payable as on 31st March 1984,

- they had not obtained the entire information and explanations which were necessary for the purpose of audit and

- trial balances in most of the units showed differences which had been included in the figures of sundry advances and sundry liabilities.

(ii) The Companies Act, 1956 empowers the Comptroller and Auditor General of India to issue directives to the Auditors of Government Companies in regard to the performance of their functions. In pursuance of the directives so issued, reports of the Company Auditors on the accounts of seven Companies (Serial numbers 8, 18, 34, 42, 44, 57 and 63 of Annexure-2) were received (April 1986 to March 1987). Important points noticed in these reports are summarised below:

Sl.No.	Nature of defect	Number of Companies where defects were noticed	Reference to serial number of Annexure.2
1	2	3	4
1.	Absence of Accounts Manual	2	8 and 42
2.	Absence of Internal Audit Manual	2	8 and 42
3.	Non-reconciliation/ delay in reconciliation of Control accounts with General ledger/Subsidiary ledgers	2	8 and 44
4.	Absence of standard costing system	2	8 and 42
5.	Absence of procedure /system for write off, discounts, refunds etc.	1	42
6.	Non-fixation of maximum/minimum limits of stocks/ spares	3	8,42 and 44
7.	Non-reconciliation of property/plant registers with financial books	2	42 and 44
8.	Non-compliance of Accounting Manual/ Instructions	1	44
9.	Absence of system for pricing of stores issued	1	44

10.	Non-determination of surplus/unserviceable stores	1	44

(iii) Under Section 619(4) of the Companies Act, 1956 the Comptroller and Auditor General of India has a right to comment upon or supplement the report of the Company Auditors. Out of 57 accounts selected for review during April 1986 to March 1987, accounts of one Company already audited by Statutory Auditors underwent revision and the omissions pointed out were complied with in the revised accounts. As a result of revision profit of the Company was reduced by Rs.3.10 lakhs.

Some of the major errors and omissions noticed in the course of supplementary audit not pointed out by the Statutory Auditors, are mentioned below:.

(i) Uttar Pradesh State Food and Essential Commodities Corporation Limited (accounts for the year 1981-82)

The net profit of Rs.61.28 lakhs was overstated by Rs. 9.07 lakhs due to (i) short provision of interest by Rs.0.52 lakh and (ii) short accountal of provision on debtors considered by the Company as doubtful by Rs. 8.55 lakhs.

(ii) Uttar Pradesh Rajkiya Nirman Nigam Limited (accounts for the year 1984-85)

(a) ~~The~~ value of works done for the year ~~was~~ determined as those executed upto 31st ~~M~~arch for which payments were received ~~fro~~m clients upto 30th April of the same cal~~end~~ar year. The value of works done (Rs. 54 lakhs) shown in Contract Account for 1984-85, however, included works done of the ~~v~~alue of Rs. 8.34 lakhs in respect of a ~~wo~~rk for which the client had not made payment till 30th April 1985. Thus, value of work done and profit for the year were overstated by Rs. 8.34 lakhs and Rs. 9.59 lakhs (including centage charges) respectively.

(b) In contravention of the provisins of Section 193 of the Companies Act, 1956, the Minutes Book contained entries of proceedings only upto 43rd meeting of the Board held on 27th April 1983. Further, the Company did not hold the requisite number of Board meetings in 1984, 1985 and 1986 as provided in Section 285 of the Act ibid.

(iii) Kichha Sugar Company Limited (accounts for the year ended 30th September 1986)

Neither the assets acquired (12th September 1970) by the Government of Uttar Pradesh and later on transferred (5th March 1973) to the Company for a consideration of Rs. 131.59 lakhs had been categorised inspite of inability of Government (6th May 1981) to furnish relevant details, nor the value had been depreciated. As a period of more than 16 years had elapsed since their acquisition almost all assets had already been fully depreciated. Thus, the assets stood overstated and accumulated losses understated by Rs. 131.59 lakhs.

Further, pre-operative expenses of Rs. 15.80 lakhs relating to these assets had not been written off. Thus, the pre-operative expenses stood overstated and accumulated losses understated by Rs. 15.80 lakhs.

(iv) Uptron Colour Picture Tubes Limited (accounts for the period ended 30th June 1986)

The balance sheet was not prepared in the format prescribed under Schedule VI to the Companies Act 1956.

(v) Uttar Pradesh State Brassware Corporation Limited (accounts for the year 1983-84)

Capital grants of Rs. 66.50 lakhs received from Government were included in current liabilities instead of showing as capital reserve. This resulted in over-statement of Current Liabilities and understatement of Reserves and Surplus by Rs. 66.50 lakhs.

(vi) Uttar Pradesh State Leather Development and Marketing Corporation Limited (accounts for the year 1985-86)

(a) Expenses of Rs. 27.35 lakhs incurred on development schemes which were met from grants (Rs.17.48 lakhs) received from Government and from the Company's own funds (Rs.9.87 lakhs) were shown on the assets side of the balance sheet by showing Rs.17.48 lakhs under liabilities. This resulted in overstatement of liabilities by Rs. 17.48 lakhs and miscellaneous expenditure (grant expenses) by Rs. 27.35 lakhs and also understatement of accumulated losses by Rs. 9.87 lakhs.

(b) Current Assets, Loans and Advances include Rs. 11.20 lakhs representing pre-operative expenses incurred on Direct Volcanising Process Plant which has gone into commercial production. This should have been allocated to the fixed assets. This resulted in understatement of fixed assets by Rs. 11.20 lakhs, depreciation and also the loss for the year by Rs. 1.68 lakhs.

(vii) Uttar Pradesh Export Corporation Limited (accounts for the year 1984-85)

Rs. 38.91 lakhs spent on creation of fixed assets out of Government grants were shown as deduction from the grant. This should have been shown under fixed assets, by showing the grant as Capital Reserve.

1.3. Statutory Corporations-General aspects

1.3.1. There were four Statutory Corporations in the State as on 31st March 1987-

- Uttar Pradesh State Electricity Board,
- Uttar Pradesh State Road Transport Corporation,
- Uttar Pradesh Financial Corporation and
- Uttar Pradesh State Warehousing Corporation.

1.3.2. The Uttar Pradesh State Electricity Board was constituted on Ist April 1959 under Section 5(1) of the Electricity (Supply) Act 1948 and the Uttar Pradesh State Road Transport Corporation was constituted on Ist June 1972 under Section 33 of the Road Transport Corporations Act 1950.

Under the respective Acts, the audit of these organisations vests solely with the Comptroller and Auditor General of India. Separate Audit Reports, mainly incorporating the comments on the annual accounts of each year, are issued separately to the Organisations and the Government.

The accounts of the Board have been finalised upto the year 1985-86 and the Audit Reports thereon were issued to the Board and to the Government on 5th February 1988. The accounts along with the separate Audit Reports thereon upto 1981-82 only have been presented to the Legislature so far (July 1988).

1.3.3. The accounts of the Uttar Pradesh State Road Transport Corporation have been prepared from 1980-81 to 1984-85 and were submitted to Audit together at a time (June 1987) but due to some observations made on the accounts for the year 1979-80, the accounts for the years 1980-81 to 1984-85 were revised and resubmitted on 17th November 1987. The Audit Report on the accounts for the year 1979-80 was issued to the Government on 16th August 1988. The accounts for the year 1978-79 were placed before the Legislature on 25th February 1986.

1.3.4. The Uttar Pradesh Financial Corporation was constituted on Ist November 1954 under Section 3(i) of the State Financial Corporations Act 1951.

Under Section 37 of the Act, the accounts of the Corporation are audited by Chartered Accountants appointed by the State Government in consultation with the Comptroller and Auditor General of India and the latter may also undertake audit of the accounts of the Corporation. The accounts of the Corporation were certified by the Chartered Accountants upto 1986-87. The separate Audit Reports of the Comptroller and Auditor General of India on the Annual Accounts of the Corporation upto 1983-84 were issued to the Government (May 1985) and the separate Audit Reports on the Annual Accounts for the year 1984-85 to 1986-87 are under finalisation. The accounts for the year 1983-84 together with separate Audit Reports thereon were placed before the Legislature on 25th February 1986.

1.3.5. The Uttar Pradesh State Warehousing Corporation was constituted on 19th March 1958 under Section 28(1) of the Warehousing Corporations Act, 1962.

Under Section 31 of the Act, the accounts of the Corporation are audited by Chartered Accountants appointed by the State Government in consultation with the Comptroller and Auditor General of India and the latter may also undertake audit of the accounts of the Corporation.

The accounts of the Corporation have been finalised upto the year 1984-85 and the Audit Report thereon was issued on 23rd September 1988. The accounts of the Corporation for the years 1985-86 and 1986-87 were in arrears. The accounts for the year 1980-81 were placed before the Legislature on 12th September 1983.

1.3.6. The working results of these four Statutory Corporations for the latest year for which accounts have been prepared are summarised in Annexure-4. Some particulars relating to these Corporations are given in paragraphs 1.4 to 1.7.

1.4. Uttar Pradesh State Electricity Board

1.4.1. The capital requirements of the Board are provided in the form of loans from the Government, the public, banks and other financial institutions. As per the accounts for 1985-86 and the provisional accounts for 1986-87, the aggregate long term loans (including loans from Government) obtained by the Board were Rs. 4757.95 crores at the end of 1986-87 and represented an increase of Rs. 363.19 crores (8.30 per cent) on the long term loans of Rs. 4394.76 crores at the end of the previous year. Particulars of loans obtained from the State Government and other sources and outstanding at the close of March 1986 and March 1987 are as follows:

Source	Amount outstanding as on 31st March 1986	Amount outstanding as on 31st March 1987 (Provisional)	Percentage of increase
1	2	3	4
		(Rupees in crores)	
1. State Government	3,472.37	3,703.97*	6.67
2. Other Sources	922.39	1,053.98	14.27
TOTAL	4,394.76	4,757.95	8.26

Government had guaranteed the repayment of loans raised by the Board and payment of interest thereon to the extent of Rs.1,213.80 crores. The amount of principal guaranteed and outstanding as on 31st March 1987 was Rs. 712.06 crores.

1.4.2. The Financial position of the Board at the end of the three years upto 31st March 1987 is given below:

Particulars	1984-85	1985-86	1986-87 (Provisional)
	(Rupees in crores)		
A. LIABILITIES			
1. Long term loans from			
(a) Government	3265.83	3472.37	3703.97

* The figure as per Finance Accounts is Rs.3,736.49 crores; the difference is under reconciliation (June 1988)

(b) Other sources	795.13	922.39	1053.98
2. Subvention and Grants from Government	--	--	--
3. Overdrafts/ways and Means advance from State Government	--	--	--
4. Reserves and Surplus	162.60	247.00	320.55
5. Current Liabilities and provisions	1758.72	1845.71	2138.47
Total A-	**5982.28**	**6487.47**	**7216.97**
B. ASSETS			
1. Gross fixed assets	2390.43	2602.99	2871.13
(i) **Less:Depriciation**	516.31	587.36	664.67
(ii) Less:consumers contribution	143.58	172.02	204.29
(iii)Net fixed assets	1730.54	1843.61	2002.17
2. Capital works in progress	1427.51	1903.41	2217.60
3. Current assets including investments	2054.59	1858.68	2183.95
4. Miscellaneous expenditure not written off	25.50	33.05	38.29
5. Accumulated losses	744.14	848.72	774.96
Total B-	**5982.28**	**6487.47**	**7216.97**

C. Capital employed*	2026.42	1856.58	2046.65
D. Capital invested**	4223.56	4641.76	5078.50

1.4.3. Upto 1984-85, the order of allocation of gross surplus was prescribed according to the then existing Section 67 of Electricity (Supply) Act, 1948. The provisions of the Act have been revised to provide for showing working results on commercial accounting system, applicable to accounts for 1985-86 and onwards.

Under Section 59(1) of the Act, the Board is required to carry on its operations and adjust its tariffs so as to ensure that the total revenues in any year of account shall, after meeting all expenses properly chargeable to revenue, leave such surplus as is not less than three per cent or such higher percentage as the State Government may specify, of the value of the fixed assets of the Board in service at the beginning. No higher percentage has been specified by the Government.

The working results of the Board for the three years upto 1986-87 on comparative commercial basis are summarised below:-

* Capital employed represents net fixed assets plus working capital

** Capital invested represents long term loans plus free reserves.

	1984-85	1985-86	1986-87 (Provisional)
		(Rupees in crores)	
1.(a) Revenue receipts	613.87	674.11	889.81
(b) Subsidy from Government	222.50	254.90	260.00
Total	**836.37**	**929.01**	**1149.81**
2. Revenue Expenditure	547.23	629.78	748.92
3. Gross Surplus(1-2)	(+)289.14	(+) 299.23	(+) 400.89
4. Appropriations			
(a) Depreciation	66.36	71.64	77.35
(b) Interest on-			
(i) Government loans	197.03	226.46	265.08
(ii) Other loans and Bonds	65.78	103.58	133.55
Total (i) and (ii)	**262.81**	**330.04**	**398.63**
Less interest capitalised	—	—	150.00
Total (b)	**262.81**	**330.04**	**248.63**
(c) Write-off intangible assets	1.97	2.13	1.15
Total (a+b+c)	**331.14**	**403.81**	**327.13**

5. Net surplus(+)/ Deficit(-) (3-4)	(-) 42.00	(-) 104.58	(+) 73.76
6. Total return on capital employed/ invested	(+) 220.81	(+) 225.46	(+) 322.09
7. Percentage of return on-			
(a) Capital employed	10.90	12.14	15.74
(b) Capital invested	5.23	4.86	6.34

1.4.4. The following major observations were made in Audit Reports on the annual accounts of the Board for the year 1984-85 and 1985-86:

(1) As pointed out in paragraph 1.4.4.(i) of Audit Report for the year 1985-86 the following deficiencies still persist in the accounts for the years 1984-85 and 1985-86:

(i) The Board has not categorised assets in use during 1975-76 to 1984-85 amounting to Rs. 1,714.29 crores representing 71.71 per cent of the total assets in use under different heads. Further, depreciation has been worked out on flat rate of 3.3 per cent instead of at different rates prescribed on the value of categorised assets.

(ii) The interest liability on the balance of General Provident Fund/Contributory accounts for the year 1984-85 resulting in decrease of deficit by Rs. 16.85 crores which was understated by Rs. 4.10 crores due to non-provision of certain liabilities.

(ii) A test check of arrears of revenue transferred from one division to another division due to re-organisation on setting up of new divisions revealed that 108 Advices for Transfer Debit (ATD) of 15 divisions amounting to Rs. 3.12 crores were not accepted by responding divisions for want of details to be furnished by originating divisions. The oldest ATD amounting to Rs.10.22 lakhs pertained to the year 1971-72 and 1972-73 This resulted in under-statement of sundry debtors and overstatement of ATDs.

(b) On the accounts of 1985-86-

(i) No adjustment was made in the value of fixed assets on account of loss due to a major fire at Obra during 1983-84. The amount of loss was stated to be Rs. 30 crores (approximately).

(ii) During 1985-86, one unit of 210 M.W. at Anpara was put to use, but the expenditure incurred on this unit was not shown under the head, 'Fixed-assets'. The figure of fixed assets, therefore, stood under-exhibited to the extent of expenditure incurred on this unit.

(iii) Provision of Rs. 2.14 crores made for doubtful loans and advances upto 1984-85 was written-off during the year without any reference to the actual bad and doubtful loans and advances.

(iv) Cheques worth Rs. 20.50 lakhs were dishonoured by the Bank during 1985-86, but the same were not adjusted.

1.4.5. The following table indicates the operational performance of the Board during the three years upto 1986-87:

Particulars	1984-85	1985-86	1986-87 (Provisional)
1. Installed capacity in MW-			
(i) Thermal	2698.50	2908.50	3118.50
(ii)Hydel	1422.35	1422.35	1422.35
Total-1	**4120.85**	**4330.85**	**4540.85**
2. Power generated(in Mkwh)			
(i) Thermal	6744.873	7629.40	9516.00
(ii)Hydel	4541.002	4596.60	5213.00
Total-2	**11285.875**	**12226.00**	**14729.00**
3. Auxiliary consumptin	910.462	1051.000	1098.000
4. Net power generated (2-3)	10375.413	11175.000	13631.000
5. Power purchased	3718.600	3791.000	3591.000
6. Total Power available for sale (4+5)	14094.013	14966.000	17222.000
7. Normal Maximum demand(In MW)	3526.00	3622.000	N.A.
8. Power sold	11159.000	11887.000	13655.000

9. Transmission and distribution loss	2935.013	3079.000	3567.000
10. Load factor (per cent)	36.1	40.8	38.9
11. Percentage of transmission and distribution losses	20.8	20.5	20.7
12. Number of units generated per KW of installed capacity	2738.000	2823.000	3244.000
13. Villages/towns electrified (Numbers)	63075	N.A.	N.A.
14. Pump sets/wells energised (Numbers)	484509	N.A.	N.A.
15. Sub-station (132 KV and above)	167	N.A.	N.A.
16. Transmission/distribution lines in Kms.	N.A.	N.A.	N.A.
i) High/Medium Voltage	N.A.	N.A.	N.A.
ii) Low Voltage	N.A.	N.A.	N.A.
17. Connected load (MW)	6711.075	6977.338	7408.729
18. Number of consumers	2577068	2737615	2927689
19. Number of employees	110939	113000	113000
20. Total expenditure on staff (Rupees in lakhs)	17781	20677	21901

21. Break up of sale of energy according to categories of consumers (In Mkwh)			
(a) Agricultural	3611.000	3723.000	4937.000
(b) Industrial	4167.000	4475.000	4776.000
(c) Commercial	613.000	672.000	760.000
(d) Domestic	1582.000	1848.000	1933.000
(e) Others	1186.000	1169.000	1249.000
Total -21	**11159.000**	**11887.000**	**13655.000**
22. (a) Revenue per Kwh in paise (excluding subsidy)	55.01	55.11	65.16
(b) Expenditure per Kwh in paise	55.16	59.19	60.59
(c) Profit(+)/ Loss(-) per Kwh in paise	(-)0.15	(-)4.08	(+)4.57

1.5. Uttar Pradesh State Road Transport Corporation

1.5.1. As on 31st March 1987 the capital of the Corporation was Rs.144.71 crores (Rs.108.70 crores contributed by the State Government and Rs. 36.01 crores by the Central Government) as against Rs.103.17 crores as on 31st March 1986 (Rs.74.11 crores contributed by State Government and Rs. 29.06 crores contributed by Central Government). As at the end of March 1987, interest amounting to Rs. 3.70 crores on capital (State Government Rs.108.70 crores and Central Government Rs.36.01 crores) was payable at 6.25 per cent per annum.

In addition, the Corporation owed loans amounting to Rs. 2.00 crores to State Government as on 31st March 1987. The State Government had also given guarantees for repayment of loans raised by the Corporation from other sources and payment of interest thereon, and as on 31st March 1987 the amounts of such guarantees and the loans outstanding thereagainst were Rs. 77.00 crores and Rs.51.56 crores respectively.

1.5.2. The financial position of the Corporation at the end of the three years upto 31st March 1985 is given below:

A. Liabilities

	1982-83	1983-84	1984-85
	(Rupees in crores)		
1. Capital	65.25	71.28	83.17
2. Reserve and surplus	90.41	99.80	108.86
3. Borrowings	39.29	45.87	59.65
4. Trade dues and other current liabilities	101.58	95.89	93.86
Total-A	**296.53**	**311.84**	**345.54**

B. Assets

1. Gross block	139.64	147.97	168.66
2. Less: Depreciation	89.02	98.22	107.07
3. Net fixed assets	50.62	49.73	61.59
4. Capital Works-in progress	1.15	27.21	25.82
5. Investments	0.92	0.92	0.80

6. Current Assets, Loans and Advances	94.96	59.08	51.02
7. Accumulated Losses	59.86	76.66	99.24
Total-B	296.53	311.84	345.54
C. Capital invested*	96.44	114.02	139.85
D. Capital employed**	67.19	51.39	47.56

1.5.3. The working results of the Corporation during the three years upto 1984-85 are summarised below:

Particulars	1982-83	1983-84	1984-85
	(Rupees in crores)		
1. Total revenue	110.52	128.73	140.93
2. Total expenditure			
(a) Other than interest	124.18	136.67	149.37
(b) Interest	7.85	8.70	13.95
Total	131.03	145.37	163.32
3. Net profit(+)/ Loss(-)	(-)21.52	(-)16.64	(-)22.39
4. (a) Capital employed	67.19	51.39	47.56
(b) Capital invested	96.44	114.02	139.85
		Per cent	
5. Total return on			
(a) Capital employed	--	--	-
(b) Capital invested	--	--	-

*Capital invested represents paid-up capital plus long term loans plus free reserves.

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

1.5.4. Table below indicates the operational performance of the Corporation during the three years upto 1986-87:

	1984-85	1985-86	1986-87
1. Average number of vehicles held (effective fleet)	6040	6167	6452
2. Average number* of vehicles on road	4362	4681	5436
3. Percentage of utilisation	72	72	84
4. Kilometers covered(in lakhs)			
Gross	4359	4521	4857
Effective	4277	4435	4760
Dead	82	86	97
5. Percentage of dead Km.to gross Km.	1.9	2.13	2.04
6. Average Km.covered per bus per day	204	213	190
7. Average revenue per Km.(Paise)	330	361	381
8. Average expenditure per Km. (Paise)	367	385	376
9. Profit(+)/ Loss(-) (paise per Km.)	- 37	- 24	- 05

* Vehicles include buses, taxis and trucks.

10. Total route Kms. (in lakhs)	269626	263158	317117
11. Number of operating depots	93	90	104
12. Average number of break downs per lakh Kms.	7.10	7.30	5.00
13. Average number of accidents per lakh Kms.	0.15	0.16	0.17
14. Passenger Kms. scheduled (in lakhs)	217524	229947	246824
15. Passenger Kms. operated (In lakhs)	143566	167861	182650
16. Occupancy ratio (*per cent*)	66	73	76

1.6. Uttar Pradesh Financial Corporation

1.6.1. The paid-up capital of the Corporation as on 31st March 1987 was Rs.10.00 crores (State Government: Rs.4.85 crores, Industrial Development Bank of India: Rs. 4.85 crores and others: Rs. 0.30 crore) which was the same as on 31st March 1986.

1.6.2. Government had guaranteed the repayment of share capital of Rs. 9.65 crores (excluding special share capital of Rs. 0.35 crore) under Section 6(1) of the State Financial Corporations Act 1951 and payment of minimum dividend thereon at the rate of 3.5 *per cent*. During the year 1986-87 the Corporation's total income was Rs. 31.93 crores and revenue expenditure was Rs. 29.14 crores.

After provision for bad and doubtful debts of Rs. 0.70 crore, there was a profit of Rs.2.79 crores before tax and Rs. 2.16 crores after provision for tax. After making provision of Rs.1.93 crores for various reserves, the surplus available was Rs. 0.23 crore, out of which no amount could be utilised towards subvention paid back to Government.

Government has also guaranteed repayment of market loans (through bonds and debentures) of Rs.109.68 crores raised by the Corporation. Amount of principal outstanding thereagainst as on 31st March 1987 was Rs.109.68 crores.

1.6.3. The table below summarises the financial position of the Corporation under broad headings at the end of the three years up to 1986-87.

	1984-85	1985-86	1986-87
		(Rupees in crores)	
A. Liabilities			
(1)Paid-up capital	10.00	10.00	10.00
(2)Reserve and surplus	8.30	9.39	11.25
(3)Borrowings			
(i) Bonds and debentures	72.05	87.95	109.68
(ii)Others*	140.00	185.24	248.13
(4)Other liabilites	13.83	7.82	6.65
TOTAL-A	**244.18**	**300.40**	**385.71**

*Includes loan in lieu of share capital-Rs.22.00 crores in 1984-85,Rs.34.00 crores in 1985-86 and Rs. 49.50 crores in 1986-87.

B. Assets

1. Cash and Bank balance	15.89	9.24	10.70
2. Investments	0.33	0.35	0.35
3. Loans and Advances	216.70	277.42	355.19
4. Net fixed assets	0.67	1.07	1.19
5. Dividend deficit	0.08	--	--
6. Other assets	10.51	12.32	18.28
Total-B	**244.18**	**300.40**	**385.71**
C. Capital employed*	**208.10**	**261.43**	**335.79**
D. Capital invested**	**230.35**	**292.52**	**379.06**

1.6.4. The Corporation switched over to cash system of accounting from mercantile system from the year 1981-82.

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* Capital employed represents the mean of the aggregate of opening and closing balances of paid-up capital, bonds and debentures, reserves, borrowings (including refinance) and deposits

** Capital invested represents paid-up capital plus long term loans plus free reserves at the close of the year.

The following table gives details of the working results of the Corporation during the three years upto 1986-87.

Particulars	1984-85	1985-86	1986-87
	(Rupees in lakhs)		
I. Income			
a) Interest on loans and advances	1681.34	2430.64	3087.09
b) Other income	45.42	64.73	105.75
Total-I	**1726.76**	**2495.37**	**3192.84**
II. Expenditure			
a) Interest on long term loans	1255.91	1838.75	2437.86
b) Other expenses	293.27	517.11	474.86
Total-II	**1546.18**	**2355.86**	**2914.32**
III- Profit(+)/ Loss(-) before tax	**(+) 177.58**	**(+) 139.51**	**(+) 278.52**
IV. Provision for tax	61.53	19.06	51.86
V. Profit after tax	116.05	120.45	226.66
VI. Other appropriations	82.00	--	192.80
VII. Amount available for dividend	33.78	--	39.49
VIII. Dividend payable	33.78	33.78	33.78

IX. (a) Capital employed	20810.00	26143.00	33579.00
(b) Capital invested	23035.00	29252.00	37906.00
X. Total return:			
(a) On capital employed	1433.49	1978.26	2716.38
(b) On capital invested	1433.49	1978.26	2716.38
		Per cent	
XI. Percentage of return			
(a) On capital employed	6.9	7.6	8.1
(b) On capital invested	6.2	6.8	7.2

1.6.5. The following table indicates the position regarding receipts and disposal of applications or sanction of loans during the three years upto 1986-87:

Particulars	1984-85 Numb-er	Amou-nt	1985-86 Numb-er	Amou-nt	1986-87 Numb-er	Amou-nt	Cumulative since inception Numb-er	Amou-nt
1	2	3	4	5	6	7	8	9
		(Rupees in crores)		(Rupees in crores)		(Rupees in crores)		(Rupees in crores)
1. Applications pending at the beginning of the year	469	26.13	533	42.54	602	60.69	N.A.	N.A.
2. Applications received	5025	173.27	4082	275.33	2975	268.21	49455	1410.25
3. Total (1+2)	5494	199.30	4615	317.87	3577	328.90	49455	1410.25
4. Applications sanctioned	3897	94.81	2776	156.22	2440	192.86	35905	831.31
5. Applications cancelled/ withdrawn/rej-ected/reduced	1064	55.07	1237	92.80	1523	119.00	13936	509.24
6. Applications pending at the close of the year	533	42.54	602	60.69	292	38.33	Not given	Not given

1	2	3	4	5	6	7	8	9
7. Loans disbursed	3095	54.28	2458	78.03	1842	98.47	24296	443.46
8. Amount outstanding at the close of the year	--	216.70	--	277.42	--	355.19	N.A.	N.A.
9. Amount overdue for recovery at the close of the year.								
(a) Principal	--	22.07	--	26.48	--	31.14	--	-
(b) Interest	--	24.66	--	30.60	--	37.16		
Total		46.73		57.08		66.30		
11. Percentage of default to total loans outstanding		30.80		30.94		30.27		
12. Employment generated by the assisted units		*		*		*		

* Not available

As may be seen from the table above, out of outstanding loans of Rs. 355.19 crores from 22068 loanees as on 31st March 1987, an amount of Rs. 108.53 crores (including interest of Rs. 37.16 crores) was over due for recovery. The percentage of overdue amount to the total outstanding had varied from 30.8 per cent in 1984-85 to 30.9 per cent in 1985-86 and 30.6 per cent in 1986-87 .

Age-wise analysis of the over due loans is as under:

Sl.No.	Age of over due	Number of units	Amount (Rupees in lakhs)
1.	Less than 1 year	9317	4120.57
2.	1 to 2 years	4476	2938.71
3.	More than 2 years	3905	3793.98
	Total	17698	10853.26

1.6.6. The data of investment in sick and closed units was not available.

1.6.7. The Corporation had made cumulative provision of Rs. 2.33 crores towards doubtful debts upto 31st March 1987.

1.7. Uttar Pradesh State Warehousing Corporation

1.7.1. The paid up capital of the Corporation as on 31st March 1987 was Rs. 4.96 crores (State Government: Rs. 2.48 crores and Central Warehousing Corporation: Rs. 2.48 crores) which was the same as on 31st March 1986.

1.7.2. Data of working results and physical performance of the Corporation for the three years upto 1986-87 is summarised below:

Sl.No.	Particulars	1984-85	1985-86	1986-87
1.	Number of stations covered	144	144	145
2.	Storage capacity created upto the end of the year (Tonnes in lakhs)			
	(a) Owned	9.16	9.16	9.16
	(b) Hired	3.47	3.37	3.56
	Total -2	12.63	12.53	12.73
3.	Average capacity utilised (tonnes in lakhs)	11.62	12.60	12.42
			(Per cent)	
4.	Percentage of utilisation	92.7	99.5	98.3
			(Rupees)	
5.	(a) Average revenue (Per tonne)	57.68	64.67	69.11
	(b) Average expenses (per tonne)	46.76	43.14	47.19
	(c) Average net earning per tonne	10.92	21.53	21.93

CHAPTER - II

2. Reviews in respect of Government Companies

This Chapter contains two reviews as below:

Section **2A** - **Kichha Sugar Company Limited**
and
Section 2B - **Garhwal Mandal Vikas Nigam Limited**

2A. KICHHA SUGAR COMPANY LIMITED
(Industries Department)

HIGHLIGHTS

1. Kichha Sugar Company Limited was incorporated in 1972 to run the Sugar factory at Kichha acquired in 1971 by its holding Company-Uttar Pradesh State Sugar Corporation Limited. The Company had been incurring losses since inception to 1984-85 and the cumulative loss as on 30th September 1986 (excluding depreciation of Rs.125 lakhs not provided on the assets transferred by the State Government) represented about 208 per cent of its paid up capital which was stated to be mainly due to higher cane prices, lower sales realisation and heavy interest burden.

2. The Sugar Plant of 2,000 tonnes capacity commissioned in March 1974 at a cost of Rs. 157.97 lakhs was not tested by the suppliers for performance guarantee either in 1974-75 or in 1975-76 or even thereafter and the Company also never assessed the

efficiency of the plant. The Company had to incur a capital expenditure of Rs.143.96 lakhs on additions and rectifications during 1973-74 to 1980-81 in an attempt to achieve rated capacity, but the actual capacity achieved during the period ranged between 40 and 87 per cent only. The Company dropped the first stage trial performance of the plant and equipment erected by a Lucknow firm in December 1982 at a cost of Rs.73.91 lakhs for expanding the crushing capacity of the factory from 2,000 tonnes to 3,000 tonnes; the second stage trial performance not having been fulfilled, the Company instead of levying a penalty of Rs. 5.77 lakhs, allowed the supplier to take the performance test in the third season when it was found satisfactory. Liquidated damages of Rs. 2.69 lakhs for delay in supplies (Rs.1.54 lakhs) and for shortfall in the rate of crushing and reduced mill extraction (Rs. 1.15 lakhs) were also not levied on the firm.

The expenditure of Rs. 75.05 lakhs incurred in 1985-86 on conversion of the production process from carbonation to double sulphitation remained partly unfruitful as the anticipated savings of Rs. 7.70 lakhs per season by way of reduction in the labour strength did not materialise.

The loss of production sustained by the Company due to its failure to achieve the increased rated capacity during 1983-84 to 1985-86 was about Rs. 14.08 crores, the capacity utilisation ranging from 54 to 64 per cent of the increased installed capacity;

while the value of the sugar lost in proces in excess of norms during 1981-82 to 1985-86 was about Rs.1.20 crores.

The cost of sales of sugar was more than the sales during 1981-82 to 1984-85 due to (i) higher cane price than that fixed by Central Government (aggregating to Rs.805.80 lakhs), (ii) transportation charges (Rs.192.47 lakhs) being more than that recovered from the cane growers (Rs. 47.30 lakhs) and (iii) heavy expenditure on repairs and maintenance of the plant (ranging from Rs.40.10 lakhs to Rs. 47.44 lakhs).

The Company had no marketing organisation. The holding company controls the fixation of sales prices and enters into agreements with selling agents for supply of sugar, while the company only executes the sale orders issued by the holding Company. The holding company has not explained-

(a) the differential rates allowed to various selling agents,

(b) non-levy of penalty for failure on the part of the selling agents to lift sugar by the due dates and regarding lapse of free sale quota due to delay on its part in releasing the sale orders.

The directions of the Board (1981-82) to reduce the inventory level to Rs.25 lakhs had not been implemented and the value of the inventory held by the Company increased from Rs. 51.50 lakhs in 1982-83 to Rs. 78.87 lakhs in 1985-86.

Non-levy of penalty of Rs. 1.08 lakhs on the supplier of centrifugal machines for the delay in delivery and commissioning as per the provisions of the purchase order and excess consumption of limestone and coke valuing Rs. 5.85 lakhs during 1986-87 were the other points noticed by Audit.

2A.1. Introductory

Kichha Sugar Company Limited was incorporated in February 1972 to run the Sugar Factory at Kichha acquired by its holding Company-Uttar Pradesh State Sugar Corporation Limited-from Government in November 1971.

2A.2. Audit Scope

The working of the Company was last reviewed in the Report of the Comptroller and Auditor General of India for the year 1975-76. The Committee on Public Undertakings considered the same during November 1982 to June 1983 and its recommendations are awaited (June 1988). The present review of the working of the Company extended to study of funding structure, borrowing, completion and commissioning of the factory, its expansion from 2000 TCD to 3000 TCD, cane procurement, capacity utilisation and production performance in the factory. In addition to this sales performance, inventory analysis, consumption of raw material etc. were also studied during August and September 1987. Important points noticed during the present audit covering the transactions from 1981-82 are discussed in succeeding paragraphs.

2A.3. Organisational set up

The management of the Company vests in a Board of Directors consisting of a Chairman and ten directors, of whom five including the Executive Director are nominated by the holding Company, one is nominated by the Government, one by Uttar Pradesh State Industrial Development Corporation (UPS-IDC), one by Industrial Finance Corporation of India (IFCI) and two directors representing cane growers. The Chairman of the holding Company is also the Chairman of the Company. The day to day affairs of the Company are looked after by the Executive Director who is assisted by a Chief Engineer, a Chief Chemist, a Chief Accountant and a Chief Cane Manager.

2A.4. Funding

2A.4.1. Capital

The authorised share capital of the Company is Rs. 1400 lakhs including preference share capital of Rs. 30 lakhs. The paid-up capital as on 30th September 1986 was Rs. 703.37 lakhs held by the holding Company (Rs. 605.72 lakhs),State Government (Rs.32.59 lakhs), local cane growers (Rs.45.06 lakhs) and UPSIDC (Rs. 20 lakhs).

2A.4.2. Borrowings

The Company obtained loans from various sources from time to time. The details of loans obtained, purpose thereof and amounts outstanding as on 30th September 1986 are given in the table below:

Sl. No.	Agency from which loans were taken	Period of receipt	Amount received (Rupees in lakhs)	Purpose	Rate of interest (percent per annum)	Amount outstanding as on 30th September 1986 Principal (Rupees in lakhs)	Interest	Remarks
1	2	3	4	5	6	7	8	9
1.	U.P. Sugar Special Fund Committee	March 1977	15.00	For payment of Cane dues	12	15.00	17.24	
2.	-do-	October 1978	6.95	Modernisation and rehabilitation of plant	--	5.56	1.08	The loan was interest free repayable in five annual instalments. In case of default in pay-

1	2	3	4	5	6	7	8	9
								ment, interest was leviable at 12.5 per cent. As the Company failed to repay instalments after paying the first instalment in October 1983 the Cane Commissioner claimed (November 1985) penal interest of Rs.6.08 lakhs up to October 1985, against which the Company provided only Rs.1.08 lakhs in its accounts for the year ended 30th September 1986.
3.	Holding Company	November 1982 to August 1984	182.00	Expansion	15.5 to 18	52.00	77.52	

1	2	3	4	5	6	7	8	9
4.	State Govern-ment	Febru-ary 1972	100.00	Towards transfer of assets	11.5	41.00	31.22	
		June 1973	50.00	Interim loan for payment of cane dues	11	50.00	58.48	No pay-ment of principal or intere-st was made. In March 1982 the State Governme-nt conver-ted apart of loan and intere-st(Rs.273.72 lakhs) into equity of holding Company.
		January 1979	55.00	Interim loan for payment of cane dues	Converted into Capital in March 1982			
		July 1983 to Septem-ber 1984	384.19	-do-	18.5 to 19	384.19	178.40	For timely repayment a rebate of 3.5 <u>per cent</u> of interest was admissible.

1	2	3	4	5	6	7	8	9
								Due to non-payment of instalments, the company lost rebate of Rs.29.74 lakhs up to 30th September 1986.
5.	IFCI and IDBI	June 1985	135.00	Expansion	14	110.00	--	The loan sanctioned (March 1984) was Rs.180 lakhs. The Company drew only Rs.135 lakhs in June 1985 of which Rs.20.00 lakhs was repaid in November 1985 and May 1986.Owing to delay in drawal of loan the Company had to pay commitment charges of Rs.1.63 lakhs during October 1985 to September 1986.

Apart from the above, the balance outstanding as on 30th September 1986 in the cash credit, obtained from the banks, on the security of its stocks of sugar, to meet its working capital requirements, was Rs. 286.19 lakhs (Maximum limit: Rs.800 lakhs).

2A.5. Commissioning of the factory

Mention was made in paragraph 34 of the Report of the Comptroller and Auditor General of India for the year 1974-75 (Commercial) and subsequently in paragraph 2.25 of the Report of the year 1975-76 about purchase of Sugar Plant. As per the contract with the firm of Calcutta, the erection and commissioning of the plant and equipment scheduled to be completed by 15th October 1973 at a cost of Rs. 157.97 lakhs was actually completed on 20th March 1974 at a cost of Rs. 225.85 lakhs.

The following further points were noticed:

(a) The sellers of plant and equipment guaranteed crushing of 2000 tonnes of cane per day (TCD) and the performance guarantee was to be treated as fulfilled when the machinery and equipment handled 2000 tonnes of cane per day for a period of seven consecutive days in the crushing season available after commissioning i.e. 1974-75 season. The suppliers did not consider the plant fit for giving performance trial during 1974-75 and as such they were willing to give performance trial in 1975-76, which was not acceptable to the Company. However, since the suppliers failed to give performance trial even in 1975-76 the Company attempted to invoke (December 1976) all the three bank guarantees valuing Rs. 16.79 lakhs furnished by the suppliers as per agreement (for delay in commissioning: Rs. 7.89 lakhs and for performance guarantee: Rs. 8.90 lakhs). However, the guarantees could not be encashed due to suit filed by the supplier in the Court. The Company approached arbitrator as agreed (February 1979) between the Company and the supplier in July 1979 with a claim of Rs. 17.13 lakhs against which claim for Rs. 1 lakh only was allowed by the arbitrator in February 1985. Against the award, the Company filed in 1985 an objection in the Court of Assistant District Judge, Alipore (Calcutta). Further progress was awaited (September 1987).

(b) As per agreement, the sellers were liable to repair / replace any machinery or equipment free of cost during maintenance period of two years after commissioning. During operation of the plant several defects (such as installation defects, designing defects, defects in operating arrangement, supply of defective filter press and supply of under capacity items) were noticed and the Company informed (April 1974) the suppliers for rectification. The suppliers in turn pointed out (May 1974) defects in the milling plant (not supplied by them) and also attributed the break downs to mishandling of the plant by inexperienced workers.

The Company, however, never assessed the efficiency of the plant and continued to make piece-meal capital investments on additions and rectifications to remove the shortcomings and inefficiencies of the plant and equipment. The additional capital expenditure incurred during 1973-74 to 1980-81 amounted to Rs. 143.96 lakhs. Inspite of this, the rated capacity of 2000 TCD could not be achieved.

(c) The Director, National Sugar Institute was approached (April 1979) by the Company for arbitration about claim of the Company for Rs. 12.25 lakhs from suppliers (Rs. 3.58 lakhs for supply of under capacity items, Rs. 2.53 lakhs for repairs and replacements during maintenance period, Rs. 3.82 lakhs for creating working facilities, Rs.2.22 lakhs for material supplied by the Company and Rs. 0.10 lakh for spares not provided). After hearing the case for some time, the Director refused (March 1985) to continue as arbitrator on the ground that the matter was being contended by the suppliers more from the point of view of legal aspects than on technical grounds. On being informed (June 1986) by the supplier that the matter was barred by limitation as per agreement, the Company filed (October 1986) an application under Section 20 of the Arbitration Act in the court of Civil Judge, Nainital for appiointment of arbitrator. Further progress was awaited (March 1988).

2A.6. Expansion Programme

Consequent upon the grant of an industrial licence (May 1977) for expansion of cane crushing capacity from 2000 to 3000 TCD, the Board of Directors approved (March 1982) the expansion by using Toothed Roller

Pressure Feeding technology (TRPF) at a cost of Rs. 440 lakhs. The expansion project was completed by 31st December 1983 at a cost of Rs. 356.10 lakhs.

The Company entered into (July 1982) an agreement with a firm of Lucknow for supply and installation of machinery and equipment for Rs. 73.91 lakhs (own items Rs. 28.85 lakhs and bought out items Rs. 45.06 lakhs). The firm was required to complete the supplies by 7th November 1982 and make the expanded plant ready for commissioning by 15th November 1982.The first performance trial for giving a rated crush of 2500 TCD on 22 hours a day working was scheduled by the end of January 1983 and second trial by the end of March 1983 for achieving rated crush of 3000 TCD.

The firm supplied and commissioned the equipments by 31st December 1982. Thus there was a delay of 6 weeks for which the supplier was liable to pay liquidated damages of Rs. 1.54 lakhs as per terms of agreement, which were, however, not levied.

As per agreement, the performance guarantee was to be treated as fulfilled if within first full crushing season available after commissioning, the plant handled 3000 TCD for a period of five consecutive days, failing which the performance trials were to be taken in the next crushing season and in case expanded plant did not give desired performance the purchaser had a right to invoke the bank guarantees.

Though the plant was commissioned on 31st December 1982, the supplier failed to provide performance trial in the crushing season of 1982-83. In the meeting held in June 1983 between the supplier and the officers of the holding company, the Stage I performance guarantee for 2500 TCD was dropped. Second stage trial was given during 7th February to 11th February 1984 in which the continuous crush of 3000 TCD and the 'reduced mill extraction' of 94.5 per cent could not be achieved. The performance trial was again taken in the third season during 11th January to 15th January 1985 and guarantee was found by the management to have been fulfilled.

The supplier was thus, given an undue financial benefit of Rs. 5.77 lakhs on account of non-invocation of performance guarantee since the suppliers had failed to give the stipulated performance even in the second attempt in the second crushing season after commissioning the plant. The Company had also given undue financial benefit to the supplier by not claiming liquidated damages of Rs. 2.69 lakh for delay in supplies (Rs. 1.54 lakhs) and for shortfall in rate of crush and reduced mill extraction (Rs.1.15 lakhs).

2A.7. Conversion of clarification process

In view of the scarcity and high prices of limestone and difficulty in procurement of coke, the Board approved (February 1984) conversion of process from carbonation to double sulphitation at an estimated cost of Rs. 62.50 lakhs. The change in process was estimated to save Rs. 17.59 lakhs per season. The Board had desired the change to be completed within a period of four months. It was, however, seen that the orders for machinery were placed in February 1985 and the process was changed from 14th January 1986 at a cost of Rs. 75.05 lakhs. It was estimated that with this change in process, there will be saving in the labour cost by Rs. 7.70 lakhs per season due to release of 200 labourers. It was, however, noticed that even after change in process in January 1986, no labourer was released.

Further, the reduction in consumption of limestone and coke as envisaged while changing the process has not been achieved and consumption pattern of these materials continued during 1986-87.

The Management stated (September 1987) that there was delay in change in process due to paucity of funds and that surplus labour could not be retrenched in view of directives (July 1982) of State Government.

Thus the expenditure of Rs. 75.05 lakhs incurred on conversion of clarification process had not yielded the desired result.

2A.8. Cane availability

The Company was initially allotted (1974-75) by the Cane Commissioner a reserved area of 1.70 lakh hectares spread over in 392 villages. While the crushing capacity of the factory was increased from 2000 TCD to 3000 TCD from 1983-84 season, the reserved area was reduced in 1986-87 by the Cane Commissioner to 1.03 lakh hectares spread over in 292 villages. As per directives (August 1981) of the Cane Commissioner, a sugar factory may procure not more than

85 per cent of total yield in the area. The table below indicates the details of cane area, cane available for purchase and cane actually purchased during 1981-82 to 1986-87:

Year	Cane area (acres)	Yield	85 per cent of yield	Requirement as per installed capacity	Quantity actually purchased
		(In lakh quintals)			
1981-82	34,810	76.93	65.39	36.00	36.69
1982-83	40,410	77.57	65.93	36.00	29.61
1983-84	37,146	74.92	63.68	54.00	29.92
1984-85	28,160	59.23	50.34	54.00	29.24
1985-86	28,032	61.00	51.85	54.00	34.49
1986-87	31,078	69.15	58.77	54.00	53.20

It would appear from the above that the cane produced in the area was not sufficient to meet the requirement of the factory during 1984-85 and 1985-86. There was nothing on record to show as to why lesser quantity of cane, as compared to requirement, was purchased during 1982-83 to 1985-86. The higher procurement of cane during 1986-87 was mainly due to (i) allotment of additional reserved area to the Company and consequent increase in yield and (ii) diversion of cane by the Cane Commissioner from certain other areas, in view of the inability of the concerned factories in lifting the cane.

2A.9. Capacity utilisation

The installed capacity of 2000 TCD was expanded to 3000 TCD from 1983-84 season. The table below indicates the quantity of cane actually crushed and utilisation of plant capacity during six years upto 1985-86 in a normal season of 180 days working on three shifts.

Season	Installed capacity of cane crush in normal season of 180 days	Sugar cane crushed	Actual days of cr-shing	Capacity utilisation (per cent)
	(In lakh quintals)			
1981-82	36.00	36.53	235	101.5
1982-83	36.00	28.04	165	77.9
1983-84	54.00	29.85	142	55.3
1984-85	54.00	29.16	118	54.0
1985-86	54.00	34.41	140	63.7
1986-87	54.00	53.10	206	98.3

Despite increasing the cane crushing capacity from 36 lakh quintals to 54 lakh quintals from 1983-84 season at a cost of Rs. 356.10 lakhs, the management failed to achieve the rated capacity of even 80 per cent during 1983-84 to 1985-86 resulting in loss of production of sugar valuing Rs. 14.08 crores calculated at respective recovery percentage and average sales realisation price. Further the capacity utilisation of 98.3 per cent achieved during 1986-87 was mainly due to 26 extended days of crushing.

2A.10. Loss of working time

The table below summarises the total hours available for crushing and loss of crushing hours during the six years up to 1986-87.

	1981-82	1982-83	1983-84	1984-85	1985 -86	1986-87
Hours available for crushing	5636	3977	3380	2819	3336	4923
Hours lost due to:						
No cane	96	93	131	118	278	137
Mechanical break down	155	262	385	63	51	66
General cleaning work	410	294	236	136	203	324
Miscellaneous	460	336	122	156	68	117
Total	**1121**	**990**	**874**	**473**	**600**	**644**
Actual crushing hours	4515	2987	2506	2346	2736	4279
Percentage of hours lost to available hours	19.9	24.9	25.9	16.8	17.9	13.1

The management attributed higher loss of time under mechanical breakdowns to installation of new TRPF technology in 1982-83. Stoppages for no cane in 1985-86 were stated to be due to agitation by growers for higher cane price. Reasons for excessive hours taken for general cleaning in other years as compared to 1984-85 as well as for miscellaneous reasons were not intimated.

2A.11. Loss of sugar

The details of sugar content in cane, sugar recovered and lost in molasses and bagasse during six years up to 1986-87 are given below:

	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87
				(In lakh quintals)		
Cane crushed	36.53	28.04	29.85	29.16	34.41	53.10
Sugar Produced	3.34	2.46	2.74	2.75	3.33	4.95
			(Per cent)			
Sugar content in cane	11.70	11.75	11.67	11.76	11.94	11.73
Sugar Recovery from cane	9.08	8.73	9.11	9.35	9.47	9.31
Sugar lost in-						
Molasses	1.10	1.28	1.18	1.21	1.40	1.38
Bagasse	1.29	1.43	1.14	0.91	0.87	0.88
Filter cake (Pressmud)	0.13	0.14	0.14	0.15	0.10	0.06
Undetermined	0.10	0.17	0.10	0.14	0.10	0.10
Total loss of sugar	**2.62**	**3.02**	**2.56**	**2.41**	**2.47**	**2.42**

The Sugar Industry Enquiry commission in its report (1974) observed that loss of sugar should not exceed 1.4 per cent in molasses, 1 per cent in bagasse and 0.10 per cent eachin the categories of pressmud and undetermined. The value of excess sugar lost over norms in bagasse, in pressmud and others worked out to Rs. 119.52 lakhs during the above period at the average sales price of the respective years.

The management stated (September 1987) that the sugar losses were not abnormally high taking into consideration the fibre per cent cane and agro-climatic conditions. The reply of the management was not supported by facts particularly when the percentage of sugar recovery achieved by the factory ranged between 9.53 and 10.16 during the years 1975-76 to 1980-81.

2A.12. Cost of production

The table below summarises the cost of production, cost of sales and average sales price realised during the five years upto 1985-86:

	1981-82	1982-83	1983-84	1984-85	1985-86
	(Cost per quintal of sugar in rupees)				
Raw material	259.27	264.48	265.11	264.60	284.18
Conversion cost	101.40	200.90	211.92	192.34	156.64
Cost of production	360.67	465.38	477.03	456.94	440.82
Packing & selling expenses	8.54	11.01	13.29	20.79	14.25
Cost of sales	369.21	476.39	490.32	477.73	455.07
Average sales realisation	339.89	331.38	351.10	414.84	467.78

Salient features of cost elements analysing the reasons for higher cost of sales in most of the years are discussed below:

(a) Higher cane price

Minimum price to be paid to the cane growers by each factory is fixed by the Government of India under clause 3 of the Sugar Cane (Control) Order, 1966 considering the recovery during previous season. However, the actual cane price payable by the factories is decided by the State Government and the rates so fixed exceeded the minimum cane price fixed by the Government of India by Rs. 5.36 to Rs. 6.85 per quintal during 1981-82 to 1985-86. The cane price thus paid by the sugar factory to the cane growers during these years in excess of the minimum price fixed by the Government of India amounted to Rs.990.67 lakhs resulting in increase in the cost of production of sugar per quintal as under::

Year	Total additional price paid (Rupees in lakhs)	Increase in cost (Rs./qtl.)
1981-82	227.84	68.63
1982-83	176.24	71.92
1983-84	201.43	74.01
1984-85	200.29	73.39
1985-86	184.87	56.68

(b) Cane transportation charges

The cane price payable for cane purchased at procurement centres, as fixed by the Government from time to time, is less by 50 paise per quintal than the price payable for cane at factory gate.

The cane prices fixed by the Government are for delivery at the factory gate and the price would be reduced by Re.0.50 per quintal if cane is delivered by the growers at the procurement centres. On the average, about two thirds of the total supply of cane is made at the procurement centres, which indicates that the growers prefer to deliver the cane at procurement centres even at a lower rate. The reduction of just Re.0.50 per quintal in the cane price was not adequate to deter the growers from delivering the cane at the procurement centres. As a result, two thirds of the total procurement which was delivered at the centres had to be transported by the company to the factory at its cost. It was, however, observed in Audit that the reduction in the purchase price gained by the Company at the rate of Re.0.50 per quintal during the five years up to 1985-86 was far less than the actual expenditure incurred by the Company on transportation of the cane to the factory as detailed below:

	Transportation charges incurred by the Company	Amount reduced from the cane price
	(Rupees in lakhs)	
1981-82	50.32	13.22
1982-83	49.01	11.45
1983-84	46.14	11.56
1984-85	47.00	11.07
1985-86	50.59	12.21

(c) Repairs and maintenance

While considering the projected profitability for 1981-82, the Board of Directors observed that the expenditure on repairs and maintenance was quite high and desired it to be brought down to Rs. 16 lakhs annually. The expenditure on this account during the period 1982-83 to 1985-86 was increasing from year to year which ranged between Rs. 40.10 lakhs and Rs. 47.44 lakhs.

The Chairman and Managing Director of the holding Company prescribed (June 1983) engineering records of each major equipment to be maintained showing date, value and nature of previous repairs. No such records were maintained by the Company on the ground that there was limited technical staff in the Company.

2A.13. Sales performance

2A.13. (a) The quota of levy sugar fixed by the Government of India is released to the State Government through the Uttar Pradesh Cooperative Federation. In respect of free sale sugar, the company even after more than 16 years of its formation does not have its own marketing organisation. The sale of free sugar is made by the holding Company through selling agents appointed throughout the State and in Delhi. The holding Company issues sales advices to the selling agents indicating date of sale, last date of lifting, quality, quantity and rates. The selling agent takes delivery of sugar either himself or through his constituent after making payment to the Company. It was noticed in a test check that sales at different ex-factory rates for the same quality of sugar were made e.g., M-30 sugar was sold at Rs. 630, Rs. 634 and Rs. 638 on 19th August 1985. The same quality of sugar was sold at different rates on 20th August 1985 through 7 sales advices at rates ranging between Rs. 618 and Rs. 640 per quintal resulting in lesser sales realisation of Rs. 0.34 lakh on the sale of 2880 quintals of sugar on these two dates.

The Company has not ascertained reasons for such variations. It was stated (September 1987) that it was not known as to how sales were effected by the holding Company. Remarks of the holding Company sought for in January 1988 have not been received so far (May 1988).

2A.13.(b) Lapse of free sale quota

Out of free sale sugar available with the Company, the Directorate of sugar releases quota for sale during a month and the quantity remaining unsold at the close of the month lapses. The table below indicates the quantity of free sale sugar available with the Company, quantity released and the quantity lapsed during the three years upto 1985-86:

	Quantity of free sugar available for sale	Quantity released for sale	Quantity sold	Quantity lapsed
	(In quintals)			
1983-84	1,60,494	1,27,748	1,07,916	19,832
1984-85	1,91,614	1,81,238	1,66,828	14,410
1985-86	1,68,690	1,48,710	1,17,848	30,862

Since the working capital requirements are met out of cash credit from banks, the lapse of quota released has a direct bearing on interest liability. The Management stated (September 1987) that the free sale is conducted by the holding Company and that the reply would be furnished by them. Inspite of reminders, remarks of the holding Company were not forthcoming.

2A.13. (c) Non-levy of damages and penalty

The terms and conditions of the agreements entered into by the holding Company with the selling agents provide for penalty for non-lifting of sugar by the agents at Rs. 5 to 10 per quintal in addition to damages calculated on the basis of difference between contracted rate and the rate at which sugar was actually sold. Although the Company furnished to the holding Company, the details of quantities not lifted by the agents every month, no watch was kept about the cases where penalty/damages were not levied by the holding Company. A test check of the records showed that out of 60382 quintals of sugar remaining unlifted by the agents during 1984-85 and 1985-86, penalty was imposed only in respect of 14153 quintals and penalty at minimum rate of Rs. 5 per quintal on the remaining quantity of 46,229 quintals amounting to Rs. 2.31 lakhs was not levied.

The management stated (September 1987) that clarification was being obtained from the holding Company.

2A.13. (d) Sale of molasses

Sale of molasses is controlled by Uttar Pradesh Sheera Niyantran Adhiniyam,1964 under which authorisations are issued by the Excise Commissioner and Controller of Molasses for sale and supply to the distilleries at the prices laid down in the Adhiniyam.

The table below shows the details of production, shortage/wastages, sales and closing stock of molasses during the five years upto 1985-86:

Year	Production	Wastage/ Shortage(-)and surplus(+)	Sales	Closing stock
		(In quintals)		
1981-82	1,47,630	--	63,662	1,09,474
1982-83	1,09,167	(-)11,075	66,419	1,41,147
1983-84	1,02,450	(-)18,555	1,77,803	47,239
1984-85	1,10,305	(+) 2,068	1,28,056	31,556
1985-86	1,57,041	---	1,37,113	51,484

The following points were noticed:

(i) Maximum stock was held during 1981-82 and 1982-83 when the Company had storage capacity of 1,22,600 quintals. It was, however, observed that in pakka open tanks no. 1 and 2 with storage capacity of 38,400 quintals, molasses up to 49,565 quintals were shown to have been stored as on 31st March 1983, which indicates that there was loss of 11075 quintals of molasses (value Rs. 0.66 lakh) due to overflowing for which no investigation was carried out by the Company. It was stated (September 1987) that in other tanks the molasses of previous years were stored and mixing of current year's production with old molasses was not permissible. It was also stated that on the basis of the explanations given by the Company the excise duty for shortage had been waived by the excise department in December 1986.

(ii) During annual physical verification by the Superintendent, Central Excise on 6th September 1984, 18,555 quintals of molasses (value:Rs.1.08 lakhs) was found short. Neither physical verification report nor action taken in the matter could be examined as the file concerned was stated (September 1987) to be with the Advocate in connection with an appeal pending with Additional Collector, Central Excise.

(iii) The closing stock as on 30th September 1986 included 28,677 quintals of molasses pertaining to the year 1979-80 (5,988 quintals) and 1981-82 (22,689 quintals) diluted with rain water. The molasses were auctioned in December 1985 but were not lifted. The Board suggested (June 1986) draining out the molasses after depositing excise duty of Rs. 0.86 lakh if not waived by excise authorities. These were, however, still held in stock. It was stated (September 1987) that the molasses had been declared (January 1986) unfit for sale by the Excise Department and a duty of Rs. 3 per quintal alongwith penalty of Rs. 10,000 has been demanded (July 1986). After depositing Rs.0.45 lakh as security in December 1986 the Company had gone in appeal, which was pending (September 1987).

2A.14. Inventory control

In its meeting held in August 1981, the Board noted that the Company was unnecessarily bearing heavy interest on account of huge stock of inventories and therefore desired that the inventory should be analysed into slow moving and fast moving items so that measures could be taken to reduce the inventory. The Board again directed (November 1981 and March 1982) the Executive Director to complete ABC inventory analysis by 30th September 1982 and to make efforts to reduce the inventory to the level of Rs. 25 lakhs.

Despite the above directives, the ABC analysis of inventory had not been done. The minimum, maximum and reordering levels of inventory have also not been fixed. The reasons for not doing A B C analysis were neither on record nor intimated to Audit. The stores inventory was continuously increasing from Rs. 51.50 lakhs in 1982-83 to Rs. 78.87 lakhs at the close of 1985-86.

The table below shows the category-wise break-up of the inventory at the close of 1982-83 to 1985-86:

Category	Value of inventory as at the end of			
	1982-83	1983-84	1984-85	1985-86
	(Rupees in lakhs)			
Manufacturing Stores	3.92	4.92	4.68	9.28
Packing material	0.64	0.25	0.40	0.22
General stores	6.05	6.88	5.88	4.26
Engineeing stores	39.89	41.68	48.06	54.53
Building materials	1.00	1.37	0.76	0.56

Surplus Plant and Machinery	--	12.23	13.05	10.02
Total	51.50	67.33	72.83	78.87

The inventory as on 30th September 1986 included the following:

(a) Two safety governors complete were purchased from a firm of West Germany against order placed in September 1976 and received in 1977 at a cost of Rs. 5.19 lakhs. No indent showing requirement of the spare parts was also available in the records.

(b) 3000 brass tubes were purchased(March 1984) by the Company, against an order placed in August 1983, at a cost of Rs. 7.74 lakhs. Upto 30th September 1986 only 362 tubes could be used and the balance 2638 tubes (value: Rs. 6.57 lakhs)were still (September 1987) lying in stock.

(c) Ten items of old plant and machinery, the written down value of which was Rs. 10.02 lakhs (original value:Rs.63.30 lakhs), and which were already surplus to the needs of the Company were taken in stores in 1982-83 and 1983-84 during expansion programme. No disposal thereof has been made so far (August 1987).

(d) 148 items of pipes and fittings, spare parts and iron and steel valuing Rs.4.56 lakhs were not consumed during the last three years.

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2A.15. Financial position

The accounting year adopted by the Company is from Ist October to 30th September. The table below indicates the financial results of the Company at the end of the five years upto 30th September 1986:

	1981-82	1982-83	1983-84	1984-85	1985-86
			(Rupees in lakhs)		
A. Liabilities					
1. Paid-up capital (including advances against shares)	627.66	680.76	684.84	703.77	703.77
2. Reserves and surplus	75.89	78.39	98.89	101.63	111.49
3. Borrowings	643.42	870.03	1062.19	808.12	926.38
4. Trade dues and other current liabilities	372.82	478.65	538.67	653.69	725.36
TOTAL	1719.79	2107.83	2384.59	2267.21	2467.00
B. Assets					
1. Gross block	598.42	759.41	847.30	859.84	962.14
2. Less: Depreciation	313.81	388.88	451.06	510.21	576.71

	1981-82	1982-83	1983-84	1984-85	1985-86
3. Net fixed assets	284.61	370.53	396.24	349.63	385.43
4. Capital works in progress	106.79	104.47	15.82	54.47	19.49
5. Investments	0.02	0.02	0.02	0.02	0.02
6. Current assets loans and advances					
(a) Inventory	548.16	492.34	474.44	276.76	517.83
(b) Sundry debtors	8.45	7.11	2.27	2.30	6.39
(c) Others	55.04	93.85	51.63	45.41	60.07
7. Miscellaneous expenses	15.79	15.79	15.79	15.79	15.79
8. Accumulated loss	700.93	1023.72	1428.38	1522.83	1461.98
Total	**1719.79**	**2107.83**	**2384.59**	**2267.21**	**2467.00**

The following points deserve mention:

(1) The accumulated loss of Rs.1461.98 lakhs as on 30th September 1986 represented about 207.7 per cent of the paid up capital.

(ii) Further in respect of assets acquired (February 1972) from the State Government valuing Rs.131.59 lakhs, no depreciation has been provided by the Company

so far for want of details of cost of various assets from the State Government, inspite of the fact that the State Government showed (January 1981) its inability to furnish the details of the assets. As a result, the accumulated losses stood understated by Rs.125.01 lakhs (leaving Rs. 6.58 lakhs towards residual value at 5 per cent) and assets stood correspondingly overstated.

The losses were attributed (September 1987) by the Management mainly to higher prices of cane and other inputs, lower sales realisation and heavy interest on Government loans.

2A.16. Working results

The working results of the Company for the five years upto 1985-86 are summarised below:

	1981-82	1982-83	1983-84	1984-85	1985-86
			(Rupees in lakhs)		
Expenses					
1.Raw material consumed	860.70	648.02	721.54	722.12	926.87
2.Stores and spare parts	86.66	90.61	110.19	140.07	93.03
3.Wages and salaries	115.43	112.00	123.40	134.41	158.18

4. Repairs and maintenance	32.06	46.00	40.10	42.71	47.44
5. Power and fuel	7.19	16.76	15.20	12.94	18.91
6. Other expenses	13.45	16.27	14.73	14.62	18.72
7. Depreciation	27.93	96.19	91.90	59.02	66.23
8. Interest	90.14	148.40	226.42	191.90	186.34
9. Selling expenses	5.39	6.61	7.79	10.77	7.64
TOTAL	**1238.95**	**1180.86**	**1351.27**	**1328.56**	**1523.36**
Value of production and other income/sales	773.45	909.79	994.42	1386.13	1341.58
Add/deduct accretion/decretion in stocks	350.36	(-)62.04	(-)34.03	(-)202.88	234.59
Value of production	1123.81	847.75	960.39	1183.25	1576.17

Other income	1.48	13.74	9.06	7.92	13.50
TOTAL	**1125.29**	**861.49**	**969.45**	**1191.17**	**1589.67**
Working profit(+) Loss(-)	(-)113.66	(-)319.37	(-)381.82	(-)137.39	(+)66.31
Transfer to-Investment allowance, initial depreciation and molasses funds	4.89	45.03	31.68	3.34	15.54
Earlier years provisions not required written back	43.90	41.62	8.84	46.27	10.08
Net Profit(+)/ Loss(-)	**(-)74.65**	**(-)322.78**	**(-)404.66**	**(-)94.46**	**(+)60.85**

The profit during 1985-86 was mainly due to increase in average selling prices of levy sugar by Rs. 69.69 per quintal (from Rs.344.28 per quintal in 1984-85 to Rs.413.97 per quintal in 1985-86) and that of free sugar by Rs. 57.66 per quintal (from Rs.483.45 per quintal in 1984-85 to Rs. 541.11 per quintal in 1985-86). The impact of this increase in prices was to the extent of Rs.212.26 lakhs on production of 3.33 lakh quintals of sugar in 1985-86.

The Board of Directors while reviewing the estimated profitability statements for 1982-83 expressed (October 1983) displeasure on the mounting losses and decided that the Director, National Sugar Institute and a member of the Institute of Management Development be requested to constitute a team to enquire into (i) the bad working of the mills,(ii) the causes of huge losses and low recovery, (iii) financial mis-management etc. The committee was also required to pin point the faults and fix responsibilities and also suggest remedial measures for improvement of the working of the Company. The report was still awaited (December 1987).

2A.17. Other topics of interest

2A.17. (a) Purchase of centrifugal machines

While approving the additions of 2 centrifugal machines, the Board desired (June 1986) the installation work to be completed before start of 1986-87 season, viz., before November 1986. Tenders were, however, invited by the holding Company only on 7/8th October 1986, after a delay of about 3 months.

Of the six offers received (28th October 1986), the purchase committee of the holding Company rejected (October 1986) the first lowest offer of Ra.11.95 lakhs of firm 'A' on the ground that the party had not supplied such machines earlier. The 2nd lowest offer of, Rs. 14.50 lakhs of firm 'B' which was considered technically suitable was also rejected on the ground that the delivery period offered was 3 to 4 months. The third lowest offer of Rs. 15.18 lakhs was also rejected but without assigning any reason. The fourth lowest offer of Rs. 15.40 lakhs of firm 'C' was accepted only on the plea that they had offered delivery within 4 weeks and commissioning within next two weeks. For delay in delivery and commissioning there was penalty provision of one per cent of the value of order per week subject to a minimum of 5 per cent of the contract.

Accordingly an order, with 10 per cent value (Rs. 1.54 lakhs) in advance, was placed by the Company in November 1986. As per the terms of the order, the machinery was to be supplied by 13th December 1986 and commissioned by 28th December 1986. The supplies were, however, made during 23rd December 1986 to 3rd February 1987 and were commissioned on 14/16 February 1987. There was thus, a delay of 48 days in commissioning the machines and liquidated damages amounting to Rs. 1.08 lakhs (7 per cent of Rs. 15.40 lakhs) recoverable from the contractor had not been recovered. Reasons for the delay in invitation of tenders in October 1986 when the Board had taken a decision in June 1986 were not available on record. Had the tenders been invited in time, the machines could have been purchased from firm 'B' and extra expenditure of Rs. 0.90 lakh could have been avoided. The Management stated that the commissioning of the machines was delayed due to delay in foundation work for which no justification was available on record.

2A.17.(b) Excess consumption of limestone

Lime is used in sugar factories for clarification of cane juice and coke is used for burning of lime stone to obtain lime. During 1986-87 season, the process of clarification of juice used by the Company was double sulphitation and the same process was used by Ramkola, Saharanpur and Jarwal Road Sugar factories of the holding Company. No norms for consumption of lime have been fixed. The table below indicates comparative details of consumption by the above factories during 1986-87 season:

	Consumption of lime <u>per cent</u> cane
Ramkola	0.16
Jarwal Road	0.18
Saharanpur	0.19
Kichha	0.19

Apart from consuming lime more than that consumed at other factories, Kichha Sugar Factory had, in addition, consumed 1072 tonnes of lime stone (value:Rs. 4.15 lakhs) and 139.5 tonnes of Coke (Value:Rs.1.70 lakhs), while consumption of lime stone and coke at other factories was nil during the period in question. Necessity for consuming lime stone and coke at Kichha Sugar Factory called for from the Company had not been received.

The results of the review were reported to the Ma agement and the Government in January 1988; their replies had not been received (January 1988).

2B. GARHWAL MANDAL VIKAS NIGAM LIMITED

HIGHLIGHTS

The Company which was set up in March 1976 for the development of five hill districts of Garhwal region had a paid-up capital of Rs. 312 lakhs as on 31st March 1986. The Company had not finalised the accounts for 1981-82 and onwards and as per provisional accounts prepared by the Company the accumulated loss as on 31st March 1986 was Rs. 3.76 lakhs.

Although the aims and objectives of formation of a separate Company exhaustively cover socio-economic development activities for development of the 5 hill districts in Garhwal region in various fields, development activities undertaken by the Company were mainly confined to establishment of mini industrial units and promotion of tourism and package tours.

In the Resin and Turpentine factory, the capacity utilisation was low and the process loss of resin also steadily increased from year to year. The main reason for under utilisation of the capacity being want of raw material, the Company has not thought of entering into a long term contract with the forest department for adequate and uninterrupted supply of raw material. The production and sale in the Flush Door factory established in January 1982 was far below the targets fixed. The unit has been increasingly incurring losses since its inception; the main reason being procurement of timber of various species from private parties from distant places at almost double the rates and higher cost of transportation over such long distances.

The integrated wood works unit set up at Gavana (surrounded by the deodar and pine forests), with an expectation of getting the required raw material from nearby forests without incurring much transportation cost, had not, however, been able to obtain the required quantities of timber from Forest Department; the Company had not attempted to make a tie-up arrangement with the department for sustained supply of timber. Even those quantities allotted by the Forest department had to be transported over long distances ranging from 150 to 200 kilometres incurring heavy transportation charges. While examining the working of this unit in March 1987, the Board felt that the unit cannot run profitably in the absence of supply of adequate raw material and decided to examine the feasibility of setting up an alternative industry.

The Electronics Training-cum-Production Centre opened at Lansdowne in January 1981 had to be closed down in March 1985 for want of trained and expert technicians.

The advance of Rs. 15 lakhs not contemplated in the purchase order but paid to a firm of bus body builders and also a penalty of Rs. 0.13 lakh for late delivery of bodies were not recovered. In one case, fabricated steel structure was procured much before acquiring the site for construction of tourist rest house at Rambara resulting in locking up of funds and in another case fabricated steel structure was accepted at a place other than the place of work, and payment at full contract rate was made without recovering the retransportation charges.

An ambitious project to have a ropeway connecting Joshimath to Goroson for encouraging the participation of tourists in winter sports (sking) estimated to cost Rs. 221.05 lakhs and scheduled to be completed by December 1984 has not been completed (March 1988) even after incurring an expenditure ofRs. 397.13 lakhs. The expenditure is likely to increase further till its completion .

Infructuous expenditure was incurred on the foundation and plinth work oftwo fibre glass hutments constructed deparatmentally (cost Rs. 1.39 lakhs) which were found defective and later on abandoned. Delivery of a hydraulic plywood press from a firm of Yamunanagar to whom an advance was paid in April 1982 was not obtained, since during the currency of this order, a similar press of lower capacity was ordered for and obtained. Refund of the advance is yet to be obtained/adjusted (March 1988).

2B.1. Introductory

In March 1971, the Government set up Parvatiya Vikas Nigam Limited, as wholly owned Government Company, for development of 8 hill districts of Kumaon and Garhwal divisions of the State. The State Government decided (1976) to set up one development company in each division to advance development activities. Consequently, another Government Company named Garhwal Mandal Vikas Nigam Limited (GMVNL) was incorporated in March 1976 for development of 5 hill districts (Dehradun, Pauri Garhwal, Tehri Garhwal, Uttar Kashi and Chamoli) of Garhwal division. The former Company was renamed as Kumaon Mandal Vikas Nigam Limited and its activities were confined to 3 hill districts (Nainital, Almora and Pithoragarh) of Kumaon division.

2B.2. Objects and activities

The aims and objectives of the Company as set out in its Memorandum of Association are exhaustive and cover socio-economic development activities for development of the hill districts in the fields of agriculture, industry, horticulture, fishing, irrigation, mining, forestry, river-vally projects, marketing, tourism and financing, aiding, assisting, promoting, establishing, developing or executling enterprises and industries.

The Company has, so far, undertaken the following main activities:

(i) Establishment and operation of industries like (a) Turpentine and Rosin Factory at Tilwara (Chamoli), (b) Flush door factory at Kotdwara (Pauri Garhwal), (c) Integrated wood works unit at Gavana, Uttar Kashi and (d) a wood wool factory at Munikireti (Tehri Garhwal) for sale in open market.

(ii) Maintenance and operation of tourist rest houses, conducting package tours, truck transport services etc.

(iii) Marketing activities like procurement and sale of fruits and vegetables, collection and sale of boulders and bajri and establishment and operation of ropeway.

(iv) Agency business for Indian Oil Corporation (IOC) for distribution of cooking gas and petrol and for private firms-for sale of hot plates.

(v) Setting up of civil construction division for execution of its civil works and also of Government departments and setting up of a unit for manufacturing cement concrete blocks for use in civil works.

2B.3. Audit scope

The working of both the Companies was reviewed last in Audit Report 1978-79 (Commercial). The present review of the working of the Company covers Rosin and Turpentine factory, Flush Door factory, Electronics Training-cum-Production Centre, Tourists rest houses run by the Company, Civil Construction Wing, etc.; the major points noticed are discussed in succeeding paragraphs.

2B.4. Organisational set up

The Management of the Company is vested in a Board of Directors consisting of a part-time Chairman, a whole-time Managing Director who is the Chief Executive of the Company and 8 Directors all nominated by the Government.

2B.5. Funding

The authorised and paid-up capital of the Company as on 31st March 1986 were Rs. 5 crores and Rs. 3.12 crores respectively. The borrowings on that date were Rs. 2.95 crores (loan from State Government for construction of ropeway: Rs.2.13 crores, from HUDCO for Flush door factory: Rs. 0.67 crore, from Bank for tourist buses: Rs. 0.05 crore and for marketing activity: Rs. 0.10 crore).

2B.6. Position of accounts

The accounts of the Company are in arrears from 1981-82, mainly due to non-completion of internal audit and shortage of staff as reported by the Company to the Government in November 1987. The Company has neither introduced its own internal audit system nor prepared any accounting manual laying down accounting procedures and duties and responsibilities of various functionaries for appropriate financial control. However, the Company appointed (December 1986) a firm of Chartered Accountants for compilation of accounts in arrears and preparation of accounting manual at a fee of Rs. 0.83 lakh. Scheduled dates for completion of compilation of accounts in arrears were not fixed and even after one and a half years of appointment, not even one year's accounts were compiled (May 1988).

2B.7. (a) Turpentine and Rosin Factory at Tilwara

A reference is invited to para 4.09(A)(i)(a) of Audit Report 1978-79 wherein a brief review on the working of the factory set up at a capital cost of Rs. 19.28 lakhs at Tilwara in April 1978 for production of rosin and turpentine oil from resin purchased from forest department was brought out. The sale prices of different grades of rosin and turpentine oil are fixed and communicated by the Indian Turpentine and Rosin Company Limited, Bareilly-another State Government Company-and are adopted by the Company for sale of its products.

Scrutiny of records brought out the following points in the operation of the factory.

(i) The installed capacity of the factory for processing of resin as shown in the project report was 1850 tonnes. Based on this capacity the actual capacity utilisation varied from 49.8 per cent to 62.5 per cent during the last 5 years upto 1985-86 as shown below:

Year	Resin available for processing	Resin processed	Percentage of capacity utilisation
	(In tonnes)		(per cent)
1981-82	1224	1156.5	62.5
1982-83	1149	994.8	53.7
1983-84	1226	1138.0	61.5
1984-85	1048	923.9	49.9
1985-86	1374	920.8	49.8

The allotment of resin which is raw material for processing it to rosin and turpentine oil is made by the Forest Department alone. A test check of records, however, revealed that no long term contract was executed by the Company with the Forest Department either before or after setting up the factory for adequate allotment and supply of resin with a view to utilise full capacity of the factory. Thus, shortage of raw material was the main reason for under utilisation of capacities, although there was adequate demand for its products.

(ii) According to the project report processing of resin was to result in recovery of 75 per cent rosin and 17 per cent turpentine oil, balance 8 per cent being process loss.

The process loss of resin was 7.9 per cent in 1981-82 and thereafter increased from year to year and reached upto 14.4 per cent in 1985-86 as detailed below:

Year	Resin processed	Rosin recovered	Turpentine oil recovered	Process loss	Percentage of Process loss to resin processed
		(In tonnes)			
1981-82	1156.5	901.2	163.7	91.6	7.9
1982-83	994.8	772.2	137.4	85.2	8.6
1983-84	1138.0	840.7	155.2	142.1	12.5
1984-85	923.9	689.7	114.4	119.8	13.0
1985-86	920.8	678.0	110.6	132.2	14.4

The process loss in excess of the norm of 8 per cent during the period from 1982-83 to 1985-86 was 162.3 tonnes of resin valuing Rs. 9.13 lakhs.

(iii) The project envisaged recovery of rosin in 3 grades, 51 per cent being grade I (pale), 34 per cent grade II (medium) and 15 per cent grade III (dark). The production of grade I rosin was low and varied from 22 per cent to 39 per cent during the last 5 years upto 1985-86 as shown below:

Production of rosin	Recovery percentage as envisaged in project report	Actual percentage of recovery 1981-82	1982-83	1983-84	1984-85	1985-86
Grade I	51	35	39	38	22	29
Grade II	34	37	35	42	54	42
Grade III	15	28	26	20	24	29

The average minimum difference in the prices between Grade I and II, Grade I and III and Grade II and III were Rs. 100, Rs. 600 and Rs.250 per tonne respectively. Based on these prices differences, the volume of short recovery of rosin of grade I in all the five years upto 1985-86 amounted to Rs. 3.50 lakhs. The reasons for excess process loss and shortfall in production (both in quantity and quality) were attributed (March 1988) by the management to poor quality/short supply of resin by the Forest Department.

2B.7. (b) Flush Door Factory

In January 1982, keeping in view the availability of various species of timbers in the hills, a project report for setting up a Flush Door Factory at Kotdwar (Pauri Garhwal) for manufacturing and marketing of commercial and decorative flush doors and block boards was approved by the Board. The Project Report envisaged capital expenditure of Rs. 95.61 lakhs. The factory started commercial production in August 1983. The total capital expenditure incurred upto 1985-86 was Rs.123.75 lakhs (provisional) excluding capital works in progress of Rs. 3.24 lakhs at the end of the year. The increase in the capital cost (Rs. 28.14 lakhs) was due to increase in cost of plant and machinery (Rs.11.54 lakhs) and civil and electrical works (Rs.21.12 lakhs) with a saving ofRs.4.52 lakhs in the acquisition of land.

A review of the working of the factory revealed the following points:

(i) The table below summarises the

actual production and sale of the products against the targets envisaged in the project report for the first three years of its commercial production upto 1985-86:

Year	Production			Sale		
	Target envisaged in project report	Actual	Percentage of actual production against the target	Target envisaged in the project report	Actual	Percentage of of actual sale against the target
	(Rupees in lakhs)			(Rupees in lakhs)		
1983-84	115.37	13.67	11.84	96.67	4.97	5.14
1984-85	131.55	45.97	34.94	158.70	41.09	26.89
1985-86	176.43	59.52	33.73	221.16	45.52	20.58

The profitability analysis shown in the Project Report for 10 years from the commencement of Commercial production indicated, that there would be loss of Rs.18.70 lakhs in the first year of operation of the factory due to heavy interest payment on loan and under-utilisation of capacity but thereafter there would be profits increasing from

Rs.27.15 lakhs in the second year to Rs. 63.21 lakhs in the tenth year. However, the unit had incurred losses in the second and third years of operation also as detailed below:

Year	Value of production	Cost of raw material consumed	Overhead charges	Net loss
	(Rupees in lakhs)			
1983-84	13.67	7.69	22.60	16.62
1984-85	42.94	27.39	43.97	28.42
1985-86	58.52	26.81	62.85	31.14*

* Includes capital subsidy of Rs.21.25 lakhs

Reasons for the constant losses being incurred by the Company in running the factory as analysed by Audit were as follows:

(a) The production was not in accordance with the targets envisaged in the Project report and ranged between 11.84 and 34.94 per cent only of the targets during the three years upto 1985-86.

(b) The purchase of timber of various species was made from private parties from distant places by paying almost double the rates of timber and higher cost of transportation which resulted in extra expenditure of Rs.13.42 lakhs (Rs.0.72 lakh in 1984-85 and Rs. 12.70 lakhs in 1985-86).

(ii) It was noticed in audit that 29 cellular flush doors and 150 block boards manufactured in 1984-85 and 317 decorative plywood doors manufactured in 1985-86 valuing Rs. 1.10 lakhs could not be sold in the market due to manufacturing defects and were lying in the factory. No action for disposal of these products was taken by the Company. Investigation to ascertain whether the defective production was due to bad workmanship or poor quality of timber was also not conducted.

2B.7. (c) Integrated Wood Works

Integrated wood works for manufacturing panel doors, windows, chaukhat, pencil slots and pencil furniture was set up by the erstwhile Parvatiya Vikas Nigam Limited at Gavana (Uttar Kashi), surrounded by rich deodar and pine forests fromwhere the required timber could be procured without incurring much transportation cost. On incorporation of Garhwal Mandal Vikas Nigam Limited, the project was transferred to this Company in March 1976. The total capital investment upto March 1982 on this unit was Rs.10.72 lakhs.

The Company incurred a loss of Rs. 3.97 lakhs (provisional) in operation of the unit during the last 5 years upto 1985-86. The following points were noticed:

(i) According to project report, the annual requirement of timber for processing of finished products was 1418 cum, against which the timber available for processing during each of the 5 years ranged from 324.9 cum in 1985-86 to 633.0 cum in 1982-83. Low availability was due to low procurement of timber, due to non-allotment of timber by the Forest Department from nearby areas, which ranged between 250.1 cum in 1984-85 and 558.8 cum in 1982-83. No tie up arrangement was made with the Forest Department for sustained supply of timber.

(ii) The unit had to incur heavy transportation cost due to allotment of timber by the Forest Department from its depots situated at distances ranging from 150 Kms to 250 Kms instead of from surrounding areas of the unit.

(iii) According to the Project Report, the wastage of timber in process should not be more than 35 per cent of the timber processed. The actual wastage was 77 per cent in 1981-82, 66 per cent in 1983-84 and 43 per cent in 1985-86, though it was lower than the norms in 1982-83 (22 per cent) and 1984-85 (33 per cent). Out of 886 cum of timber waste obtained from the process during the 5 years, only 53 cum could be utilised by the unit as fuel in its kiln and boiler and the remaining 833 cum of waste (value not assessed by the management) had not been disposed of so far (August 1987).

(iv) Products manufactured by the unit (value: Rs. 1.93 lakhs) during 1981-82 to 1986-87 against various orders of government departments were rejected as these were sub-standard and not according to ordered design and specification. The products were lying (March 1988) in the unit awaiting disposal. Management stated (March 1988) that efforts are being made to rectify the defects and to dispose of the products. The Company has not conducted any investigation to ascertain whether the sub-standard production was due to poor quality of timber or bad workmanship.

(v) While examining the working of this unit which was incurring losses from year to year, the Board decided (March 1987) to investigate and examine the feasibility of setting up an alternataive industry as the Board felt that the existing unit cannot run profitably in the absence of adequate raw material from the Forest Department.

2B.7. (d) Electronics Training-cum-Production Centre

In January 1981, the Company established an Electronics Training-cum-Production Centre at Lansdowne in Pauri Garhwal district at an initial cost of Rs. 0.28 lakh to promote the growth of electronic industries in the hills and to provide self employment avenues to the trainees. The Company submitted (September 1981) to the Government a Project Report envisaging establishment of two centres, one at Lansdowne and the other at Gopeshwar (Chamoli) for training 10 to 12 trainees in each centre initially for a period of 12 months in radio and tape recorders assembly and regular production of radio sets and tape recorders was to be started at these centres together with the training programme. An expenditure of Rs. 1.04 lakhs in the first year and profit of Rs. 0.10 to Rs.0.11 lakh annually was envisaged in the Project Report.

In March 1982, the Government sanctioned non-recurring grant of Rs. 0.95 lakh for the two centres at Rs. 47500 per centre with the condition that on withdrawal of the grant, the amount would be deposited by the Company in Personal Ledger Account in treasury and would be withdrawan as and when actually required.

A review of the project revealed the following points:

(i) In contravention of the condition of the Government order sanctioning the grant, the entire amount of the grant was withdrawn by the Company in March 1982 and spent on only one centre at Lansdowne; the second centre having not been established at all.

(ii) At Lansdowne centre, 10 trainees each in 1981-82 and 1982-83 and 6 & 7 trainees in 1983-84 and 1984-85 respectively were trained as against 10 to 12 trainees envisaged in the Report.

(iii) The Centre was closed in March 1985 after incurring total expenditure of Rs. 1.91 lakhs on the grounds of lack of trained and expert technicians and rejection of 30 to 35 per cent of the products by the Uttar Pradesh Teletronics Corporation Limited through which the sale of the product was arranged by the Company. Reasons for establishment of training centre without assessing the requirement and availability of trained and expert technicians were not on record.

(iv) Apart from non-recovery of the amount (Rs.0.49 lakh) from the debtors, the fixed assets (value: Rs.0.28 lakh) and radio parts (value: Rs.0.36 lakh) have not been disposed of by the Company so far (March 1988).

2B.7. (e) Tourism

The activity consists of both the running of tourist rest houses and conducting packages tours. The following points were noticed:

2B.7.(e).1. **Tourist rest houses**

According to the decision of the State Government (January 1977), the then existing 20 tourist rest houses (TRHs) of the Department of tourism in Garhwal Region and those under construction or to be constructed in the region by the Government in future were required to be maintained and run by the Company on the basis of lease rent payable to the Government at 20 per cent of the net profit earned from lodging services (excluding catering services). Although there were 38 such TRHs run by the Company at the end of 1985-86, no lease deed had been executed (March 1987).

The table below indicates the position of occupancy etc., of TRHs during the five years upto 1985-86.

Year	Total bed capcity per annum (In lakhs)	Total actual occupancy per annum (In lakhs)	Percentage of occupancy to bed capacity
1981-82	2.69	0.66	24.6
1982-83	3.13	0.86	27.4
1983-84	3.26	1.13	34.7
1984-85	4.18	1.50	35.9
1985-86	4.31	1.38	31.7

Reasons for continued low occupancy, which was far below even 50 per cent, have not been investigated by the Company.

The position of profitability from lodging and catering services provided in TRHs, (excluding lease rent) during the 5 years upto 1985-86 is indicated in the table below:

Year	Income	Expenditure excluding lease rent	Profitability-difference between col.(2) and (3)
		(Rupees in lakhs)	
1981-82	16.33	15.63	(+)0.70
1982-83	24.33	23.52	(+)0.81
1983-84	24.83	25.06	(-)0.23
1984-85	27.52	25.92	(+)1.60
1985-86	35.74	35.53	(+)0.21

As provision of lease rent was not made in the provisional accounts of the Company, the exact position of working results of running of TRHs was not ascertainable.

2B.7(e).2. Conduct of package tours

The Company had a fleet of 33 deluxe buses for conducting package tours in the Garhwal region. The table below indicates the number of package tours undertaken, number of tourists and the working results thereof for the 5 years upto 1985-86:

	1981-82	1982-83	1983-84	1984-85	1985-86
Number of package tours undertaken	130	164	193	261	250
Number of tourists who availed tours	2880	3153	4234	6225	6130
Average tourists capacity available per package tour	27	27	27	27	27
Average number of tourists per package tour	22	19	22	24	25
Working results of package tours		(Rupees in lakhs)		(Provisional)	
Income	21.78	24.69	31.21	35.55	40.48
Expenditure	23.74	26.05	33.38	35.55	39.46
Profit(+) Loss(-)	(-)1.96	(-)1.36	(-)2.17	Nil	(+)1.02

Reasons for uneconomic tours during the years 1981-82 to 1983-84 were not analysed by the Company (March 1988).

2B.7.(e).3. Delayed fabrication of bus bodies

An order was placed (December 1986) by the Company on a firm of Meerut for fabrication of bodies of 9 tourist coaches at Rs. 1,65,250 each (exclusive of excise duty and sales tax). Under the terms of the order, bus bodies were to be fabricated and delivered within 90 days from the date of receipt of chasis by the firm, and 98 per cent payments were to be made after inspection, acceptance and collection of bus body and the balance 2 per cent after one year or 50,600 Kms running whichever was earlier. In case of delay in delivery of fabricated bus bodies, the firm was liable to pay penalty at Rs. 50 per bus body per day for first five days and thereafter at Rs. 75 per day. The Company handed over 9 chasis to the firm in March 1987 (4 on Ist March 1987 and 5 on 19th March 1987) against which only 8 bus bodies were delivered by the firm on 16th May 1987 (four) and on 2nd July 1987 (four) and the remaining one bus body was delivered on 26th October 1987. A sum of Rs. 15 lakhs was, however, paid to the firm in March 1987 (Rs. 3 lakhs), May 1987 (Rs. 7 lakhs), June 1987 (Rs. 4 lakhs) and July 1987 (Rs. one lakh) on lumpsum basis even before delivery of bus bodies and completion of their inspection.

Four coaches received on 2nd July 1987 were registered with the transport authorities on 6th August 1987 (i.e. after a delay of more than one month) resulting in possible loss of revenue.

Payment of advance (Rs.15 lakhs) not contemplated in the purchase order and non-recovery of penalty (Rs. 0.13 lakh) as provided in the purchase order for late delivery of coaches (4 coaches by 14 days and one coach by 26 days) amounted to giving undue financial aid to the contractor.

2B.7. (f) Civil Works Activities

2B.7.(f).1. Working results

In January 1977, the Company formed a civil construction wing headed by an Executive Engineer with a view to carry out the construction and repair work of its own buildings and also to undertake the construction work of Government buildings on cost plus centage charges.

The annual expenditure was estimated at Rs. 2.40 lakhs on the pay and allowances of the staff engaged in this wing for execution of civil works valuing Rs. 125 lakhs annually.

The working results (provisional) of the wing during the last 5 years upto 1985-86 were as follows:

	1981-82	1982-83	1983-84	1984-85	1985-86
	(Rupees in lakhs)				
(i) Value of work done including centage charges and other receipts	42.98	54.62	56.18	55.28	33.18

(ii) Less expenditure	41.73	50.99	52.60	53.32	34.27
(iii) Profit(+)/ Loss(-)	(+)1.25	(+)3.63	(+)3.58	(+)1.90	(-)1.09

Out of the 12 major works taken up by the Company for Rs.235.06 lakhs during 1981-82 to 1985-86, only 5 works estimated to cost Rs. 69.69 lakhs (representing 29.7 per cent) were completed and the balance 7 works have not been completed yet (March 1988).

2B.7.(f).2. Construction of tourist rest house at Rambara

In February 1979, the State Government sanctioned the construction of a 20 bed tourist rest house (cost: Rs. 4.94 lakhs) at Rambara which was to be completed by March 1982. For the fabrication and supply of steel structure (Cost: Rs. 1.48 lakhs) and for civil works (Cost:Rs.3.03 lakhs), two contracts were finalised in October 1981 and May 1982 with contractors A and B of Dehradun respectively. Upto March 1982 contractor A supplied the whole steel structure after fabrication (Value: Rs. 1.62 lakhs) but the civil works could not be taken up due to non-acquisition of land. In September 1982 the Forest Department declined to give possession of the land. The steel structure were lying unutilised (March 1988).

Due to improper planning, fabricated steel structure was procured even before site for construction had been acquired. This had resulted in locking up of Rs. 1.62 lakhs.

2B.7.(f).3. Construction of Tourist Rest House at Ghangharia

In October 1981 the Company awarded the work (Cost: Rs. 1.54 lakhs) of fabrication and erection of tubular trusses, etc. at tourist rest house at Ghangharia to a contractor of Dehradun. The contract provides for supply, fabrication and fixing of steel structure(Rs.0.84 lakh), fixing of ridges (Rs.0.06 lakh) and earth work in excavation, cement concreting, etc. (Rs. 0.64 lakh).

The contractor started the work on 21st October 1981 and the due date of completion as per contract was 20th April 1982. The contractor did not start the earth work but fabricated and supplied the steel structure.

The company requested the contractor to deliver the fabricated steel structures at Rishikesh instead of at Gangharia, since the civil work at Ghangharia had not yet been taken up by him and also because there was no watch and ward arrangement at Ghangharia. Accordingly the contractor delivered the steel structures at Rishikesh. Instead of insisting upon the contractor to take up and complete the civil works before the steel structures were fabricated and offered for delivery, the Company had accepted delivery of steel structures at a place other than the site and incurred extra expenditure of Rs. 0.64 lakh on retransportation of the same from Rishikesh to Ghangharia.

The contractor did not complete the civil work even within the extended time of June 1982. He was, however, paid Rs.1.46 lakhs during 1982-83 at full contract rate of Rs. 13.50 per Kg for 108 quintals without making any deduction for retransportation from Rishikesh to Ghangharia, loading, unloading, stacking and fixing of structure. In May 1982 the contractor abandoned the work.

Recovery of penalty leviable for non-completion of work, forfeiture of security (Rs.13,500) and earnest money deposit (Rs.3000) and action for recovery of amount overpaid (Rs.0.64 lakh) was awaited (March 1988).

In June 1982 the contract for civil and other left over work was awarded to another contractor and the rest house was put to use in July 1987. The quantum and cost of completion of work left over by the former contractor was not valued by the management (March 1988) for recovery from him.

2B.7.(f).4. Defective civil works

In September 1986 the Government of India sanctioned Rs.33.74 lakhs for construction of 10 fibre glass hutments in Garhwal Division. The Company placed an order (October 1986) for the supply and erection of 4 hutments at Auli (Chamoli) for Rs. 10.26 lakhs on a firm of Dehradun on the basis of a single party negotiation. The civil work of foundation and plinth of the hutments which was designed by the supplier/erector and approved by the Company in November 1986, was carried out departmentally.

At the time of erection of hutments, the erector reported (December 1986) that the foundation and plinth of two hutments (Cost:Rs.1.39 lakhs) was defective and the erection work thereon was not possible. The erection work of these two hutments was abandoned and the other two hutments were erected and completed in June 1987. Fibre and ply-wood sheets, etc. of the two abandoned huts were transported (cost: Rs.0.12 lakh) to Soneprayag where two hutments were erected by digging fresh foundation and plinth. Thus, the expenditure of Rs. 1.39 lakhs incurred on foundation and plinth of the two abandoned hutments became infructuous due to their execution not conforming to the designs and drawings furnished by the supplier.

2B.8. Financial position

The following table indicates the financial position of the Company as per provisional accounts of the last five years upto 1985-86:-

	1981-82	1982-83	1983-84	1984-85	1985-86
			(Rupees in lakhs)		
Liabilities					
(1) Paid-up capital (including advance against share capital	215.00	245.00	275.00	312.00	312.00
(2) Reserves & surplus:					

	1981-82	1982-83	1983-84	1984-85	1985-86
			(Rupees in lakhs)		
(i) Capital reserve	9.00	9.00	9.00	9.00	9.00
(ii) Investment allowance reserve	1.78	1.78	1.78	1.78	1.78
(iii) Additional depreciation reserve	--	--	--	--	-
(3) Borrowings					
(i) From Financial institutions	195.82	260.80	266.58	--	-
(ii) From holding Company	--	--	--	--	-
(iii) From Banks (cash credit loans)	6.73	1.65	37.14	302.02	336.56
(4) Current liabilities (includ-ing provisions)	81.45	168.91	210.66	191.35	318.96
Total 'A'	**509.78**	**687.14**	**800.16**	**816.15**	**978.30**
B. Assets					
(1) Net fixed assets	87.09	164.35	188.97	184.13	189.02
(2) Capital works in progress	1.27	--	--	-	-
(3) Current assets, loans and advances					
(i) Inventories	36.80	39.39	44.33	62.50	95.84
(ii) Sundry Debtors	59.27	65.22	42.66	53.45	91.50
(iii) Cash and Bank balance	155.49	179.35	209.25	290.69	278.01
(iv) Loans and Advances:					
(a) Loans to employees	9.09	11.77	7.86	8.75	5.95

	1981-82	1982-83	1983-84	1984-85	1985-86
			(Rupees in lakhs)		
(b) Loans to others	139.47	215.11	298.11	227.58	314.22
(4) Accumulated Profit(+)/Loss(-)	(+) 21.30	(+)11.95	(+)8.98	(-)10.95	(+)3.76
Total B.	509.78	687.14	800.16	816.15	978.30
C. Capital employed	257.20	279.40	274.55	399.42	335.41
D. Net worth	225.78	255.78	285.78	322.78	322.78

Notes: (1) Capital employed represents net fixed assets (excluding capital work-in-progress) plus working capital.

(2) Net worth represents paid-up capital plus reserves less intangible assets.

2B.9. Working results

The accumulated losses upto 1980-81 amounted to Rs. 19.82 lakhs. The Company had not finalised the accounts for subsequent years though statutory auditors were appointed for the years 1981-82 to 1983-84. However, as per the provisional accounts prepared by the Company, the working results indicated loss of Rs. 1.48 lakhs and Rs. 14.71 lakhs during 1981-82 and 1985-86 and profit of Rs. 9.35 lakhs, Rs. 2.97 lakhs and Rs. 19.93 lakhs during the years 1982-83, 1983-84 and 1984-85 respectively as indicated below:

	1981-82	1982-83	1983-84	1984-85	1985-86
			(Rupees in lakhs)		
(1) Income.	197.44	301.05	386.50	491.73	624.21
(2)(a) Expenditure excluding interest, income tax, depreciation					

and investment allowance reserve	189.21	278.25	359.48	437.74	599.65
(b) Interest	--	--	2.82	11.57	14.49
(c) Income tax	--	--	--	--	-
(d) Depreciation and investment allowance reserve.	9.71	13.45	21.23	22.49	24.78
Total	198.92	291.70	383.53	471.80	638.92
(3) Net profit(+)/ loss(-)	(-) 1.48	(+)1.35	(+) 2.97	(+)19.93	(-)14.71

The main reason for the losses incurred by the Company during 1985-86 when compared to the profit earned during 1982-83 to 1984-85 was the disproportionate increase in expenditure. Reasons for the increase in expenditure as analysed by audit were lesser capacity utilisation in Resin and turpentine factory and excessive percentage of process loss as compared to norm fixed, uneconomic working of tourist rest houses and package tours, excessive wastage of timber in integrated wood works, and non-achievement of production and sales targets in Flush door factory.

As the Company has not finalised its annual accounts from 1981-82 onwards, proper watch to minimise the holdling of idle funds, optimum use of funds generated, inflows, outflows and estimating the financial needs, etc. could not be done properly. A test check of revenue receipts of the Company revealed that in five units revenue receipts during the year 1981-82 amounting to Rs.1.37 lakhs were deposited in the names of employees attached to these units in different banks/post offices which were transferred to the Company's revenue account only in February and March 1985 and April 1987. Rs. 5,427 was still lying at Soneprayag (March 1988).

2B.10. Other points of interest

2B.10.(a). Joshimath-Gorosan Ropeway Project

To encourage the participation of tourists in Winter sports (Sking) held at Auli regularly, the Company considered (November 1976) the idea of laying a ropeway between Joshimath and Goroson (3.8 kms) in Chamoli district through Triveni Structurals Limited, Naini, (Allahabad)(TSL)- a Govern--ment of India Undertaking. An advance payment of Rs. 89 lakhs was made (May 1977) to TSL for a detailed Project Report. After the receipt of the Project Report in 1980-81, an agreement was entered into (July 1982) with TSL for the design, manufacture, supply and installation of the ropeway at a cost of Rs. 221.05 lakhs. The Capital cost of the ropeway was to be borne by State Government and the ropeway was to be operated by the Company. 25 per cent of the profit was to be paid to Government.

The Project cost was revised to Rs. 493.33 lakhs in April 1986 and further to Rs. 700.92 lakhs in October 1986. Although the Project was to be completed in 30 months (by December 1984) from the date of agreement, it was not completed even by March 1988. Out of the total expenditure of Rs. 397.13 lakhs, Rs. 270.90 lakhs were paid to TSL (March 1988).

Reasons for non-completion of the work were non-release of funds in time by the Government, delay in handing over of site free from obstacles such as trees, electric and telephone wires, acquisition of land from private persons and delay in giving clearance by the Forest Department. With the ropeway still not being complete and with the delay causing heavy increase in cost of the project, it was unlikely the operation of ropeway would be economic.

2B.10.(b) Purchase of hydraulic plywood Press

An order was placed by the Company in April 1982 on a firm of Yamunanagar for purchase of hydraulic plywood press of 6.30 tonnes capacity for the Flush Door Factory, Kotdwar, for Rs. 9.00 lakhs, excluding excise duty and sales tax. The delivery period was 10 months from the date of receipt of the order. A sum ofRs. 3.60 lakhs was paid (April 1982) to the firm against a bank guarantee valid for one year from 16th April 1982 to 15th April 1983.

While delivery of the press was pending, the Company placed another order in July 1982 in favour of a firm of Bangalore for purchase of another such press of 4.50 tonnes capacity for the same factory for Rs. 6.70 lakhs, excluding excise duty, sales tax etc. on the ground that the press of higher capacity would not be useful to the factory at present. The delivery of the press was obtained from the firm of Bangalore in October 1982. Basis or justification for revising the assessment of the factory's requirement from 6.3 tonnes capacity press to 4.5 tonnes capacity press, within a short period of about 3 months was not on record.

Although pre-despatch inspection of the press ordered on the firm of Yamunanagar was carried out by the representatives of the Company and the firm in February 1984 , the press was not despatched by the firm for want of despatch instructions from the Company. Validity of the bank guarantee of the firm which was extended from time to time also expired in April 1984. In May 1985, the firm proposed that the press might be lifted by the Company on payment of prevailing duties and taxes plus 10 per cent interest and 3 per cent storage charges from March 1984 till the date of lifting the press or alternatively on a further lumpsum payment of Rs. 10.05 lakhs. The proposal was, however, not accepted (May 1985) despite the fact that the firm could forfeit the advance (Rs. 3.60 lakhs) paid by the Company in case delivery of the press was not obtained. Thereafter no action was taken upto March 1987 and the basic price of press was increased by the firm to Rs. 11.50 lakhs (excluding excise duty, sales tax etc.).

While considering the issue again in March 1987 the Board decided that instead of getting the advance of Rs. 3.60 lakhs forfeited, the press should be purchased and a new industrial unit" Garhwal Doors" should be set up in the premises of Flush Door Factory at a cost of Rs. 23 lakhs including cost of the press. The establishment of an Industrial unit was decided upon evidently only for installation of the machine already ordered, and not on consideration of the necessity of establishing such a unit. Further, while approving the establishment of the new unit, the economic viability of the unit, demand potential, availability of raw material and sources of funds etc. were also not assessed and considered.

Neither the delivery of the press was obtained by the Company (March 1988) nor any action was taken on the Boards' decision of March 1987 to set up new industrial unit (March 1988). Thus due to improper planning and incorrect estimation of the requirement, Rs. 3.60 lakhs advanced to the supplier remained locked up for all these years.

2B.10.(c) Idle Plant and Machinery

In 1977-78, the Industries Department of Uttar Pradesh transferred Dye and Wax Plant together with other accessories (value: Rs. 1.66 lakhs) to the Company for the purpose of establishing pencil and pencil slots industry in Gavana (Uttarkashi). The pencil slot and pencil industry could not be established by the Company. However, the other accessories were utilised for seasoning plants in the integrated wood work but the dye and wax plant valuing Rs. 0.40 lakh has been lying idle in the open space. Due to the passage of time the possibility of the plant getting rusted can not be ruled out. No action to utilise the plant has been taken so far.

The above matters were reported to the Company and to Government in January 1988; their replies had not been received (April 1988).

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CHAPTER - III

REVIEW RELATING TO STATUTORY CORPORATIONS

Uttar Pradesh State Electricity Board

(POWER DEPARTMENT)

3. Execution of Civil Works of Parichha Thermal Power Project

HIGHLIGHTS

A Project estimate for setting up a power station at Parichha with initial installed capacity of 220 MW was approved in October 1977 for Rs. 83.72 crores (civil works: Rs. 14.38 crores), which was revised to Rs. 198.26 crores in 1986 after commissioning of the project (Civil works: Rs.52.72 crores). The actual expenditure booked up to March 1987 was Rs. 189.50 crores (Civil works: Rs. 49.24 croes). The Increase in cost of civil works in comparison to original estimate was due to frequent change in design/scope amounting to Rs. 25.12 crores (174.7 *per cent*) and to price escalation amounting to Rs. 13.22 crores (91.9 *per cent*).

There was continuous and inherent delays in execution of major civil works which ranged between 6 and 48 months resulting in late starting of electrical and mechanical works and consequential delay in commissioning of the two units of the project in April 1985 and December 1985 as against scheduled commissioning in June 1981 and December 1981 respectively.

The consultants appointed by the Board, required to plan and coordinate all activities of the project right from preparation of tender specification to complete commissioning of the project, were, as admitted by the Board later on, proved to be inefficient and in capable due to their limited experience in hydraulic structures. They failed to give the drawings in time in most of the cases and even those which were given had to be redesigned resulting in time over run. The quantities initially estimated by them were unrealistic and abnormally on lower side, resulting in cost over run. Despite existence of a penal clause in the agreement, the Board had not levied penalty for various delays, defaults, failures and omissions on their part.

Instances of adminis ative laxities, financial irregularities and consultant's inefficiency/incapability involving Rs. 151.49 lakhs noticed in connection with execution of civil works contracts were as under:-

- extra expenditure on executing additional items of work at higher rates (Rs.51.25 lakhs)
- extra contractual payment towards price escaltion in respect of steel and cement supplied by the Board (Rs.10.76 lakhs), avoidable expenditure due to faulty designs of outfall structure (Rs.5.86 lakhs) in respect of construction of water cooling system

- ambiguity in the language of different clauses etc. resulting to a claim of the contractor engaged in the construction of intake channel for Rs. 74.33 lakhs which had to be taken for arbitration.
- extra expenditure on account of construction of boundary wall in 350 mm thickness instead of 300 mm thickness due to non-availability of stones of required size (Rs. 3.43 lakhs).

- allowing 9.4 per cent, instead of 5 per cent as prescribed in the agreement, towards wastage of steel supplied by the Board for structural work, thus waiving recovery of Rs. 20.68 lakhs apart from inadmissible payment of Rs. 5.93 lakhs for supplying and laying of bolts.

- extra expenditure of Rs. 8.89 lakhs on account of completion of some of the auxiliary buildings, abandoned midway by the original contractor on grounds of delay in selection of site and release of drawings after scheduled date of completion, through another contractor.

- payment of price escalation of Rs. 27.35 lakhs due to delay in completion of finishing work, reasons for which were not attributable to the Contractor.

Loss of 13608 bags of cement (Value: Rs. 5.23 lakhs) in flood in September 1983 and inadmissible amount of labour escalation paid (Rs. 1.08 lakhs) and passed for payment (Rs. 1.51 lakhs) to a contractor resulted in undue benefit to him were other points noticed in audit.

3.01. Introduction

With a view to meet the increasing demand for power in the State, the Board submitted a proposal (July 1973) to Central Water and Power Commission (CWPC) for setting up a Thermal Power Station with initial installed capacity of 400MW at Parichha at an estimated cost of Rs. 97 crores.

On the basis of discussions held with the Planning Commission, it was decided (July 1976) to modify and resubmit the project estimate for initial installation of two units of 110 MW each in Stage I with provision for augmentation of the installed capacity up to 440 MW by adding two units of similar size or one unit of 220 MW in future under Stage II. However, common facilities for both stages were to be taken up in Stage I.

On the basis of prices prevailing in the first quarter of 1976, a project estimate for Rs. 81.18 crores for initial installation of two units of 110 MW in I stage was submitt-ed by the Board to the Central Electricity Authority (CEA) in October 1976 and on the recommendations of the CEA, the feasibility of the Project was approved by the Planning Commission in October 1977 for Rs. 83.72 crores including cost of Civil Works (Rs. 14.38 crores).

The project estimate for Rs. 83.72 crores included the cost of land,intake and outlet circulating water channels, railway siding, coal handling system etc. required for ultimate capacity of 440 MW power station. The administrataive approval for the project was accorded by the Board in January 1979.

As per the project report, the Ist unit was to be commissioned by June 1981 and the 2nd unit by December 1981. As against these dates, the Ist unit was actually commissioned in April 1985 and the 2nd unit in December 1985 on commercial load.

3.02. Scope of audit

The cost and time-over run and examination of major contracts relating to civil works including steel structurals was reviewed during audit and major points noticed are discussed in succeeding paragraphs.

3.03. Organisational set up

The civil works organisation is under overall charge of Member (Thermal) of the Board, assisted by Chief Engineer, Thermal Design and Engineering (TDE). The civil units of the TDE look after the work of finalisation of drawings, designs, tender specifications, contracts etc. of major civil works of various projects. At the project level, the civil works relating to construction of the project are executed by a Superintending Engineer (Civil) assisted by three Executive Engineers (Civil) and other subordinate engineers / staff under the administrative control of the Chief Project Manager (CPM) of the rank of Additional Chief Engineer.

3.04. Cost over-run

In June 1986, the project authorities revised the original project estimate of Rs. 83.72 crores to Rs. 198.26 crores after completion of all the works except out-fall structure, some residential and non-residential buildings and some other minor works and also after commissioning of the two generating units on commercial load in April 1985 and December 1985 respectaively.

The revised cost estimate though not approved by the Board so far (August 1987) was based on actual prices including price escalation provided in various works and supply contracts already completed or undertaken and for remaining works to be undertaken at the prices prevailing in April 1985. The total capital expenditure incurred on the project upto March 1987 when cnstruction of some of the works were in progress and final payments in respect of various completed works were to be made, amounted to Rs. 189.50 crores including expenditure on civil works (Rs.49.24 crores).

The reasons for increase in cost (Rs. 114.54 crores) as per revised estimate, as attributed by the project authorities, were price escaltion (Rs.44.05 crores), change in design and scope of work (Rs.65.43 crores) and increase in freight, insurance, taxes, etc., (Rs.5.06 crores).

The cost increase due to price escalation and change in design and scope in civil works and that in other works as analysed by the project authorities in the revised project estimate are indicated in the table below:

Particulars	Cost as per		Increase in cost		Percentage of increase in the cost due to:	
	Original estimate (Septe-mber 1976)	Revised estimate (June, 1986)	Price escalation	Change in design and scope	Price escalation	Change in design and scope
1	2	3	4	5	6	7
			(Rupees in crores)			
Civil works	14.38	46.32	6.82	25.12	47.4	174.7
Other than the civil works	69.34	151.94	37.23	40.31	53.7	58.1
Total	**83.72**	**198.26**	**44.05**	**65.43**	**52.6**	**78.2**

In this context the following obser-vatins are made:

(i) Increase cost of steel and cement amounting to Rs. 6.40 crores chargeable to various civil works was shown separately in the revised estimates under the head "Suspense Steel/Cement". While analysing the impact of cost increase, the price increase in steel and cement (Rs. 6.40 crores) was incorrectly accounted for in the price escalation (Rs. 37.23 crores) in other than the civil works instead of in the civil works. The cost increase due to price escalation in civil works and in other than the civil works, therefore comes to Rs. 13.22 crores and Rs. 30.83 crores as against Rs.6.82 crores and Rs. 37.23 crores respectively shown in the revised estimate. Thus, the increase in the cost due to price escalation in civil works was in effect 91.9 per cent as against 47.4 per cent shown in the revised estimate.

(ii) Further, the reasons for keeping the expenditure of Rs. 6.40 crores under suspense without allocating to various civil works and also for non-clearance of the suspense account even after about one and half years of commissioning of the project, called for, had not been furnished by the Board (May 1988). In the absence of allocation of this expenditure, the impact of increase in the cost under various heads of civil works is not ascertainable. The Board did not get any benefit or additional common facility due to cost increase (Rs.25.12 crores) in civil works on account of change in design and scope of works.

(iii) The cost increase due to change in design and scope was mainly due to cost estimation for civil works in the original estimate without taking into consideration the actual site conditions of the project, as discussed in succeeding paragraphs.

3.05. Time over-run

Although the project was cleared by the Planning Commission in October 1977, the soil exploration work of the project was awarded to a contractor of Bombay only in June 1978 and was completed in January 1979. The contracts for major civil works of the project were awarded during November 1978 to July 1982. The delay in execution of major civil works ranged between 6 months and 48 months as shown in the table below:

Name of work	Date of commencement of work	Date of completion Scheduled	Date of completion Actual	Delay in completion (in months)
Railway siding/ marshalling yard	December 1978	October 1980	November 1984	48
Piling work	May 1979	February 1980	January 1981	10
Foundation work of coal handling plant and switch yard	November 1979	February 1981	November 1982	20
Foundation work of boiler area	December 1979	June 1980	January 1981	6
Structural works of main power building	September 1979	September 1981	June 1983	20
Finishing work of main power house building	September 1980	January 1982	November 1984	33

Chimney	February 1980	May 1981	November 1982	17
Circulating water pump house, discharge channel etc.	September 1980	March 1982	August 1984	28
Intake channel	May 1982	November 1982	April 1984	16
Circulating water pressure duct	September 1980	March 1982	July 1984	15
Auxiliary buildings	September 1980	March 1982	December 1984	32
Roads and drains	June 1981	December 1982	April 1984	15
Boundry wall	November 1981	October 1982	January 1985	26

Delay in completion of various civil works was attributed by the Management to:-

(i) increase in quantities of works provided in the contract due to unrealistic assessment of quantities by the consultants/TDE at the time of invitation and finalisation of tenders and change in design and scope of work,

(ii) delay in release of drawings by consultants,

(iii) delay in release of work sites by other contracting agencies working in the same area, and

(iv) delay in issue of cement and steel to contractors due to their non-availability.

Responsibility for delay in completion of various works due to various factors was not fixed by the Board (August 1987).

The delay in completion of various civil works resulted in further delay in commencing electrical and mechanical works and the commissioning of the generating units by 45 months and 47 months in respect of the I unit and the II unit respectively.

3.06. Performance of consultants

The Board appointed (April 1978) a firm of consultants-the lowest tender-at a fee of Rs. 41.50 lakhs (including Rs. 9.70 lakhs for civil works) apart from the payment for the services of their site engineers at Rs. 0.30 lakh per month (including Rs. 0.15 lakh per month for civil works). The scope of consultancy included preparation of tender documents and draft specification for works and procurement of plants and equipments, tender evaluation, furnishing the basic and detailed design and engineering for all civil, electrical and mechanical works, technical guidance at site to contractors, supervision of erection, testing and commissioning of the project and overall coordination for timely completion of the works etc. Up to August 1987 approximately Rs. 40.25 lakhs (out of total fee of Rs. 41.50 lakhs) was paid to the consultant. Although the contract provided a penal clause for recovery of penalty from the consultants for delays and defaults attributable to them subject to a maximum of 10 per cent of the contract value, no action was taken by the Board (August 1987) for enforcing the penal clause for various delays and defaults, failures and omissions on their part (as discussed in succeeding paragraphs).

3.07. Execution of civil works

The table below indicates the cost of various civil works as per original and revised estimates and actual expenditure upto March 1987 under broad sub-heads:

Particulars of civil works	Cost as per Original estimate (September 1976)	Cost as per Revised estimate (June 1986)	Actual expenditure upto March 1987	Percentage of increase in actual expenditure to original estimate
	(Rupees in crores)			
Road, culverts and bridges	0.80	2.60	2.42	202.5
Railway siding and marshalling yard	1.60	5.71	5.67	245.4
Buildings	5.42	15.58	12.89	137.8
Foundation for plants and equipments	1.17	2.40	2.37	102.6
Steel structures	2.10	4.00	4.39	109.0
Chimney	0.20	0.39	0.39	95.0

Water intake and discharge structures, channels and ducts etc.of C.W.system	1.17	7.60	7.20	515.4
Coal handling system	0.93	1.60	1.47	58.1
Cooling towers	0.40	1.70	1.24	210.0
Other miscellaneous works	0.59	2.94	2.80	374.6
Flood protection work	--	1.80	0.15	-
Suspense steel/cement	—	6.40	8.25	—
Total civil works	14.38	52.72	49.24	—

The table above shows that the percentage of increase in actual expenditure upto March 1987 to original estimate in respect of various civil works ranged between 58.1 per cent and 515.4 per cent.

As per Board's orders issued in October 1975, no work is to be undertaken for execution unless detailed estimates thereof are prepared and sanctioned. However, it was noticed in audit (September 1987) that no detailed estimates for the entire civil works involving a total expenditure of Rs.49.24 crores upto March 1987 were prepared or got sanctioned from competent authority (August 1987).

During test check in audit (May/September 1987) of civil works contracts, the following points were noticed.

(a) **Circulating water system**

The work of construction of circulating water system, pump house, auxiliary pump house, discharge channel with outfall structure etc. was awarded (August 1980) by TDE to a firm of Kanpur- the lowest tenderer- for Rs. 109.17 lakhs for the quantities of various items of work roughly assessed by the consultants, on the basis of preliminary designs and drawings prepared by them for notice inviting tenders. The work was to be commenced in September 1980 and was to be completed by March 1982. In November 1981, during the course of construction of the work, the Superintending Engineer (civil) of the Project informed the Chief Project Manager (CPM) that the value of the work for the quantities reassessed by the consultants in stages after award and during execution of the work and at the rates provided in the contract would be Rs.316.17 lakhs instead of the contract value of Rs. 109.17 lakhs and that during verbal discussions (November 1981), the firm expressed its difficulty to execute the balance work in the stipulated time as per the rates, terms and conditions of the contract. The verbal discussions were not, however, reduced to writing. The matter was immediately taken up by the CPM with TDE which in turn placed the matter before the Central

Stores Purchase Committee (CSPC) of the Board in its meeting held in January 1982 and the CSPC decided that additional quantities upto a total value of about Rs.75 lakhs should be allotted to the firm immediately, thus increasing the total value of the contract to Rs. 184 lakhs and that the firm should be asked to execute the additional items of work at the same rates and terms of the contract. While deciding the case, the CSPC expressed its grave concern over the situation and directed the Chief Engineer, TDE to avoid such a situation in future and to ensure that specifications were finalised in future by the consultants only after a proper and adequate survey of the site conditions and after careful study of the scope of the work. On a request made by the TDE (January 1982) the firm agreed (February 1982) to the proposal.

The balance work beyond Rs. 184 lakhs was awarded (May 1982) (contract 16 PC) to the same firm, on the basis of negotiations, at rates 20 per cent higher than those provided in contract 7 PC at an estimated cost of Rs. 128.94 lakhs with interest-free adhoc advance of Rs. 7 lakhs to be recovered from the firm through the running bills. No justification was given for extending the interest-free adhoc advance which was not provided in contract 7 PC. The balance work was to be commenced in May 1982 and to be completed by December 1982. The work was actually completed in August 1984 at Rs.145.63 lakhs against the contract value of Rs. 128.94 lakhs. Due to non-working of detailed estimates and in-adequate assessment of quantities based on faulty designs and preliminary drawings by the Board/Consultants, the contract had to be extended at higher rates and the Board could not get the benefit of competitive rates at the initial stages of tendering.

During execution of work, the outfall structure (a part of the work) constructed by the contractor against 16 PC contract at a cost of Rs. 2.43 lakhs, on the basis of design prepared by the consultants failed reportedly due to defective designs, as the structure was not found strong enough to bear the pressure of water. The structure was, therefore, redesigned (December 1983/February 1984) by the consultants after discussion of design criteria by them with the Superintending Engineer, Irrigation Circle, Jhansi. The TDE informed the consultants (February 1984) that the design and engineering was the responsibility of the consultants and it was only by way of help that Irrigation Department provided assistance for working out the basic criteria for the design. The contractor refused to carry out the work of redesigned outfall structure on the ground that they had already executed the work on the basis of design supplied by the consultants. Tenders were, therefore, invited (July 1984) by TDE for the redesigned structure and the work was awarded (February 1985) to a sister firm (the lowest tenderer) of the same contractor for Rs.73.59 lakhs against 18 PC contract, the date of commencement and due date of completion being February 1985 and November 1985 respectively. The firm executed part of the work valuing Rs. 49.90 lakhs upto March 1987.

The balance work could not be executed by the firm due to further change in the design required for strengthening the structure for which no provision was made by the consultants reportedly due to their limited experience in hydraulic structures. The structure redesigned by the consultants was also not sufficient enough to bear the uplift pressure of water and the diaphragm wall, provided by the consultants in the design, at the end of the floor, was working adversely and becoming a source of more pressure on the floor.

In view of the fact that the designs prepared by the consultants on both the occasions failed and since the consultants could not prepare a design suitable to the requirement due to their limited experience in the field, the Board carried out a detailed study, and a fresh design was prepared by TDE in consultation with a retired Engineer-in-Chief of Irrigation Department and a fresh contract (value: Rs. 47.64 lakhs) was awarded (April 1987) to a firm of Bombay (I-SE contract) for executing additional work together with the balance work of 18 PC contract. The work is still in progress (August 1987).

In respect of the 4 contracts mentioned above for construction of circulating water system, the following observations are made:

(i) Quantities of work under 7 PC contract assessed by the consultants/ TDE wing were not realistic and were very much onthe lower side. Quantities valuing Rs. 109.17 lakhs only were provided in the contract as against subsequent estimation of quantities valuing Rs. 316.17 lakhs, as a result the balance work of 7 PC contract beyond Rs. 184 lakhs had to be awarded against 16 PC contract at 20 per cent higher than the rates of 7 PC contract at an extra cost of Rs. 23.63 lakhs.

(ii) According to the decision of the CSPC, work to the extent of Rs. 184 lakhs was to be carried out at the contract rates and rest of the work executed beyond Rs. 184 lakhs was to be paid at the rates of 16 PC contract which were 20 per cent higher than the rates of 7 PC contract. During test check in audit (June 1987) it was observed that the project paid to the contractor at lower rates of 7 PC contract for the work only up to the value of Rs. 180.62 lakhs and paid beyond that value at the rates of 16 PC contract which were 20 per cent higher. This happened because the project incorrectly took into consideration the extra items of work (Value Rs. 3.38 lakhs), the rates of which were based on current schedule of rates and were mutually agreed, to cover the ceiling of Rs.184.00 lakhs. This resulted in undue benefit of Rs. 0.68lakh to the contractor.

(iii) The rates of both the contracts (7 PC and 16 PC) were inclusive of the cost of cement and Steel which were to be supplied by the Board at specified issue rates for the purpose of recovery. While allowing 20 per cent increase in rates under 16 PC contract over and above the rates of 7 PC, the 20 per cent increase was allowed on departmentally issued cement and steel resulting in extra contractual payment of Rs. 10.76 lakhs to the contractor.

(iv) Against 7 PC contract, mobilisation advance was allowed to the firm by the Board at 20 per cent interest per annum, while advance against 16 PC contract was allowed to the firm free of interest. Reasons were not on record for the differential treatment given to the two contracts entered into with the same firm for the same work. The undue benefit gained by the firm on the interest free advance of Rs. 7.00 lakhs amounted to Rs. 0.45 lakh.

(v) Outfall structure constructed at a cost of Rs. 2.43 lakhs against 16 PC contract failed due to defective designing by the consultants resulting in construction of another outfall structure at a different site on the basis of revised design. Work on this outfall structure is in progress. Further, an expenditure of Rs. 1.38 lakhs was incurred (June 1983 to August 1986) to keep the structure temporarily in working order. In addition, an estimated amount of Rs. 1.25 lakhs had to be incurred by the project authorities for diverting the flow from old outfall channel to new outfall channel and the closure of the old channel (175 meters) constructed at a cost of Rs. 0.80 lakh. Thus the faulty design of outfall structure given by the consultant resulted in extra expenditure of Rs. 5.86 lakhs. No penalty was recovered from the consultant.

(vi) Besides incorrect assessment

of quantities involved in the work, the faulty and technically unsound/incorrect design of outfall structure also contributed to provision of lesser quantities in 7 PC contract, and as a result, the work of the structure had to be awarded on the basis of revised and re-revised designs and drawings at higher rates under 18 PC and 1-SE contracts resulting in extra expenditure of Rs. 27.62 lakhs. Despite the Board being in an inconvenient situation as a result of designing and re-designing of the structure, it did not contemplate any action to enforce penalty on the consultants.

(vii) The various changes in the design of the outfall structure added to the delay in completion of work and till September 1987 the work on the new outfall structure had not been completed.

The inefficiency and incapability of the consultants as may be seen from the points (i) to (vii) mentioned above and due to their limited experience in hydraulic structures, as admitted by the Board, the Board

- had to face frequent revisions in the quantities, designs and drawings,
- could not obtain competitive rates for the higher quantities, as actually executed, in view of revisions of quantities in piecemeal,
- was compelled to allot additional items of works, found to be necessary because of the site conditions faced during execution, on negotiation basis,
- had to get the work, left incomplete by the contractor who refused

to continue the work due to frequent changes in the designs, executed through other contractors at higher rates, etc.

In all these cases, the Board had to absorb the additional/increased costs, not having been able to recover penalty from any of the contractors on any account. The TDE wing of the Board also had not effectively functioned in that it had failed to point out the shortcomings in the designs and drawings prepared by the Consultants.

(viii) After the decision of the TDE to finalise the work against 7 PC contract at Rs. 184 lakhs and before execution of the work under 16 PC contract beyond that limit, the project authorities requested the contractor (January / February 1982) to execute the work of stage I of the project on top priority basis against 7 PC contract and to leave the work relating to common facilities of Stage II temporarily at the stage up to which it was already constructed. At that time the work of Stage II of CW pump house was constructed up to 18 metres below the ground level and the retaining walls were not constructed to the required level. During rainy season (15th June to 15th September 1982), earth from the surrounding area got washedinto the correct-basis of the pump house and had to be removed at an extra cost of Rs. 0.41 lakh (November 1983) by the same contractor under 16 PC contract. No preventive measures were taken before rainy season and also after the work was stopped. The project management stated (September 1987) that although the scheduled date of commencement of work under 16 PC contract was 31st May 1982, the work was actually started in August 1982 due to late receipt (August 1982) of the copy of the contract from TDE and therefore preventive measures by constructing retaining walls could not be taken before rainy season. The reply of the management is not acceptable since preventive measures should have been taken in view of the on set of monsoon season, particularly when it was decided to stop such works in January / February 1982 itself and contract for 16 PC was not received by that time.

(ix) In 7 PC contract, the rates for excavation of earth included disposal of the excavated earth upto a lead of 500 meters. During scrutiny of payments made to the contractor it was observed that Rs. 3.22 lakhs was paid to the contractor (April/July 1981) on account of extra item of work for transportation and disposal of 26807 Cum of excavated earth up to a distance of 1.5 kilometres. Audit observed that this excavated earth could have been utilised in the low lying area near cooling towers, which was within 500 meters at no extra cost to the Board particularly in view of the fact that subsequently during February to April 1984, 38876 Cum. earth was got transported and filled in the area near cooling tower at a cost of Rs. 4.35 lakhs through another contractor. Had the earth against 7 PC contract been utilised for filling the low lying area near cooling tower, the extra expenditure of Rs. 6.22 lakhs including Rs.3.00 lakhs on 26807 Cum. of earth brought in could have been avoided.

The project management stated (September 1987) that the surplus earth of the work of 7 PC contract could not be used in low lying area near cooling tower (within 500 meters) because construction of other work had to be taken up in the area in near future and immediate need of earth was at places other than the places near cooling tower.

The reply of the project management indicated lack of proper planning and coordination resulting in extra expenditure on cartage of earth. As regards immediate need of earth at other places it could have been met by getting the earth filling done through the other contractor who filled the earth in the area of cooling tower. Most of the works were delayed and the excavated earth could have easily been utilised if there had been proper planning.

It was further observed by Audit that the disposal of 26807 cum. of excavated earth at an extra cost of Rs. 3.22 lakhs was got done at Rs. 12 per cum. based on analysis of rates worked out by the project. Though the work and expenditure involved was substantial, open tenders were not invited. The reasonability of the rate of Rs. 12 per Cum. paid by the project could not conclusively be established in the absence of ascertaining market rates, through tendering.

(b) Construction of intake channel

The work relating to construction of intake channel was awarded to a firm of Kanpur-the lowest tenderer-in May 1982 with scheduled date of commencement as 31st May 1982. The work was completed in April 1984 at a cost of Rs. 96.79 lakhs as against scheduled completion date of November 1982 and contract value of Rs. 58.52 lakhs.

The following points were noticed:

(i) The total length of the channel to be constructed was 135 metres. The contractor completed excavation of 65 metres by 8th June 1983 and rest of the channel by January 1984. In September1983 the contractor intimated the project management that the floods in September 1983 resulted in silt deposit (4000 Cum) in excavated bed of the channel and requested for extra payment for removal of the silt. The Executive Engineer (Civil) of the project rejected the claim of the contractor (November 1983) on the ground of non-completion of the total excavation before rainy season. On the request of the contractor made again in December 1983 for acceptance of their claim, the Executive Engineer (Civil) submitted a note in May 1984 to the Civil Works Committee, (CWC) of the project recommending payment of Rs. 2.22 lakhs for removal of 585 Cum of silt at Rs. 380 per Cum., on the ground that the flood during the year 1983 was unprecedented and most unexpected. The CWC accepted the claim in July 1984 and payment of Rs.2.22 lakhs was made to the contractor in July 1987.

The specifications inviting tenders which formed part of the contract specifically provided that the contractors should quote their rates after satisfying themselves about the nature and location of the work. Topographical and climatological date were also given in the specifications inviting tenders and therefore the contractor should have visualised such situation before quoting the rates. In view of this, there was no justification for admitting the claim of the contractor. Moreover, had the work been completed by the schedule date specified in the contract (November 1982), this situation would not have arisen,

(ii) The contract provided 2 item rates, Rs. 68 per Cum. for 3400 Cum. of earth work in excavation above hydraulic gradient (HG) line and Rs. 380 per Cum. for 8000 Cum. of earth work in excavation below HG line. Since August 1982, the contractor disputed the basis adopted by the project management for determination of the HG line governing the payments for the 2 items. The project management fixed (May 1983) the HG line according to their own interpretation as per various clauses of the contract and made final payment (July 1987) to the contractor accordingly. After receiving final payments, the contractor went for joint arbitration as per terms of the contract and a retired member of Central Water and Power Commission was appointed (December 1986) as arbitrator. The Board also appointed (February 1987) a serving Superintending Engineer of the Board as their arbitrator. The contractor submitted to the Arbitrator a claim for Rs. 74.33 lakhs along with interest at 24 per cent per annum thereon and cost of arbitration, for payment by the Board for part of the work executed by him below HG line at lower rate due to incorrect fixation of HG line. The arbitration proceedings are in progress (August 1987).

(c) Construction of boundary wall

The work for construction of boundary wall of power house area was awarded (November 1981) by TDE wing of the Board to a local contractor of Jhansi for Rs. 32.84 lakhs against 10 PC contract. As against the scheduled date of completion of October 1983, the work was actually completed in January 1985 at a cost of Rs. 39.43 lakhs. The conditions of the contract annexed to the notice inviting tender, which subsequently formed part of the contract, specifically provided that the contractor should quote his rates after satisfying himself about the nature and location of the work, the general and local conditions including those having a bearing on transportation, etc. and no claim would be entertained at a later date arising out of inadequate knowledge of site conditions. The rate payable to the contractor were item rates which included cost of materials. Thus, stone of specified quality (size not specified in the contract) was to be arranged by the contractor at his own cost from where-ever he likes without passing on any incidence of transportation cost to the Board.

The following points were noticed:

(i) As per conditions of the contract the boundry wall was to be constructed in Random-Rubble (RR) stone masonry in 300 mm. thickness. The contractor failed to construct the wall in 300 mm. thickness with the stone locally available as one of the two sides of the wall was not giving fair appearance on construction with the local stone. A case was moved (February 1982) by the project management to the consultants for increasing the thickness of the wall from 300 mm to 350 mm so that the wall may give fair appearance on both the sides on construction with the local stone. The consultants approved (February 1982) the construction of the wall in 350 mm thickness. The TDE wing of the Board asked the consultants (March 1982) about the justification for additional financial burden due to increase in thickness of the wall, in response to which the consultants stated (April 1982) that the thickness of the wall was increased on the advice of the site Engineer of the Board, not from design consideration but with a view to solving the site problems since stone of the required size and type was not available at site. A part of the boundary wall (5134.89 metres) was constructed by the contractor in 350 mm thickness. The extra expenditure worked out to Rs. 2.58 lakhs. The rest of the boundary wall (2100 metres) was also got constructed in 350 mm thickness through another contractor of New Delhi, incurring further extra expenditure of Rs. 0.85 lakh. Thus, the total extra expenditure due to increase in the thickness of the wall worked out to Rs. 3.43 lakhs for which no extra benefit was achieved by the Board, but only benefited the contractor by way of savings in the transportation charges.

It was stated by the Project that the boundary wall in 300 mm thickness was constructed at Kota Power Station in Rajsthan and it was inspected and found that construction of the boundary wall in 300 mm thickness was possible with stone available at Kota and not with the stone available locally at Parichha.

It would be worth mentioning that the contractor, particularly being a local contractor, was expected to have quoted his rates after considering the factor stated by the Executive Engineer as per conditions mentioned in the tender specifications and the contract. To protect its interest and to avoid extra expenditure of Rs. 3.43 lakhs, Board should have allowed the contractor either to execute the work in Kota stone of 300 mm or local stone of 350 mm by limiting payment to 300 mm thickness.

(ii) An inadmissible payment of Rs. 0.89 lakh was sanctioned (April 1987) by the Superintending Engineer (Civil) of the project to the local contractor of Jhansi under 10 PC contract for transportation of stone from Ramnagar to site of work on the ground that the stone locally available was soft and was not suitable for use in the work. The sanction of inadmissible payment was an undue favour to the contractor at the cost of the board, as,

(i) The responsibility for arrangement of stone was of the contractor ,

(ii) the rates quoted by the contractor were for complete items of work including cost of stone and

(iii) the contractor was required to quote his rates after satisfying himself about the nature of the work and site conditions as per tender specifications and the contract.

It was stated by the Project (September 1987) that the availability of the granite stone at Parichha was shown in the quarry chart mentioned in the contract but the contractor had to cart the stone from Ramnagar.

It may be mentioned here that the quarry chart provided in the contract was only for guidance to contractors as specifically mentioned in the contract and the contractor was responsible for arrangement of the stone required for construction either locally or from anywhere else without extra cost to the Board as per terms of the contract.

(d) Structural steel work

The structural and miscellaneous steel fabrication and erection work of main power house building was awarded by TDE wing of the Board (September 1979) to a firm of New Delhi. The work was completed in June 1983, as against the scheduled date of September 1981, and the value of work done was Rs. 161.30 lakhs, as against the contract value of Rs. 97.30 lakhs.

The following points were noticed:

(i) The contract provided that variations in scheduled quantities of the contract would be plus/minus 25 per cent of the total value of the contract and in case the contract period was extended beyond the scheduled date of completion for the reasons not attributable to the contractor, the rates for the work executed beyond 6 months from the scheduled date of completion would be mutually agreed. In March 1982, the firm claimed increase in contract rate of structural steel work from Rs. 1600 per tonne to Rs. 2240 per tonne on the ground of increase in quantity of the contract and extension of the contract period for reasons not attributable to them. The project management accepted the claim of the firm (March 1984) and allowed them a rate of Rs. 2000 per tonne for the work executed after 24th March 1982. This resulted in extra expenditure of Rs.1.55 lakhs on 387.703 tonnes structural steel works executed by the firm after 24th March 1982. Although the increase in the rate was allowed by the project management for the reasons attributable to:

(a) increase in quantity of work beyond 25 per cent of the quantity provided in the contract due to incorrect assessment of quantity by consultants/TDE at the time of invitation of tenders and finalisation of the contract, causing delay in furnishing drawings by consultants,

(b) problem due to defective designs and delay in getting revised drawings/approvals from consultants,

(c) delay in providing working zone to the firm due to delays on the part of other contract agencies working in the same area, and

(d) non-availability of matching section of steel in the project stores to be supplied to the firm, etc. No action was, however, taken by the Board (August 1987) against various agencies for the default on their part.

(ii) The contract provided item rates for supply and laying of HT bolts of GKW make at Rs. 30,000 per tonne. In April 1980, while executing the work, the firm intimated the project management that drawings were being approved with 6.6 grade HT bolts of GKW make but 6.6 grade bolts of GKW make were not available and therefore, they would like to procure either 8.8 grade bolts of GKW or 6.6 grade bolts of any other make, and in case it was decided to provide 8.8 grade GKW bolts, extra cost would have to be borne by the Board. The project management, however, directed the firm (April 1980) to use bolts of GKW make of 6.6 grade or of next higher grade and stated that the matter relating to payment of additional cost would be decided on merits. On the matter relating to payment of additional cost being referred by TDE wing of the Board to the head office of the consultants at New Delhi, the consultants opined (May 1980) that as per provisions of the contract the Board had to pay Rs. 30,000 per tonne for supply of HT bolts of GKW make, there was no mention of 6.6 grade in the contract and the firm had also not make any other stipulation in this regard in their offer and since high tensile quality bolts of GKW make begin with 8.8 grade only, the firm had been advised to use those bolts and therefore, the question of paying anything additional to them above the contract rate did not arise.

Inspite of the clear cut opinion of the head office of the consultants, the Superintending Engineer (MPEC) of the project discussed the matter again with the site representative of the consultant at the project (January 1984) and got minutes of joint discussion signed to the effect that the extra claim of the firm for providing 8.8 grade GKW bolts instead of 6.6 grade GKW bolts provided in the contract was discussed and it was agreed that additional payment was due to the firm as the designs were finalised on the basis of 8.8 grade bolts. However, audit observed that neither 6.6 grade nor 8.8 grade bolts were specified any where in the contract. In March 1984, an order was issued by the SE (MPEC) of the project without formal approval of CPM amending the contract rate of Rs. 30,000 per tonne to Rs. 40960 per tonne which led to inadmissible payment (March 1986) of Rs. 5.93 lakhs to the firm for supplying and fixing of 54.097 tonnes of bolts.

(iii) The rates for the items of miscellaneous steel work for main power house building and structural steel work against a repeat order issued in April 1982 for CW Pump house were inclusive of the cost of steel. The incidence of any wastage in steel in course of execution of the work was to be borne by the firm. The steel for both the works was issued by the project but recovery of the cost of steel so issued was made from the firm for the quantity of steel actually consumed in the works and the wastage of steel in the shape of scrap (60.763 tonnes) was taken over by the project without any charge to the firm resulting in short recovery of Rs. 0.58 lakh representing differences in cost of steel (60.763 tonnes) at issue rates (Rs. 2975 per tonne for 26.100 tonnes and Rs. 3811 per tonne for 34,663 tonnes) and its scrap value (Rs. 2500 per tonne).

(iv) In the case of structural steel work of main power house building, the labour rate payable to the firm was provided in the contract and steel was to be supplied by the Board to the contractor free of cost. As per terms of the contract , wastage in steel upto 5 per cent was to be borne by the Board subject to return of the steel scrap by the contractor to the Board. However, the cost of the steel for wastage in excess of 5 per cent was to be deducted from contractor's bills at twice the issue rate prevailing at the time of submission of the accounts either progressively or at the time of final account. As against 5 per cent, the actual wastage in steel was 8.5 per cent (592.047 tonnes) during execution of structural steel work (6973.543 tonnes). The amount recoverable from the contractor for the wastage of steel in the shape of scrap (243.270 tonnes) in excess of the limit of 5 per cent at twice the issue rate of steel after deducting the value of the scrap worked out to Rs.20.68 lakhs. The project management approved (March 1984) the wastage upto 9.4 per cent and thereby waived the recovery on the grounds of

(i) non-availability of steel sections in required lengths in the project stores,

(ii) non-release of approved drawings by the consultants in sequence,

(iii) non-supply of matching section of steel to the contractor, and

(iv) justifications furnished by the contractor by way of specific illustrations showing excess wastage.

It was observed by Audit that neither the extent of wastage due to various factors was investigated or determined nor was any penalty/damages recovered from the consultant.

(e) Construction of auxiliary buildings

The work of construction of auxiliary buildings of the power station was awarded (September 1980) to Uttar Pradesh Rajkiya Nirman Nigam Limited (UPRNN) after inviting tenders. The contractor completed cnstruction of some of the buildings value: Rs.122.91 lakhs (excluding price escalation) up to December 1984 as against the contract value of Rs. 119.27 lakhs and scheduled completion in March 1982, leaving construction of fire station, time office, security office, canteen, cycle stand, stores and Administrataive buildings (estimated cost:

Rs.65.09 lakhs) on the grounds of (i) delay in selection of sites and release of drawings (March 1982 to August 1984) after scheduled date of completion (16th March 1982) though construction of those building was specifically included in the scope of the contract and (ii) provision of inadequate quantities of work in the contract.

The project authorities, therefore, awarded 3 contracts during May 1985 to April 1987 to two local contractors of Jhansi for construction of the left over building (total value: Rs. 65.09 lakhs) at rates higher than those provided in the contract of UPRNN. Comparison of rates in audit of the subsequent 3 contracts with the rates of UPRNN, after taking into consideration the price escalation payable to UPRNN upto scheduled date of completion, in respect of comparable items leaving the items which were not comparable due to change in specifications, revealed extra expenditure of Rs. 8.89 lakhs as shown inthe table below:

Description of work	Number of items in the agreement	Number of items compared in audit	Value of agreement	Value of items compared	Extra expenditure *
			(Rupees in lakhs)		
Fire station, time office and security office	65	17	22.26	16.92	3.36
Canteen, cycle stand, stores etc.	72	17	11.30	8.18	1.66
Administive building	74	24	31.53	21.06	3.87
			TOTAL		8.89

The extra expenditure (Rs.8.89 lakhs) could have been avoided, had the quantities for construction of auxiliary building been assessed on realistic basis by the consultants/TDE wing of the Board and provided for in the contract of UPRNN and the site selection and release of drawings by the consultants been timely.

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* **Extra** expenditure was worked out on the basis of actual executed quantities except in case of administrataive building which was worked out on the basis of contracted quantities as the building was at initial stage of construction (September 1987).

(f) Finishing work

The finishing work of power station building awarded (August 1980) to a firm of New Delhi was completed in November 1984, as against scheduled completion in January 1982, at Rs. 204.29 lakhs including extra items of work (Rs.17.84 lakhs) and price escalation (Rs. 26.24 lakhs) as against the contract value of Rs. 71.20 lakhs.

The rates provided in the contract were variable in the event of increase in the cost of labour and materials and the price escalation on that account was payable to the contractor on the value of work executed during the period of 22 months including a period of 6 months beyond the scheduled date of completion subject to a ceiling of Rs. 2.39 lakhs. In the case of delay in completion of the work beyond 22 months for the reasons not attributable to the contractor, price escalation was payable to the contractor on the value of the work executed after 22 months.

It was observed in audit that apart from the payment of price escalation upto the ceiling limit (Rs. 2.39 lakhs), price escalation amounting to Rs.27.35 lakhs was payable till completion of the work, out of which Rs. 23.56 lakhs had been paid to the contractor till August 1987, on the value of work done (Rs.126.09 lakhs) after the period of 22 months on the ground that the contractor was not responsible for the delay in completion of the work and the delay was attributable to:-

(i) delay in taking up the work by the contractor for about 5 months due to delay in receipt of drawings from the consultants,

(ii) receipt of 45 drawings from the consultants after due date of completion,

(iii) abnormal increase (162 per cent) in the scheduled quantity of work due to under estimation by the consultants/TDE at the time of invitation and finalisation of tender,

(iv) execution of extra items of work (value:Rs. 17.84 lakhs) which were not provided in the contract and

(v) other reasons, viz., delay in providing working site, obstruction of work due to rains/flood and shortage of cement in March/April 1982.

The delay for the reasons mentioned at (v) above , even if treated as unavoidable, was for the period of not more than 6 months which was covered by the ceiling limit of price escalation. Thus mainly the consultants and TDE wing of the Board were responsible for the delay, resulting in payment of the price escalation amounting to Rs. 27.35 lakhs beyond ceiling limit.There was nothing on the records of the project to show that the matter was investigated and responsibility for the above delays and for the extra expenditure was fixed.

(g) Construction of railway siding and marshalling yard

In response to a letter of enquiry issued by the Board in June 1978, Indian Railway Construction Company Limited (IRCON) submitted their offer to the Board (July 1978) for construction of railway siding and marshalling yard of the project on turnkey basis. According to the offer, IRCON quoted for the turnkey job of construction of railway siding and marshalling yard at actual direct cost including depreciation on their tools and plant plus 15 per cent thereon to cover the headquarters overheads and profit apart from lumpsum amount of Rs. 3.75 lakhs for survey, preparation of plans, report and estimates. The Board accepted the offer and issued a letter of intent on IRCON in November 1978. The work was completed in November 1984.

The Board had neither issued detailed order to IRCON nor executed any agreement with them specifying various tems and conditions so far (August 1987). The entire payment of Rs.580.38 lakhs made to IRCON during February 1979 to November 1984 as advance has not been adjusted by the Finance and Accounts Wing of the project so far (August 1987) on the ground of non-settlement (August 1987) of the following terms with the firm:

(i) Definition of direct cost indicating as to what will it precisely include.

(ii) Rate and method of depreciation to be charged by IRCON.

(iii) Whether various provisions of standard forms 'A' and 'B' of the Board specifying various terms and conditions which are normally applicable to contract executed by the Board would be applicable in case of IRCON or not.

(iv) Whether 15 per cent overheads and profit would be payable to IRCON on the cement and steel arranged and supplied to IRCON by the Board.

(v) Whether there would be any maintenance/guarantee period for the work and whether any bank guarantees would be taken from IRCON till expiry of such period.

(vi) The letter of intent provided scheduled date of completion of the work. Whether any penalty would be recoverable from IRCON for delay in completion of the work.

On a request made to IRCON by the project for execution of an agreement, IRCON stated (October 1985) that the work had already been completed and as such there was no necessity for finalisation of any agreement.

The pertinent question was, why the Board should pay 15 per cent overhead and profit to IRCON on the cost of c ement and steel supplied by the Board. Meanwhile IRCON has acknowledged payment of Rs. 576.38 lakhs so far (August 1987) as against the actuals of Rs.580.38 lakhs. In the absence of any agreement there is no indication of what would be the final settlement between IRCON and the Board.

(h) Construction of intake well

The work of construction of intake well for water supply in township was awarded by the project (April 1982) to a firm of Agra. The contract provided 2 items of work, viz., construction of intake well as a job for Rs. 4.72 lakhs and supply and fixing of MS pipe in s uction at Rs. 571 per running metre as an item rate. The work was to be completed by October 1982. The contractor completed the work of construction of intake well (April 1983) and left the work of supply and fixing of the pipe after executing some earth work valuing Rs. 0.22 lakh. In March 1984, the project management felt urgency of the work and decided to provide an open kachcha channel in place of M.S. pipe for bringing water from the river to the intake well already constructed. The Kachcha channel (40 metre length) was got constructed at a cost of Rs. 1.87 lakhs (excluding Rs. 0.22 lakh on account of cost of earth excavation already done by the contractor of Agra through another contractor of Kanpur who was executing the work of intake channel of C.W. system at the project). The final payment of the Agra contractor was released (1984-85) after deducting compensation (Rs.0.59 lakh) for delay in completion of the work. The excess expenditure involved in construction of 40 metres Kachcha channel in place of supply and fixing of 3 M.S. pipe lines of 40 metres length each as provided in the contract, after deducting compensation (Rs.0.59 lakh) recovered from the Agra contractor amounted to Rs. 0.81 lakh.

It may be mentioned that apart from the recovery on account of compensation for delay in completion of the work, the contract empowered the project management to get the work done through another agency in case of default on the part of the contractor in completion of the work and to recover extra cost, if any, from the contractor. The recovery of Rs. 0.81 lakh on account of extra expenditure involved was not made from the contractor of Agra, though Rs. 0.77 lakh on account of pending payments, apart from a bank guarantee of Rs. 1.17 lakhs valid upto 17th June 1984, was available with the project at the time of making final payment to the contractor.

It was stated by the Project (September 1987) that in the case of laying 3 pipe lines of 40 metres length each in different elevations, the requirement of the pipe would have been 240 metres costing Rs. 1.37 lakhs instead of 120 metres (costing: Rs. 0.69 lakh) worked out in audit and extra items of work for initial maintenance of pipe (value: Rs. 0.20 lakh) would also be required.

The basis of calculations of 240 metres pipe and the extra items of work were not explained by the Project.

3.08. Other topics of interest

3.08.1. Loss of cement in flood

During the flood of September 1983, 13608 bags cement (value: Rs.5.23 lakhs) got damaged and became unserviceable in the cement store of the project. Though the project had a comprehensive storage-cum-erection insurance policy for the period from November 1979 to November 1983, the cement store, which was the only store in the administrative control of the civil organisation of the project, was not covered under the policy, for which no reasons were available on record. A case for write off sanction of the loss was proposed by the SE (Civil) of the project in October 1986 but the sanction has not been accorded by the Board so far (August 1987).

3.08.2. Inadmissible payment of labour escalation

The rates provided in the contract executed with UPRNN for construction of auxiliary building were based on minimum wages of Rs. 6 per day for unskilled labour and in the event of statutory increase in the labour rate, extra amount on account of labour escalation was payable by the Board to the contractor as per formula provided in the contract.

It was observed in audit (September 1987) that inadmissible payment of Rs. 1.08 lakhs on account of labour escalation for the period from July 1981 to March 1982 was made (January 1984) to the contractor on the bssis of a Government notification of June 1981 notifying increase in minimum wage applicable to labour engaged in rice mills, flour mills and Dal mills. Further, inadmissible escalation of Rs. 1.51 lakhs for the period from April 1982 to December 1984 was verified by the EE I (Civil) in May 1987 for payment on the basis of the same notification, though payment has not been released by the Finance and Accounts wing of the project (August 1987) for want of funds from the Board.

On being pointed out in Audit, the EE I (Civil) requested the Finance and Accounts Wing of the project to withhold the payment of Rs. 1.51 lakhs until further verification.

3.08.3. Excess payment of overtime

According to provisions contained in sub-section 4(iii) of Section 64 of the Factories Act, 1948, the total number of hours of overtime allowed to a worker shall not exceed fifty in a quarter.

During the test check (February 1987) of records of Thermal Power Station Parichha, it was noticed that the above statutory time limit was not adhered to and excess overtime beyond fifty hours in a quarter was allowed from 6 hours to 249 hours in the quarater ending March 1986, June 1986, September 1986 and December 1986 to 111 workers in contravention of provisions of the Factories Act, 1948. The excess payment of overtime amounted to Rs. 1.06 lakhs.

The Chief Project Manager stated (February 1987) that overtime beyond fifty hours was allowed in unavoidable circumstances because of urgency of work and in the interest of the Board. The reply was not tenable as the grant of overtime allowance beyond 50 hours in a quarter was against the provisions of the Factories Act, 1948. Further, no remedial action was taken to reduce overtime payment.

3.08.4. Loss of turbine oil

On the night of 13/14 August 1986, 20 drums of turbine oil (4100 litres) worth Rs. 0.64 lakh leaked out from the main oil tank of unit No.II Thermal Power Station, Parichha as on tripping of the unit on 13th August 1986 at 8.30 hours, the staff of the Turbine Maintenance Division forgot to close the oil inlet valve to the centrifuging machine. Further the Executive Engineer (E & T) observed (16th August 1986) that the leakage of so much quantity of oil was not possible within one or two hours and as such the loss of turbine oil was attributable to the dereliction of duty by the operator and junior engineer concerned.

However, the Executive Engineer (TMD) in the enquiry report (26th August, 1986) did not fix any responsibility. Thus, due to negligence of staff on duty, the Board suffered a loss of Rs. 0.64 lakh.

The above matter were reported to the Board/Government in December 1987; their replies had not been received (April 1988).

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CHAPTER - IV

4. MISCELLANEOUS TOPICS OF INTEREST RELATING TO GOVERNMENT COMPANIES AND STATUTORY CORPORATIONS

4A. Government Companies

4A.1. Uttar Pradesh State Handloom Corporation Limited

4A.1.1. Damaged cloth

During physical verification conducted (October/December 1986) by the Management in various godowns of the Company, handloom cloth valuing Rs.68.73 lakhs out of the purchases made during the period from 1982-83 to 1985-86 was reported as damaged due to poor and prolonged storage. Although physical verification was done regularly at the close of each year, effective steps were not taken to dispose of such cloth after being noticed as defective, damaged etc. with the result that such stock from 1982-83 to 1985-86 accumulated to Rs.68.73 lakhs.

The Disposal Committee constituted by the Board opined that disposal of controlled cloth worth Rs.52.31 lakhs if put on auction would fetch only 25 per cent value. Although the Board considered the opinion of the Disposal Committee in its meeting held in December 1986, no decision could be taken regarding their

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The Disposal Committee constituted by the Board opined that disposal of controlled cloth worth Rs.52.31 lakhs if put on auction would fetch only 25 per cent value. Although the Board considered the opinion of the Disposal Committee in its meeting held in December 1986, no decision could be taken regarding their disposal. However, the Board in its meeting held in March 1988 approved the segregation of first lot of damaged cloth valuing Rs.16.93 lakhs into three categories. 'A' category cloth valuing Rs.3.12 lakhs was to be sold in the normal course, 'B' category cloth valuing Rs.9.86 lakhs was to be sold by offering discount upto 50 per cent and 'C' category cloth valuing Rs.3.95 lakhs was to be auctioned. Board also decided that the remaining damaged cloth (valuing Rs.51.80 lakhs) would be disposed off in the same manner. However, final disposal of the cloth is still awaited (July 1988). Thus, due to poor and prolonged storage of cloth, the Company is being put to a loss for which no responsibility has been fixed so far. Moreover, with the passage of time, the extent of damage may increase leading to further deterioration in the value of cloth.

The matter was reported to the Company in September 1987, and to the Government in February 1988, their replies had not been received (April 1988).

4.A.1.2. Loss due to excessive shrinkage of cloth

The Company approved (March 1982) shrinkage upto 4.25 per cent in processing the terrycot shirtings/suitings to be allowed to the processing firms, the actual shrinkage was, however, to be determined by the Chief Production Manager.

Although the processing firm has been indicating the percentage of shrinkage in their running bills, neither the correctness of such shrinkage was checked by the Chief Production Manager nor the cost for shrinkage in excess of the norms was recovered from the processing firm, while making payments of the running bills. Excess shrinkage of 1.02 per cent to 3.75 per cent over the prescribed norm calculated by Management was 3456.2 metres valued at Rs.1.98 lakhs in respect of the work done during the period from 1982-83 to 1985-86.

With a view to recover the cost of excess shrinkage, the Management withheld (February 1987) payments of Rs.1.20 lakhs. In turn, the firm did not release (since April 1987) 19876 metres of processed fabrics valued at Rs.7.95 lakhs handed over to them without security/bank guarantee which could not be received back (January 1988).

Thus due to the failure on the part of the Chief Production Manager in checking the shrinkage in respect of each consignment as and when received and recovering the cost of shrinkage in excess of the norms had resulted in a total loss of Rs.8.73 lakhs.

The Company stated (June 1988)

that the firm agreed in a meeting held in June 1988 to release 86 per cent (value : Rs.6.84 lakhs) of the cloth held by them, retaining the balance till a final settlement is reached. Further progress is awaited.

The matter was reported to the Government in February 1988; their reply had not been received (April 1988).

4A.1.3. Mis-appropriation of cloth

On the report of the Project Officer, Faizabad, regarding shortage of Janta Dhoties at Akbarpur Production Centre, the stocks were checked by the General Manager on 25th February 1986 at the centre. The stock registers, cash book and other relevant records were found missing at the centre. However, from the records maintained at Project Office, Faizabad it was concluded that against the book balance of 17690 pairs of U.P.-8 Janta Dhoti and 29146 metres of U.P.-21 cloth, the actual balance found in stocks was 1648 pairs and 21816 metres respectively resulting in shortage of 16042 pairs of Dhoties (Value : 5.53 lakhs) and 7330 metres of cloth (Value : Rs.0.29 lakh). In July 1986 F.I.R. was lodged against Centre Incharge, Assistant Project Officer and Superintendent of the Centre. Apart from the above, the services of Centre Incharge, Store Incharge and Production Superintendent were terminated in April 1986. The mis-appropriation of stock was facilitated due to incorrect verification of bills and non-checking of stock by the Centre Incharge and non-checking of production by the Production Superintendent. The procedure prescribed by the Company (June 1984) for checking of cloth at the time of purchase, preparation of bills with reference to above and quantity verification were not adhered to.

The matter was reported to the Company in September 1987 and to the Government in February 1988, their replies had not been received (April 1988).

4A.2. Uttar Pradesh Small Industries Corporation Limited

4A.2.1. Misappropriation of wrist watch components

To assist the small scale units in procuring various types of imported raw materials/machines either against OGL/ actual user licence against release orders issued by the canalising agencies, a scheme for financial assistance of import was formulated by the Company. According to scheme the licence holder was required to submit the import licence alongwith letter of authority and 10 per cent advance of the landed cost of materials to the Company and the Company was to recover service charges at 2 per cent of landed cost of materials besides godown rent and interest on the balance amount.

Under this scheme, the Company imported wrist watch components worth Rs.27.10 lakhs from Switzerland and Hongkong during the period from November 1982 to June 1984 on behalf of an industrial firm of Kanpur. The firm had deposited Rs.1.29 lakhs towards 10 per cent of CIF value of the materials. The delivery orders to lift the above materials were issued to the firm only during the period from October 1983 to October 1984 i.e., after a delay ranging from 4 months to one year, reasons for which were not available on record. The Kanpur firm lifted the materials worth Rs.0.78 lakh only during December 1982 to May 1985 leaving materials worth Rs.26.32 lakhs unlifted. As the firm failed to lift the materials, the Company invited tenders for disposal of the unlifted parts only in May 1986, although as per the scheme the Company has the right to forfeit the deposit and also to dispose off the goods, if they were not lifted within a period of 90 days from the date of landing and to recover from the importer any loss sustained/expenditure incurred on such disposal. The Company decided in June 1986 to sell the goods to a firm of Sholapur - the highest bidder - and accordingly a delivery order was issued in September 1986 in favour of the firm for collecting the parts from the Kanpur depot of the Company. At the time of giving delivery, it was noticed by the Management that the parts had been replaced and removed by the delinquent employees of the depot in connivance with the firm.

The amount of godown rent and interest on the balance amount upto May 1986 recoverable from the firm as worked out by the Company was Rs.13.92 lakhs besides cost of misappropriated parts (Rs. 26.32 lakhs) and service charges (Rs.0.54 lakh).

Management stated (June 1988) that the Company lodged FIR in October 1986 and set up a departmental enquiry in October 1986, results of which were still awaited. However, on the basis of preliminary report four employees were placed under suspension in December 1986. It was also stated that the case was referred to CID in December 1986 and criminal proceedings were started against the firm as well as the delinquent officials. Further progress is awaited.

Thus due to delay of 4 months to one year in requesting the Kanpur firm to lift the material, delay of about 19 months in taking a decision to dispose of the unlifted material and also due to non-conducting physical verification during the period of their storage had resulted in loss of Rs.40.24 lakhs on account of cost of components (Rs.26.32 lakhs) and interest up to May 1986 and godown rent (Rs.13.92 lakhs).

The matter was reported to the Government in April 1988; their reply had not been recieved (April 1988).

4A.2.2. Doubtful recovery under Hire Purchase Scheme

The Company sanctioned loans of Rs.0.46 lakh and Rs.0.28 lakh (May 1984) to two units of Kanpur and Farrukhabad respectively under Hire Purchase Scheme, out of which Rs.0.43 lakh and Rs.0.21 lakh being 95 per cent and 75 per cent of the cost of machines were released to the machine suppliers during May to August 1984 on the basis of verification of installation of the machines conducted by Hire Purchase Inspector of the Company (May/July 1984). The first notices issued for payment of instalments of loan and interest were received back undelivered (May and August 1985) as the addressees were not available at the addresses.

It was observed in Audit (May

1986) that in case of Kanpur unit, the machines were installed at a place other than that mentioned in affidavit furnished by loanee and the unit at Farrukhabad was non-existent for which F.I.R. was lodged in November 1985. The agreements with hirers did not contain a clause for mortgage of the machines in favour of the Company. Instead of insisting on mortgage of fixed assets or bank guarantee towards security which was a favourable alternative, a clause for personal security only was incorporated in the agreement.

The Management stated (May 1988) that besides issuing Recovery Certificates in December 1986 against the firm of Kanpur and in April 1987 against the firm of Farrukhabad, departmental enquiries were also being conducted. The results of the enquiries are still awaited (May 1988).

Although the Company came to know of the non-existence of the Farrukhabad unit in November 1985 itself, it had not taken any action against the Hire Purchase Inspector, on the basis of whose verification report the loan was released, before his retirement in March 1986.

The matter was reported to the Government in February 1988; their reply had not been received (May 1988).

4A.3. Uttar Pradesh State Cement Corporation Limited

Heavy loss of clinker in transit.

As a regular measure, Churk unit of the Company supplies clinker to its Chunar unit by road/rail for manufacturing Cement at Chunar. In that process, Churk unit transported 80,197 tonnes of clinker to Chunar during the period from September 1986 to February 1987, while Chunar unit received only 67,969 tonnes; the transit loss being 12,948 tonnes working out to about 16 per cent of the quantity transported. The material was despatched by rail at owner's risk without any insurance for transit loss.

The Management stated that the Company did not have railway weighbridge at Churk for weighment of wagons without which Insurance Company did not cover the risk of trnasit losses. The management did not fix norms for losses in transit either by road or rail. However, the average of transit loss of clinker by road was about 0.7 per cent, while that of coal by rail (as reported by the Management) worked out to 8 to 9 per cent. Considering 8 to 9 per cent as reasonable for losses in transit by rail, the transit loss of clinker during the period from September 1986 to February 1987 viz., 16 per cent was abnormally high; the transit losses from March 1987 to January 1988 (date of audit) being 9 per cent or less. The quantity of clinker thus lost in transit in excess of reasonable average of 9 per cent worked out to 5632 tonnes (value : Rs.28.08 lakhs) which could have been avoided by obtaining insurance of transit losses. The Company had also not considered the economics of purchasing of a weigh bridge *vis-a-vis* nature of losses in transit.

The matter was reported to the Company in September 1987 and to the Government in February 1988; their replies had not been received (April 1988).

4A.4. Allahabad Mandal Vikas Nigam Limited

Unclaimed subsidy

The Company decided (February 1979) to construct community tubewells in the rural areas under Integrated Rural Development Programme sponsored by Central Government. Under the Scheme, the Company was to construct tubewells to provide irrigation facility to the small farmers and to claim subsidy at the rate of 50 per cent of actual construction cost of the tubewells from the State Government.

During test check in audit (January

1987), it was noticed that the Company constructed 74 tubewells during February 1979 to June 1985 at a cost of Rs.66.90 lakhs and instead of preferring the claim of subsidy for Rs.33.45 lakhs, the Company claimed only Rs.28.23 lakhs which was realised from the Government. In the meantime the scheme was wound up by the Government and the balance subsidy of Rs.5.22 lakhs was thus left unclaimed and unrealised. (January 1987).

The Management stated (January 1987) that due to re-organisation of the scheme no further subsidy was available.

The matter was reported to the Company in February 1987 and to the Government in February 1988; their replies had not been received (April 1988).

4A.5. Nandganj-Sehori Sugar Company Limited - Sugar Factory Daryapur (Raebareli)

Extra expenditure on establishment

As per agreement (clause 2) entered into (January 1987) with Sahkari Ganna Samiti Limited, Raebareli for supply of sugarcane during 1986-87 season, the cane price as fixed and notified by the Government was to be paid by the factory to the society. Besides, the factory was also required to pay commission to the society at the rate of 35 paise per quintal as notified by the Government in pursuance of section 18(2) of Sugarcane (Regulation of Supply and Purchase) Act, 1953. In contravention of the above provision of the agreement, the factory paid cane price to the cane growers directly at the request of the society by deploying five payment clerks with guards and incurred an extra expenditure of Rs.0.60 lakh towards such establishment during 1986-87 season, in addition to the payment of commission to the society at the rate of 35 paise per quintal. The system of engaging own staff for payment of cane price to cane growers directly and at the same time payment of commission also to the society is being adopted by the Company since 1981-82. Such commission for 1981-82 to 1986-87 aggregated to Rs.8.42 lakhs and the extra expenditure incurred on engagement of additonal staff during the above period worked out to Rs.2.72 lakhs.

It was stated (May 1987) by the Management that cane price was paid to the cane-growers directly to develop the cane area. The reply is not acceptable as the system of direct payment adopted to help the society was extra contractual and non-recovery of the expenditure so incurred on behalf of the Society from the dues to them amounted to giving undue financial benefit at the cost of the Company.

The matter was reported to the Company and to the Government in October 1987; their replies had not been received (November 1988).

4A.6. Uttar Pradesh Matsya Vikas Nigam Limited

Loss in auction of fishing rights of reservoir

The Company invited (July 1986), tenders for auction of fishing rights of the reservoir at Nanak Sagar, Nainital for the period upto 30th June 1987 from the date of sanction of contract, with last date for receiving offers as 20th August 1986. The highest offer of Rs.11.01 lakhs received from a Sahkari Samiti and recommended by the Company, was rejected by the Government on 7th November 1986 without assigning any reason and the Company was directed to undertake retendering within a week. Offers were again invited on 7th November 1986 with last date of receipt of offers as 21st November 1986 and the offer of Rs.9 lakhs of the highest bidder was also not accepted by the Auction Committee of the company on the grounds that only one bidder had offered his rates and his offer was much less than the earlier offer of Rs.11.01 lakhs. On re-inviting tenders on the 8th January 1987, the highest offered rate of Rs.7.51 lakhs was again rejected on 9th January 1987 by the Auction

Committee. On the same day a negotiation was made with a Sahkari Samiti of Nainital at Rs.9.01 lakhs on the ground that fishing period for 1986-87 was reduced by four months. Thus due to non-acceptance of original offer of Rs.11.01 lakhs by the Government, the Company was put to an avoidable loss of Rs.2 lakhs.

Further, had the Government communicated its approval or otherwise immediately, in respect of the first tender, the loss of 4 months of fishing period could have been reduced by at least 2 months which could have reduced the loss of Rs.2.00 lakhs to a considerable extent.

4A.7. The Indian Turpentine and Rosin Company Limited

Avoidable expenditure

The Company is having an electric connection of 388 KVA for its factory at Bareilly. With the revision of electricity tariff effective from 1st November 1982, every large and heavy power consumer of more than 75 KW load was required to instal shunt capacitors and maintain power factor at 0.85. In case capacitors were not installed and power factor was found to be below 0.85 lagging in any month effective from February 1983, a surcharge of 1 _per cent_ of the billed amount for each 0.01 fall in power factor below 0.85 upto 0.80 and 2 _per cent_ for every 0.01 fall below 0.80 was leviable by the State Electricity Board. The Company neither installed capacitors nor maintained power factor at the prescribed point and paid surcharge amounting to Rs. 1.50 lakhs during February 1983 to June 1987 levied by the State Electricity Board. On being pointed out by Audit (December 1986) the capacitors have been installed during 1987.

Had the Company installed shunt capcitors immediately after revision of tariff, the expenditure of rs. 1.50 lakhs could have been avoided.

The Management stated (March 1988) that the Company ramained ignorant about this provision and therefore this fact remained unlooked and that on being pointed out by audit the matter was taken up with the consultants and shunt capacitors were installed.

The matter was reported to the Government in February 1988; their reply had not been received (April 1988).

4A.8. Kumaon Mandal Vikas Nigam Limited

Misappropriation of gas cylinders

The Company entered into an agreement (June 1983) with a contractor for distribution of refilled L.P.G. gas cylinders from its gas service godown at Kashipur to the consumers of Kashipur and taking back the empty cylinders and handing over the same to the godown. As per the terms of agreement, the contractor was required to deposit the entire cash collected from the consumers on account of sale of L.P.G. refills in the Nainital Bank Limited/State Bank of India on the following working day and to submit the original bank receipt alongwith details of refill numbers to the Incharge of gas service godown. During test eheck (October 1986) it was noticed that the contractor did not deposit the sale proceeds for the period 1st May 1986 to 12th May 1986 and also did not return the 151 empty cylinders and embezzled a sum of Rs.0.89 lakh representing sale proceeds of L.P.G. gas (Rs.0.22 lakh) and cost of empty gas cylinders (Rs.0.67 lakh), against which the Company holds a security deposit of only Rs.5000. This was facilitated due to issue of fresh cylinders by the godown/ Senior Incharge of Kashipur without verifying the deposit of sale proceeds of earlier day by the contractor as required under the terms and conditions of the agreement.

The Management stated (October 1986) that F.I.R. had been lodged with the Kashipur Police Station and the matter was under investigation.

The matter was reported to the Company in October 1987 and to the Government in December 1987; their replies had not been received (April 1988).

4A.9. Uttar Pradesh State Food and Essential Commodities Corporation Limited

Misappropriation of wheat and gunny bags

Under the wheat procurement scheme of State Government for the year 1983-84 (Rabi season), the Company was entrusted with the work of procurement of wheat direct from the cultivators and to deliver the same to Food Corporation of India (FCI) at their godowns. According to procedure laid down, the transport contractor of the Company was required to lift wheat from the procurement centres for delivery to FCI godowns after obtaining three copies of Truck Delivery Slip (TDS) prepared by Centre-Incharge, a seasonal employees of the Company. On delivery to FCI, acknowledgement was to be obtained in two copies of TDS, of which one copy was to be retained by the contractor for submitting the same alongwith the claim for transportation charges and other copy of TDS was to be handed over to Centre-Incharge for verification.

It was noticed (March 1987) in Audit that 481 quintals of wheat valuing Rs.0.84 lakh and 609 gunny bags valuing Rs.0.03 lakh pertaining to two procurement centres viz. Allahapur (133.50 quintals wheat and 293 gunny bags) and Dhanari (347.50 quintals wheat and 316 gunny bags) of Badaun district were misappropriated. This was facilitated due to non-reconciliation of quantities of wheat lifted by the contractor with the TDS acknowledged by the FCI which was required to be done by the centre-incharges.

Two F.I.Rs were lodged (August 1983) with the police against the centre-incharges and the transport contractors of the above procurement centres. After investigation, the Police filed (June 1985) chargesheet in the case of Dhanari Centre and in the case of Allahapur Centre, the Police investigation report was awaited (November 1987).

The Management stated (November 1987) that the Company could not file the civil suits for want of certain records required by the District Government Counsel (DGC) and also because the amount of Court fees payable under the General Civil Rules could not be decided before expiry of time limit for filing the civil suits. As an alternative action, the recovery certificates under Public Accounts Default Act

1850 were issued (December 1986) against centre-incharges, the recovery of which was awaited (November 1987).

Thus non-reconciliation of wheat depsatches with the acknowledgement of FCI by the centre incharges and subsequently failure of the Company to file civil suits within the prescribed time limit led to the loss of Rs.0.87 lakh to the Company.

The matter was reported to the Government in January 1988; their reply had not been received (January 1988).

4A.10. Uttar Pradesh State Agro Industrial Corporation Limited

Loss of wheat due to improper storage

Under price support scheme of Central Government wheat was to be purchased directly from the farmers and delivered to concerned depots of Food Corporation of India (FCI), when full truck load (12.5 MT) accumulated. Further, delivery of wheat to FCI depots was to be made by the Centre Incharge within 24 hours of its procurement and no wheat stocks were to be retained at the procurement centres since closed godowns are not available at the centres.

In a test check of records of Bareilly region, it was noticed (July 1985) that the procurement of wheat at the Centre for the crop season 1984-85 was closed on 11th June 1984, and as on that date, 4459.70 quintals of wheat (procured during the last 3 days) in stock at Babralla Procurement Centre was kept in open space, out of which 484.10 quintals of wheat valuing Rs.0.83 lakh got completely damaged due to heavy rains in the night of 10/11th June 1984, making the same unfit for human consumption. The wheat was disposed of through public auction of January 1985 for Rs.0.13 lakh and the Centre Incharge responsible for the damage was placed under suspension and the departmental inquiry was in process (February 1988).

The Management stated (January 1987) that the transport contractor failed to turn up for 3 days for lifting the wheat and thus stock was accumulated over three days upto 10th June 1984. There was nothing on record to show that the Company had initiated action against the contractor for his failure.

Thus, due to improper storage of procured wheat the Company was put to a loss of Rs.0.70 lakh.

The matter was reported to the

Company in December 1987; and to the Government in April 1988; their replies had not been received (April 1988).

SECTION 4 B

4B.1. Uttar Pradesh State Electricity Board

4B.1.1. Under assessment/short assessment of revenue

4B.1.1.(a) Non-levy of additional charge

According to the tariff applicable to large and heavy power consumers, if the monthly bill was not paid by the due date specified therein, the consumer was liable to pay an additional charge of seven paise per hundred rupees or part thereof per day of delay on the unpaid amount of the bill.

In a test check of the records of the 4 distribution divisions during October 1986 to February 1987, it was noticed that additional charge of Rs.13.30 lakhs was not levied in case of seven consumers. On being pointed out in audit, demand was raised for Rs.7.73 lakhs in case of one consumer, payment of which was awaited (Upto April 1988). Details are as follows:

Name of unit	Month of Audit	Period invo-lved	Number of con-sumer	Nature of in-stall-ation	Amount objec-ted	Amount asses-sed	Amount realis-ed
					(Rupees in lakhs)		
Electricity Distribution Division-II, Basti	October/ Novem-ber 1986	April 1985 to October 1986	4	Large and He-avy Po-wer con-sumers	3.29	--	--
Electricity Distribution Division, Ballia	Febru-ary 1987	April 1986 to January 1987	1	Cold Storage	0.26	--	--
Electricity Distribution Division-II, Meerut	August /Septe-mber 1986	April 1982 to August 1986	1	Large & Heavy Power Consu-mer	7.73	7.73	--
Electricity Distribution Division Sultanpur	February 1987	April 1985 to December 1986	1	World Bank Tubewell	2.02	--	--
			TOTAL		13.30	7.73	-

The matter was reported to the Board during March to November 1987 and to Government in April 1988; their replies had not been received (April 1988).

4B.1.1.(b). Non-levy of late payment surcharge

Clause 8 of the rate schedule LMV-8 effective from 28th January 1986 and applicable to state tube-wells, pump canals and lift irrigation introduced from Ist February 1986, provides that in the event of the monthly bill for the month of February 1986 and onwards not being paid by the due date specified therein, the late payment surcharge was payable at the rate of one and half per cent per month or part thereof on the unpaid amount of the bill including arrears if any, for the period by which the payment was delayed beyond the due date specified in the bill. For this purpose the arrear amount shall mean the outstanding dues in respect of the bill issued for the months of February 1986 and onwards.

In a test check of the records of Electricity Distribution Division-I, Gorakhpur, it was noticed (November 1986) that late payment surcharge of Rs. 1.06 lakhs was leviable on the energy bills for state tubewells, raised against the Tube-well Divisions-I and II Gorakhpur during the period February 1986 to October 1986, which was not done by the division.

The Divisional Officer stated

(November 1986) that the late payment surcharge was being charged from December 1986 and the amount involved shall be recovered accordingly. The division stated (March 1988) that two bills amounting to Rs. 1.20 lakhs had been raised in September 1987. The bill for Rs. 1.20 lakhs in fact remained unpaid (March 1988).

The matter was reported to the Board in August 1987 and to Government in December 1987; their replies had not been received (April 1988).

4B.1.1. . Non-levy of surcharge for non-installation of shunt capacitors

With a view to minimise power loss and to improve the rural distribution system, the Board issued orders (July 1984) for installation of shunt capcitors of appropriate ratings (as per ISI specifications) by the consumers having load in excess of 5 BHP, failing which a surcharge of 5 per scent of the amount of the bill was to be levied on them. Accordig to the time schedule, the capacitors for loads in excess of 25 BHP or 20 KVA were to be installed by December 1984 and for loads above 5 BHP or 4 KVA by June 1985. The above orders were issued as the Board analysed that when the power factor is low, the reactive power flowing through lines and transformers, is high which increases the burden on the lines and causes heavy power losses. Further, if the capacitor is installed at a suitable location, it draws leading KVARs from the system and neutralises the lagging KVARs drawn by inductive loads, as a result of which power loss as well as the voltage conditions are improved.

In a test check of records of Electricity Distribution Division, Etawah, it was noticed (October 1986) that shunt capcitors on State Tube Wells billed under rate schedule LMV-8 were not installed by the Irrigation Department upto October 1986 and a surcharge of Rs. 5.52 lakhs being 5 per cent of the billed amount for the period from January 1985 to October 1986 was thus, leviable on the consumers which the division neither levied nor realised (October 1986). This resulted in loss of revenue to the extent of Rs. 5.52 lakhs.

The Divisional Officer stated (October 1986) that efforts were being made by the concerned authorities to ensure installation of shunt capacitors on State Tube Wells and without verifying the same it was not in order to levy the surcharge for which Sub-Divisional Officers had been asked to verify the position.

The matter was reported to the Board in May 1987 and to Government in October 1987; their replies had not been received (April 1988).

4B.1.1.(d) Non-levy of low power factor surcharge

According to tariff of the Board applicable to large and heavy power consumers, in respect of the consumers in whose premises trivector meter/bivector/two part tariff meters are installed, if the monthly average power factor falls below 0.85 lagging, the consumers were liable to pay in the billed amount the low power factor surcharge of 1.00 per cent for each 0.01 fall in power factor ;below 0.85 upto 0.80. In addition, if power factor falls below 0.80, surcharge was leviable at the rate of 2 per cent for each 0.01 by which power factor falls below 0.80.

In test check of the records of the four Divisions during December 1986 to March 1987, it was noticed that average power factors ranged between 0.38 and 0.84 during the period October 1985 to February 1987 as a result of which low power factor surcharge of Rs. 5.11 lakhs was leviable on the consumers which was not done by the Divisions. Details are as follows:

Name of Division	Month of Audit	Period involved	Number of consumers	Range of power factor	Amount of surcharge	Amount realised
					(Rupees in lakhs)	
Electricity Distribution Division, Banda	December 1986	July to October 1986	1	0.59 to 0.76	3.38	--
Electricity Distribution Division, Ballia	February 1987	October 1985 to October 1986	3	0.55 to 0.83	0.56	--
Electricity Distribution Division, Akbarpur	March 1987	January February 1987	2	0.54 to 0.83	0.24	--
Electricity Distribution Division, II, Deoria	March 1987	April 1986 to January 1987	3	0.38 to 0.84	0.93	--
				TOTAL	5.11	

The Divisional Officer, Banda stated (December 1986) that the abnormal variation in power factor was due to defect in KVA Section of the meter which was not replaced due to shortage of trivector meters.

The Divisional Officer, Deoria stated (March 1987) that low power factor surcharge in respect of two consumers would be assessed and in respect of other consumer there was mistake in furnishing reading by the Sub-Divisional Officer which was corrected in February 1987.

The replies were not tenable as in the former case neither remarks regarding defect was indicated on the meter card nor was any correspondence with Test Division for replacement of meter made available in support of reply, whereas in latter case reading recorded in next month was only an after thought.

The matter was reported to the Board during May to September 1987 and to government in December 1987; their replies had not been received (April 1988).

4B.1.1.(e) Non-levy of fuel surcharge

Clause 12 of the rate schedule HV-2 applicable to large and heavy power consumers, effective from Ist February 1986 provides for levy of fuel surcharge on large and heavy power consumers every month in the electricity bills.

In test check of records of Electricity Distribution Division, Agra it was noticed (January 1987) that in the case of 36 large and heavy power consumers, fuel surcharge amounting to Rs. 3.17 lakhs for the period August 1986 to December 1986 was not levied by the Division.

On being pointed out by Audit, the Divisional Officer stated (January 1987) that the bills would be raised. The fact remained that no bills had been raised so far (March 1988).

The matter was reported to the Board in March 1987 and to Government in January 1988; their replies had not been received (April 1988).

4B.1.1.(f). Short assessment of revenue on theft, pilferage of energy

Paras 10 and 22 read with Annexure-I of the "Condition of Supply" of energy provides that in case of theft, pilferage or dishonest abstraction of energy, the consumer shall be billed for assessed consumption on load factor, average hours of supply per day and number of days for which pilferage took place. In case there was no evidence to establish such number of days, the assessment shall be for 180 days prior to detection of theft. The units so assessed shall be charged at thrice the rate per unit of the tariff applicable to the consumer excluding the consumption recorded by meter.

In a test check of the records of the two Divisions during February/March

1987, 30 cases of theft, abstraction and pilferage of energy were detected by the Enforcement Squad/Sub-Divisional Officers during July 1984 to November 1986. Out of the above, assessment in 24 cases was done for 180 days at the single tariff rate instead of thrice the tariff rate resulting thereby short assessment of revenue to the extent of Rs. 1.37 lakhs, as detailed below:

Sl. No.	Name of Divisions	Period of audit	Number of cases detected	Number of cases assessed	Amount assessed	Amount assessable	Short assessment
					(Rupees in lakhs)		
1.	Electricity Distribution Division, Sultanpur	February 1987	11	11	0.21	0.63	0.42
2.	Electricity Distribution Division, Akbarpur	March 1987	19	13	0.48	1.43	0.95

In reply, the Divisional Officer, Sultanpur stated (March 1987) that due to late receipt of "Conditions of Supply", assessment at thrice the rate of tariff could not be done. The Divisional Officer Akbarpur stated (March 1987) that assessment as pointed out in audit would be done after confirmation from the Board. The replies are not tenable as no confirmation/clarification was required in view of clear provisions in the 'Conditions of Supply' of energy.

The matter was reported to the Board in March and May 1987 and to Government in April 1988; their replies had not been received (April 1988).

4B.1.2. Irregular revision of bill

Board's Notification (October 1976) lays down that in case of using energy by creating obstruction in running of meters, additional assessment is required to be made as per provisions of Section 48 of the Indian Electricity Act for a period of 180 days.

In a test check of records of the Varanasi Electric Supply Undertaking, it was noticed (September 1986) that the Assistant Engineer (Test and Meter) while reading the meters on 5th April 1984, found that the meter of a large power consumer was tampered and a fake seal was put. The supply of the consumer was disconnected on 9th April 1984 but was reconnected on 26th May 1984 as per orders of the Superintending Engineer. Demand was raised (May 1984) for Rs.0.63 lakh against the consumer for 180 days prior to the date of detection of tampering of the meter. The consumer filed a writ petition in the Hon'ble High Court, Allahabad against the above assessment which was dismissed (May 1984) in favour of the Board authorising them to raise demand for outstanding dues. As against the above, the Superintending Engineer directed (December 1984) for issue of provisional bill for the period from 25th February 1984 to 25th April 1984 taking the maximum consumption and demand recorded during April 1983 to July 1984 (16 months) which was not covered by any Board Order. Accordingly, the earlier assessment of Rs. 0.63 lakh was revised to Rs. 0.03 lakh in March 1985 which was paid by the consumer on 10th July 1985. This revision of the bill, contrary to the Board's order resulted in undue financial benefit of Rs. 0.60 lakh to the consumer.

On being pointed out in audit (September 1986), a bill for the balance amount of Rs. 0.60 lakh was raised in December 1987 but payment thereof was not received till March 1988 though the due date expired in January 1988.

The matter was reported to the Board in January 1987 and to Government in October 1987; their replies had not been received (April 1988).

4B.1.3. Loss due to delay in preferring the claims

(a) Bharat Heavy Electricals Limited (BHEL) Trichy despatched (May 1983 to December 1983) boiler spares to Anpara Thermal Power Project through 3 R.Rs. against an order of the Board placed in August 1981. The R.Rs. were retired (October 1983 to April 1984) after 3 to 5 months from the dates of R.Rs. and deliveries of the consignments were taken during March 1984 to June 1984. In June 1984, spares valuing: Rs. 22.61 lakhs were found short (Rs. 21.74 lakhs) and damaged (Rs.0.87 lakh). Claims were required to be preferred on Railways within 6 months from the date of issue of R.Rs. In October 1985, the claims were revised to Rs. 20.41 lakhs after re-verification of the consignment with reference to packing list and group cost of the spares.

The project management stated in November 1984 that due to delay in getting documents by the Bank and procedural delays in retiring the R.Rs., the project could prefer the claims (Rs.22.61 lakhs) on Railways/Insurance Company only in July 1984 (6 to 14 months after the date of issue of R.Rs.) Considering the delay of 1 to 1½ months in getting the documents by the Bank as unavoidable, there was no justification for the delays ranging from 4 months to 12 months for retiring the documents, for releasing the consignments, for arranging inspection of the materials received and for prefering the claims with the Insurance Company.

The project Management further stated in (April 1988) that-

(i) no reply was received from the Railways so far,

(ii) insurance company accepted part claims and paid Rs.0.36 lakh (July 1986),

(iii) certain spares (value: Rs. 0.74 lakh) had been traced out and received in the project in March 1987, and

(iv) the claims for the remaining amount (Rs.19.31 lakhs) were still under consideration of the Insurance company with whom the Board had taken Comprehensive Insurance Policy to cover all the risks during transit, storage, erection, testing and commissioning etc.

Though 3 years have since elapsed (December 1987) from the dates of delivery of consignments, the case remained unsettled.The Insurance Company has, however, informed (April 1988) that all the cases were still under their consideration. Since Full payments were made to BHEL, the Board's borrowed money is locked up on which the Board is paying interest at 18 per cent per annum and the loss on this account worked out to Rs. 3.47 lakhs per annum. Thus, the Board's funds to the extent of Rs. 19.31 lakhs have been locked up together with recurring liabilities on account of interest (Rs.13.89 lakhs for 3 years from July 1984 to June 1988) due to locking up of its funds.

The matter was reported to the Board in September 1987 and to Government in January 1988; their replies had not been received (April 1988).

(b) An order was placed (October 1982) by the Executive Engineer, Stores Division, Obra on a firm of Madras for supply of 6 crates of lightning arrestor with base fitting. The material was despatched by the firm in July 1984 and the Division made 100 per cent advance payment on proof of despatch. The consignment was unloaded at Billy junction on 23rd September 1984. Of the six crates, one was found in broken condition hence was left for open delivery. On 29th November 1984 after a delay of 2 months, the Division lodged claim with the Railways and Insurance Company. The Railways granted open delivery on 9th March 1985 and the shortages and damages then assessed were at Rs. 0.53 lakh.

The Railways rejected the claim of the Division on 20th February 1986 on the ground that the delivery was not taken within 7 days of the termination of transit as the consignment was unloaded on 23rd September 1984. The Insurance Company also rejected the claim on Ist November 1985 stating that the delivery of consignment was not taken within 56 days from the arrival of the consignment. Thus due to delayed action on the part of the Division the Board was put to a loss of Rs. 0.53 lakh.

The Deputy General Manager of 'A' Power Station, Obra stated (November 1986) that the matter had been referred to the Law Officer of the Board for obtaining advice for filing a suit in Court. Further action in the matter was awaited (April 1988).

The matter was reported to the Board in January 1987 and to Government in January 1988; their replies had not been received (April 1988).

4B.1.4. Shortage of material

(a) In a test check of the records of Electricity Distribution Division, II, Basti, it was noticed (October 1986) that 12.581 kms of dog conductor valuing Rs. 1.41 lakhs was issued on the works by a Junior Engineer of Basti Sub-Division (RE) in March 1983. On inspection of the line by the Executive Engineer in May 1985, it was found that neither the details of materials shown as issued by the Junior Engineer in his stock account were available on the site nor was any F.I.R. lodged for any theft of stock materials. In reply to Executive Engineer's letter dated 21st May 1985, the Sub-Divisional Officer stated (June 1985) that the material was removed from the site and not taken back into the stock account by the Junior Engineer. It was, thus evident that the conductor stated to have been issued, as shown in stock records was apparently misappropriated. No departmental inquiry has been initiated so far (December 1987).

The Divisional Officer stated (December 1987) that the matter will be scrutinised and action taken accordingly.

(b) Shortages and misappropriations of stores/stocks are required to be booked under the head 'Miscellaneous Advance' pending recoveries/adjustment.

A scrutiny of records of Electricity Stores Division, Agra (January 1987) revealed that shortages and misappropriations of stores/stock valuing Rs. 12.15 lakhs was booked as 'Miscellaneous Advance' against ten employees on account of (i) non-submission of verified invoices against materials stated to have been issued to other divisions, (ii) non-handing over of the balances at the time of transfer and (iii) shortages/damages. Although 4 to 10 years had already elapsed, recoveries/adjustments amounting to Rs.2.08 lakhs only could be affected so far (December 1987). Meanwhile, five officials had been transferred to other divisions and one suspended without effecting recovery/adjustment. Recovery trend in the remaining cases showed that it would take 15 to 400 years for recovering the amounts in full.

The Divisional Officer stated (December 1987) that amount of recovery instalments could not be enhanced because of the interference of employees union of the incumbents moving the Court and in the cases of officials transferred the respective divisions were being asked to recover the amounts. However, the Divisional Officer was not in a position to explain the position as to how the recovery in most of the cases, would be effected as the recovery rate was quite low.

(c) A test check (November 1985) of records of Electricity Distribution

Division, II, Aligarh revealed that an Assistant Store Keeper (ASK) on his transfer to Electricity Distribution Division-I, Aligarh proceeded on medical leave without handing over the charge of stores. The charge of the stores was taken over during September 1982 to March 1983 by another ASK who detected shortages of 98 items valuing Rs.1.73 lakhs. A miscellaneous advance of Rs. 1.73 lakhs for the shortages of stores was booked (March 1984) against the ASK and a draft charge sheet was sent (July 1984) to Suerintending Engineer, Electricity Distribution Circle-I, Aligarh, approval of which was awaited. But, neither the recovery could be effected nor the charge sheet was served on the ASK (December 1987).

The matter was reported to the Board during February to August 1987 and to Government in April 1988; their replies had not been received (April 1988).

4B.1.5. Non-utilisation of stores and wasteful expenditure on establishment and railway siding of closed Power House.

The Power House at Mainpuri was closed down with effect from December 1983 under the orders of the Board. Accordingly, all stock materials were physically verified on 31st October 1983 which revealed that stocks/stores valuing Rs.48.08 lakhs were lying in the Power House.

The following points were noticed:

(i) In a test check of records of the Electricity Distribution Division, Mainpuri, it was noticaed (August 1986) that out of stores/stocks valuing Rs. 48.08 lakhs lying in the power house, stores valuing Rs. 14.58 lakhs were consumed between November 1983 and July 1986 in various works leaving a book balance of Rs. 33.50 lakhs as on 31st July 1986. No physical verification of the stores had been done although stores/stocks were required to be physically verified at least once in a year and discrepancies, if any, to be investigated. In the absence of the physical verification of stores periodically, the exact quantity of stores/ stocks physically available could not be ascertained and as such chances of pilferage, misappropriation etc. could not be ruled out. Test check also revealed that some of the stock of lubricants, paints and chemicals valuing Rs. 10 lakhs (approx) had become unfit for use due to long storage.

The Divisional Officer stated (August 1986) that list of materials was circulated to higher authorities but no action has been taken so far by them. As per para 189 of F.H.B. vol.VI, surplus stores are to be disposed of within 6 months. Stores were declared surplus in October 1983 but till July 1986 stores valuing Rs. 33.50 lakhs were lying without disposal. The Board incurred an avoidable expenditure of Rs. 1.64 lakhs on watch and ward (November 1983 to November 1987) on the stores/stocks of closed power house. Had the stores been disposed of, this expenditure could have been avoided.

(ii) In a test check of the above division it was noticed (May 1987) that due to the closure of the power house from October 1983 the railway siding could not be used. No action was taken to inform the Railways about the non-utilisation of the railway siding and to terminate the agreement with the Railway. As a result of which railway siding rent at the rate of Rs. 0.41 lakh per annum amounting to Rs. 1.42 lakhs was paid to the Railways upto April 1987 which could have been avoided.

The local management stated (August 1986) that the Chief Zonal Engineer was requested for a decision in August 1986 which was still awaited (April 1988).

The matter was reported to the Board in August 1987 and to Government in April 1988; their replies had not been received (April 1988).

4B.1.6. Locking up of funds

With a view to introduce Card Punching System in the Harduaganj Thermal Power Station, Kasimpur (Aligarh), requisite materials (Time Recorder Clock, wooden card racks, punching cards and metal stands) valuing Rs. 0.88 lakh (including Rs.0.08 lakh towards handling expenses) were purchased by the Project authorities from a firm of Calcutta in

August 1983 for which payment was made in September 1983 and the materials were received in February 1984. Besides, an expenditure of Rs. 0.41 lakh was incurred (November-December 1983) ons civil works for installing the system.

In a test check of the records of the Thermal Power Station, it was noticed (August to October 1986) that the card punching system had not been introduced in the project till October 1986 resulting in locking up of Board's funds to the extent of Rs. 1.29 lakhs.

Project Management stated (December 1987) that the card punching system could not be introduced due to apprehension of workers agitation on the issue, which could result in industrial unrest and closure of the Power Station. It was also stated that there being separate cadre of officers and workers inside the power station, some of them were entitled for overtime and thus the system could not be introduced uniformally for all the categories of employees till such time a final decision was taken by the Board in this regard.

Had the Board considered these aspects before taking a decision; the apprehensions expressed above not being unforeseeable, the expenditure of Rs. 1.29 lakhs incurred on procurement of these equipments could have been avoided.

Further, even afater 4 years, the Board has not taken any decision in the matter and the equipments have been lying idle in the project,resulting in locking up of funds to the extent of Rs.1.29 lakhs for the last four years.

The matter was reported to the Board during January to September 1987 and to Government in January 1988; their replies had not been received (April 1988).

4B.1.7. Unfruitful expenditure on execution of a Civil Work

The work of construction of residential quarters and other development works of 33 KV sub-station, Mussoorie, Dehradun was awarded to a firm of Dehradun for Rs. 4.70 lakhs. The work which was to be commenced in November 1985 was to be completed by November 1986.

The contractor was paid Rs. 1.49 lakhs for the work executed till January 1986 and the work was abandoned thereafter as the title to the land was claimed by a Society. The matter was stated to be under correspondence with the district authorities and the final outcome was still awaited.

The Divisional Officer stated (December 1986) that the work was on the priority list of works and after the land was procured by the Electricity Distribution Division, Dehradun and its lay out was approved by the Transmission Wing, tenders were invited and finalised and work was started. Thus, due to nonascertainment of title of land, expenditure to the extent of Rs. 1.49 lakhs had become unfruitful.

The matter was reported to the Board in March 1987 and to Government in April 1988; their replies had not been received (April 1988).

4B.1.8. Irregular payment of overtime

According to the Board's order of 29th January 1985, overtime payment to Junior Engineers was not admissible. In a test check of the records of the Hydel Generation Division, Chibro it was noticed (September 1987) that the management had made payment of Rs. 0.92 lakh to the Junior Engineers as overtime payment during April 1985 to June 1987 in violation of the above Board orders.

The Project Management stated (September 1987) that the Junior Engineers work with their own hands during operation and maintenance of plant and overtime was allowed to them as per provisins of Factories Act. The reply is incorrect as the overtime payments were in contravention of Board's orders.

The matter was reported to the Board in December 1982 and to Government in April 1988; their replies had not been received (April 1988)

4B.1.9. Short recovery of cost of line and sub station from private tube well consumers

In case of Private Tube Well

(PTW) connections, cost of line for the length of 60 metres per BHP load subject to a maximum of 300 meters was to be borne by the Board and any excess beyond that was to be recovered from the consumer before the execution of agreement. Further, in the case of a cluster of PTW connections, the cost of line and of sub-station in excess of Rs. 1200 per BHP load applied for is payable by the consumers.

The cost of lines and sub-stations was fixed at Rs. 113 per 10 metres of line and Rs. 7650 per 25 KVA sub-station prior to 30th September 1982. This was increased (September 1982) to Rs. 221 per 10 metres of line and Rs. 13,875 per 25 KVA sub-station effective from Ist October 1982.

In a test check of the records of Electricity Distribution Divisions I and II, Jaunpur, it was noticed (March 1985) that the revised rates were not applied for 1710 metres of line in the case of 28 individual PTW consumers (Rs.18,468) and in case of 8 PTW consumers forming 3 clusters (Rs.18,707) resulting in short recovery of Rs. 0.37 lakh.

On this being pointed out in audit, the Divisional Officer stated (October 1985) that due to late receipt of revised rates from the Board, it could not be applied to the consumers taking connections during 5th October to ist December 1982 and that further efforts were being made to realise the amount shortly. A sum of Rs.. 0.03 lakh only had however, been realised from four consumers upto February 1988.

The matter was reported to the Board in May/August 1985 and to Government in October 1987; their replies had not been received (April 1988).

4B.2. Uttar Pradesh State Road Transport Corporation - Azamgarh Region

Misappropriation of cash

During test check in audit (June 1987) of way bills with actual window bookings of 6 out-stations of Allahabad-Azamgarh routes for the period from Ist August 1986 to .5th February 1987, it was noticed that in respect of one bus the sale of tickets on windows and at outstations as shown in the way bills was higher by Rs.1.22 lakhs than the actual sale of tickets on windows and at outstations. This amount was misappropriated by a conductor by using forged way bills and unauthorised/forged tickets obtained from the depot. The cash collected through sale of these unauthorised tickets was not deposited by the conductor, instead it was being shown as counter booking at outstations on the way bills submitted to the depot. In this connection it was also noticed that neither the D.V.R. (Daily Vehicle Return) register was posted properly nor any reconciliation of income from counter bookings at outstations posted in D.V.R. on the basis of way bills with the actual bookings as mentioned, in D.S.A. (Daily Sale Account) done which facilitated embezzlement of cash.

In this connection the conductor and nine clerks were placed under suspension (February 1987) and the matter was under departmental investigation (June 1987), the results of which were awaited.

The matter was reported to the Management in July 1987, and to the Government in February 1988; their replies had not been received (April 1988).

4B.3. Uttar Pradesh Financial Corporation

Irregular disbursement of loan

A term loan of Rs. 3.23 lakhs was sanctioned (September 1978) to a firm of Kanpur for purchase of land, plant and machinery, construction of factory building and other expenses. As the firm could not complete the legal formalities within the stipulated period of six months, the request of the firm to disburse the sanctioned loan against the Bank guarantee of Farrukhabad Gramin Bank issued by Branch Manager on 16th February 1979 and valid for one year, was acceded to by the Corporation same day and a loan of Rs. 3.23 lakhs was disbursed to the firm on Ist April 1979.

After receiving the loan, the firm failed to execute mortgage deed of assets of the firm in favour of the Corporation. Hence, the Bank guarantee was involved in February 1980. On ;invoking the Bank guarantee, the Chairman of the Bank intimated (February 1980) that no such Bank guarantee was ever issued by the Bank and also the Branch Manager was not empowered to issue Bank guarantee As such the Bank disowned its liability against the Bank guarantee.

Then, recall notice (June 1980) and recovery certificate (September 1980) were issued against the firm but both of these came back unserved as the partners of the firm were not traceable on the given addresses. Recovery certificate was also issued (October 1985) against the Bank for Rs. 8.06 lakhs [Principal Rs. 3.23 lakhs and interest Rs. 4.50 lakhs upto 30th August 1985 and other Rs. 0.33 lakh] the recovery of which was awaited (April 1988). The Corporation also filed a civil suit against the firm in the High Court, the decision of which was awaited (April 1988).

Thus, due to non-observance of Corporation's rules regarding execution of mortgage deed as well as examination of the authority of Bank for issue of Bank guarantee, the Corporation suffered a loss of Rs. 3.23 lakhs. The Management stated (October 1986/April 1988) that though the prospects of recovery were bleak, no action was taken against the officers responsible for the lapses, as the matter was sub-judice.

The matter was reported to the Government in February 1988; their reply had not been received (April 1988).

A. J. Rajendran

(A.J.Rajendran)
Accountant General (Audit)-II

Lucknow:
The 29 JUN 1989

Countersigned

T.N. Chaturvedi

(T.N. Chaturvedi)
Comptroller and Auditor General of India

New Delhi:
The 18 JUL 1989

APPENDICES

ANNEXURE -I

List of Companies in which Government have invested more than Rs. 10 lakhs but which are not subject to audit by the Comptroller and Auditor General of India.

(Referred to in paragraph 3 of Preface)

Serial Number	Name of Company	Total Investment upto 1986-87 (Rupees in lakhs)
1	2	3
1.	Upper Chem Limited	26.85
2.	Jaiwanti Solvents and Chemicals Limited	10.85
3.	Triveni Metal Tubes Limited	25.00
4.	U.P. Twiga Fibre Glass Limited	124.69
5.	Deki Electronics Limited	10.33
6.	Flowmore Polysters Limited	30.00
7.	ARC Cement Limited	14.00
8.	Mayur Syntex Limited	20.00
9.	Shree Bhawani Paper Mills Limited	14.00
10.	U.P. Straw and Agra Products Limited	11.61
11.	Indo Gulf Fertilizers and Chemicals Corporation Limited	1816.23
12.	Sarvodaya Paper Mills Limited	15.48

1	2	3
13.	Belwal Spinning Mills Limited	15.00
14.	Bharat Photocircuit and Elect. Limited(Premier Photocircuits Electronics Technologies Limited)	12.00
15.	India Polyfibres Limited	803.47
16.	Triveni Sheet Glass Works Limited	17.00
17.	U.P. Com Cables Limited	159.98
18.	Road Master Steel Strips Limited	50.06
19.	National Lamp Industries Limited	20.90
20.	Narig Crank Shaft Limited	31.67
21.	National Switch Gears Limited	17.49
22.	Picdan Heavy Equipments Limited	29.91
23.	Shreetron India Limited	32.40
24.	Uptron Anand Limited	12.67
25.	Uptron Electronics Devices Limited	26.00
26.	Shrinivas Fertilizers Limited	30.00
27.	U.P. Drugs and Pharmaceuti--cals Limited	31.26
28.	Nicco Batteries Limited	15.00
29.	Raunag Automotives Components Limited	41.20
30.	North India Petro Chemicals Limited	16.50
31.	Balls and Cylpabs Limited	10.75
32.	Haji Manzoor Alam Industries Limited	33.14

ANNEXURE - 2

Statement showing the particulars of up-to-date paid-up capital, outstanding loans, amounts of guarantees given by the Government, and amounts outstanding where against, upto-date working results of all the Government Companies.

(Referred to in paragraph 2.2.2. page......)

(Except in column 6 (a) Figures are in lakhs of Rupees)

Serial Number	Name of the Company	Name of the Department	PAID UP CAPITAL AT THE END OF 1986-87				Loans outstanding at the close of 1986-87	Amount of guarantee given	Amount of guarantee outstanding at the close of 1986-87	Outstanding guarantee Commission payable at the close of 1986-87	POSITION AT THE END OF THE YEAR FOR WHICH ACCOUNTS WERE FINALISED			
			State Government	Central Government	Others	Total					Year for which accounts were finalised	Paid-up capital at the end of the year	Accumulated profit(+)/ Loss(-)	Any excess of loss over paid-up capital
1	2(a)	2(b)	3(a)	3(b)	3(c)	3(d)	4	5(a)	5(b)	5(c)	6(a)	6(b)	6(c)	6(d)
1.	The Indian Turpentine and Rosin Company Limited	Industries	18.73	---	3.29	22.02	20.00	25.00	25.00	--	1986-87	22.02	--	-
2.	Uttar Pradesh Small Industries Corporation Limited	Industries	379.65	---	--	379.65	495.28	--	--	--	1983-84	191.75	(+)0.06	-
3.	Uttar Pradesh State Industrial Development Corporation Limited	Industries	2142.29	---	--	2142.29	1632.89	280.00	280.00	--	1986-87	2142.29	(+)0.05	-
4.	Mohammadabad Peoples Tannery Limited	Industries	3.06	---	2.55	5.61	--	--	--	--	1976-77	5.61	(-)4.26	-
5.	Uttar Pradesh Export Corporation Limited	Industries	287.52	11.50	--	299.02	72.71	--	--	--	1984-85	182.52	(-)55.09	-
6.	Uttar Pradesh State Agro Industrial Corporation Limited	Industries	401.00	333.00	--	734.00	17.00	--	--	--	1980-81	723.83	(-)744.77	20.94
7.	Uttar Pradesh State Textile Corporation Limited	Industries	8883.94	---	--	8883.94	2137.59	2829.10	2137.59	--	1986-87	8883.94	(-)3884.91	-
8.	Uttar Pradesh State Sugar Corporation Limited	Sugar Industry	9266.84	---	--	9266.84	8913.30	--	--	--	1985-86	8866.84	(-)12442.85	3576.01

1	2(a)	2(b)	3(a)	3(b)	3(c)	3(d)	4	5(a)	5(b)	5(c)	6(a)	6(b)	6(c)	6(d)
9.	Uttar Pradesh Bundelkhand Vikas Nigam Limited	Area Development	123.30	--	--	123.30	--	--	--	--	1977-78	85.80	(-)05.08	--
10.	Uttar Pradesh Poorvanchal Vikas Nigam Limited	Area Development	114.80	--	--	114.80	--	--	--	--	1980-81	95.80	(-)25.13	--
11.	Kumaon Mandal Vikas Nigam Limited	Hill Development	479.73	--	--	479.73	166.00	--	--	--	1983-84	246.00	(+)15.42	--
*12.	Kichha Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	Sugar Industry	32.59	--	671.18	703.77	826.33	-	-	-	1985-86	703.77	(-)1461.98	758.21
13.	Pradeshiya Industrial and Investment Corporation of Uttar Pradesh Limited	Industries	6149.75	-	--	6149.75	15383.22	2730.00	2730.00	--	1986-87	6149.75	(+)48.57	--
*14.	Uttar Pradesh Buildware (Private)Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Industries	--	--	0.10	0.10	--	--	--	--	Accounts not finalised since inception			
15.	Uttar Pradesh State Cement Corporation Limited	Industries	6153.16	--	--	6153.16	5436.21	10.00	10.00	--	1986-87	6153.16	(-)5681.49	--
*16.	Uttar Pradesh Plant Protectin Appliances Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Industries	--	--	0.84	0.84	15.27	--	--	--	1974-75	0.92	(-)0.81	--
*17.	Uttar Pradesh Presstressed Products (Private)Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Industries	--	--	3.10	3.10	27.41	--	--	--	1976-77	2.17	(-)2.13	--
18.	Uttar Pradesh State Bridge Corporation Limited	Public Works	150.00	--	--	150.00	107.00	825.00	778.00	--	1982-83	150.00	(+)19.13	--
19.	Auto Tractors Limited	Industries	749.00	--	0.01	750.01	2871.00	--	--	--	1986-87	750.00	(-)3066.54	2316.54
20.	Uttar Pradesh State Handloom Corporation Limited	Industries	1043.49	--	--	1043.49	674.36	--	--	--	1978-79	353.49	(-)14.85	--
21.	Uttar Pradesh Panchayati Raj Vitta Evam Vikas Nigam Limited	Panchayati Raj	74.76	--	47.48	122.24	--	--	--	--	1983-84	83.99	(+)8.62	--
22.	Uttar Pradesh Roofings (Private) Limited	Industries	--	--	6.69	6.69	33.77	--	--	--	1974-75	6.68	Under construction	

1	2(a)	2(b)	3(a)	3(b)	3(c)	3(d)	4	5(a)	5(b)	5(c)	6(a)	6(b)	6(c)	6(d)
	(Subsidiary of Uttar Pradesh Small Industries Corporation Limited)													
23.*	Teletronix Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	Hill Development	--	--	95.65	95.65	11.65	10.74	10.74	--	1986-87	121.21	(+) 3.48	--
24.*	Transcables Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	Hill Development	--	--	63.24	63.24	22.05	--	--	--	1982-83	8.09	(-)31.50	23.41
25.*	Krishna Fasteners Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Industries	--	--	5.33	5.33	--	--	--	--	1974-75	4.02	(-)0.37	--
26.*	Northern Electrical Equipment Industries Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	Hill Development	--	--	0.07	0.07	1.06	--	--	--	1981-82	0.07	Under construction	
27.	Uttar Pradesh State Leather Development and Marketing Corporation Limited	Industries	334.81	--	--	334.81	219.67	--	--	--	1986-87	334.81	(-)268.86	--
28.	Uttar Pradesh State Brassware Corporation Limited	Industries	400.36	10.00	--	410.36	363.12	69.33	69.33	--	1983-84	212.00	(-)108.62	--
29.*	Faizabad Roofings Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Industries	--	--	1.63	1.63	17.91	--	--	--	1976-77	1.63	(-)3.87	2.24
30.*	Bundelkhand Concrete Structurals Limited (Subsidiary of Uttar Pradesh Bundel khand Vikas Nigam Limited)	Area Development	--	--	2.40	2.40	0.10	--	--	--	1979-80	2.40	(-)0.54	--
31.	Uttar Pradesh State Mineral Development Corporation Limited	Industries	2726.91	--	--	2726.91	566.00	545.00	506.50	--	1984-85	1678.91	(-)8.75	--
32.	Uttar Pradesh Electronics Corporation Limited	Industries	2777.32	--	--	2777.32	201.10	--	--	--	1985-86	2238.35	(+)134.31	--
33.	Uttar Pradesh State Tourism Development Corporation Limited	Tourism	453.85	--	--	453.85	79.14	--	--	--	1977-78	80.87	(+)1.45	--

1	2(a)	2(b)	3(a)	3(b)	3(c)	3(d)	4	5(a)	5(b)	5(c)	6(a)	6(b)	6(c)	6(d)
34.*	Uttar Pradesh State Spinning Mills Company (NO.I) Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	Industries	--	--	3205.84	3205.84	2185.19	2750.30	2085.19	--	1986-87	3205.84	(-)4910.59	1704.75
35.*	Uttar Pradesh State Spinning Mills Company (NO.II) Limited (Subsidiary of Uttar Pradesh Textile Corporation Limited)	Industries	--	--	2263.85	2263.85	1804.36	1950.00	1804.36	1986-87		2265.85	(-)1674.03	--
36.	Uttar Pradesh State Food and Essential Commodities Corporation Limited	Food and Civil Supplies	55.00	--	--	55.00	65.00	--	--	--	1981-82	50.00	(+)46.81	--
37.	Prayag Chitrakoot Krishi Evam Godhan Vikas Nigam Limited	Animal Husbandry	44.00	6.00	--	50.00	0.28	--	--	--	1985-86	50.00	(-)13.46	--
38.*	Uttar Pradesh Instruments Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	Industries	--	--	202.22	202.22	344.89	--	--	--	1986-87	202.22	(-)462.04	260.47
39.	Uttar Pradesh Pashudhan Udyog Nigam Limited	Animal Husbandry	100.40	--	--	100.40	40.29	1.59	1.59	--	1980-81	65.05	(-)65.12	0.07
40.	Uttar Pradesh Scheduled Castes Finance and Development Corporation Limited	Harijan and Social welfare	490.06	480.37	--	970.43	--	--	--	--	1983-84	761.44	(+)37.76	--
41.*	Nandganj Sihori Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	Sugar Industry	--	--	1630.73	1630.73	1492.36	--	--	--	1985-86	1630.73	(-)2834.35	1203.62
42.*	Chandpur Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	Sugar Industry	--	--	390.00	390.00	--	--	--	--	1985-86	390.00	(-)67.93	--
43.*	Chhata Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	Sugar Industry	--	--	395.71	395.71	145.93	--	--	--	1985-86	395.71	(-)403.37	7.66

1	2 (a)	2 (b)	3(a)	3(b)	3(c)	3(d)	4	5(a)	5(b)	5(c)	6(a)	6(b)	6(c)	6(d)
44.	Uttar Pradesh Rajkiya Nirman Nigam Limited	Public Works	100.00	--	--	100.00	5.44	147.04	147.04	--	1985-86	100.00	(+)0.62	--
*45.	Garhwal Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Garhwal Mandal Vikas Nigam Limited)	Hill Development	18.00	--	27.00	45.00	16.30	--	--	--	1980-81	20.00	(-)0.81	--
*46.	Kumaon Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	Hill Development	22.00	--	28.00	50.00	--	--	--	--	1981-82	25.00	(+)2.11	--
47.	Tarai Anusuchit Janjati Vikas Nigam Limited	Harijan and Social Welfare	45.00	--	--	45.00	--	--	--	--	1980-81	25.00	(+)3.54	--
48.	Uttar Pradesh (Rohilkhand-Tarai) Ganna Been Evam Vikas Nigam Lm Limited	Cooperative	12.75	--	11.77	24.52	--	--	--	--	1986-87	24.83	(+)8.27	--
49.	Uttar Pradesh (Paschim) Ganna Beej Evam Vikas Nigam Limited	Cooperative	10.00	--	9.46	19.46	295.00	320.00	295.00	--	1986-87	19.46	(+)0.58	--
50.	Uttar Pradesh (Poorva) Ganna Beej Evam Vikas Nigam Limited	Cooperative	12.75	--	4.51	17.26	0.08	298.00	185.96	--	1986-87	17.38	(+)1.91	--
51.	Uttar Pradesh (Madhya) Ganna Beej Evam Vikas Nigam Limited	Cooperative	10.00	--	3.54	13.54	94.99	--	--	--	1982-83	14.75	(+)1.77	--
52.	Uttar Pradesh Chalchitra Nigam Limited	Information	636.00	--	--	636.00	--	--	--	--	1984-85	587.49	(-)252.20	--
*53.	Uttar Pradesh Textile Printing Corporation Limited (Subsidiary of Uttar Pradesh State Handloom Corporation Limited)	Industries	--	--	26.00	26.00	--	--	--	--	1979-80	16.00	(+)2.74	--
*54.	Uttar Pradesh Tyres and Tubes Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	Industries	--	--	106.71	106.71	185.91	173.00	173.00	--	1985-86	106.68	(-)351.34	244.60
55.	Lucknow Mandal Vikas Nigam Limited	Area Development	70.00	--	--	70.00	59.60	--	--	--	1980-81-	50.00	(-)0.64	--
56.	Allahabad Mandal Vikas Nigam Limited	Area Development	67.00	--	--	67.00	13.81	10.06	5.75	--	1981-82	60.00	(+)0.27	--

1	2 (a)	2 (b)	3(a)	3(b)	3(c)	3(d)	4	5(a)	5(b)	5(c)	6(a)	6(b)	6(c)	6(d)
57.	Agra Mandal Vikas Nigam Limited	Area Development	100.00	--	--	100.00	--	--	--	--	1984-85	100.00	(-)47.70	--
58.	Gorakhpur Mandal Vikas Nigam Limited	Area Development	93.56	--	32.47	126.03	3.92	--	--	--	1980-81	87.03	(-)53.72	--
59.	Garhwal Mandal Vikas Nigam Limited	Hill Development	336.00	--	--	336.00	314.41	--	--	--	1980-81	200.00	(+)1.54	--
60.	Varanasi Mandal Vikas Nigam Limited	Area Development	70.00	--	--	70.00	7.68	--	--	--	1983-84	70.00	(-)13.63	--
61.	Meerut Mandal Vikas Nigam Limited	Area Development	100.00	--	--	100.00	--	--	--	--	1982-83	100.00	(+)12.08	--
62.	UPSIC Potteries Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Industries	--	--	58.00	58.00	60.50	--	--	--	1980-81	23.26	(-)13.10	--
63.	Uttar Pradesh Nalkoop Nigam Limited	Irrigation	390.00	100.00	--	490.00	542.32	996.11	512.32	512.32	1984-85	490.00	(-)108.59	--
*64.	Handloom Intensive Development Corporation (Gorakhpur and Basti) Limited (Subsidiary of Uttar Pradesh State Hand loom Corporation Limited)	Industries	--	--	3.00	3.00	74.34	--	--	--	1979-80	3.00	(+)8.55	--
*65.	Bhadohi Woollens Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	Industries	--	--	291.56	291.56	--	--	--	--	1986-87	291.56	(-)244.61	--
66.	Harijan Evam Nirbal Varg Avas Nigam Limited	Harijan and Social Welfare	15.00	--	--	15.00	230.79	--	--	--	1986-87	15.00	(+)182.56	--
*67.	Uttar Pradesh Abscott (Private) Limited (Subsidiary of Uttar Small Industries Corporation Limited)	Industries	--	--	5.06	5.06	70.34	--	--	--	1975-76	4.85	(-)2.80	--
*68.	Handloom Intensive Development Corporation (Bijnore) Limited (Subsidiary of Uttar Pradesh State Handloom Corporation Limited)	Industries	--	--	2.00	2.00	--	--	--	--	1978-79	2.00	(-)3.35	1.35

1	2(a)	2(b)	3(a)	3(b)	3(c)	3(d)	4	5(a)	5(b)	5(c)	6(a)	6(b)	6(c)	6(d)
69.	Uttar Pradesh Paschim Kshetriya Vikas Nigam Limited	Area Development	125.00	--	--	125.00	25.00	--	--	--	1979-80	100.00	(-)4.44	--
70.	Uttar Pradesh Development System Corporation Limited	Planning	80.00	--	--	80.00	--	--	--	--	1985-86	80.00	(-)5.20	--
71.	Uttar Pradesh State Horticultural Produce Marketing and Processing Corporation Limited	Agriculture	320.76	--	5.00	325.76	177.49	--	--	--	1981-82	30.00	(-)127.45	97.45
72.	UPAI Limited	Industries	15.00	--	2.01	17.01	--	--	--	--	1979-80	17.01	(-)1.01	--
73†	Uptron Powertronics Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Industries	--	--	22.00	22.00	15.19	--	--	--	1986-87	22.00	(+)7.53	--
74.*	Uptron Sempack Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Industries	--	--	2.55	2.55	--	--	--	--	1979-80	2.55	(+)3.37	--
75.*	Uttar Pradesh Digitals Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	Industries	--	--	35.20	35.20	44.66	--	--	--	1984-85	35.20	(+)1.94	--
76.*	Uptron Capacitors Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Industries	--	--	191.04	191.04	48.00	--	--	--	1985-86	151.34	(+)39.40	--
77.	Moradabad Mandal Vikas Nigam Limited	Area Development	25.00	--	--	25.00	64.60	--	--	--	1982-83	20.00	(+)1.21	-
78.	Uttar Pradesh Bhoomi Sudhar Nigam Limited	Agriculture	130.00	--	--	130.00	--	--	--	--	1983-84	130.00	(-)8.40	--
79.*	Uptron Components Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Industries	--	--	5.30	5.30	--	--	--	--	Accounts not finalised since inception			
80†	Uttar Pradesh Carbide and Chemicals Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Limited)	Industries	--	--	497.36	497.36	1117.13	--	--	--	1985-86	497.36	(-)102.51	--
81†	Uptron Digital Systems Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Industries	--	--	353.76	353.76	300.00	--	--	--	1985-86	253.76	(+)58.38	--

1	2(a)	2(b)	3(a)	3(b)	3(c)	3(d)	4	5(a)	5(b)	5(c)	6(a)	6(b)	6(c)	6(d)
82*	Uptron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Industries	--	-	590.00	590.00	307.20	--	--	--	1985-86	590.00	(+)326.80	--
83.	Uttar Pradesh Matsya Vikas Nigam Limited	Animal Husbandry	100.00	--	--	100.00	108.68	108.68	108.68	--	1984-85	100.00	(+)3.39	--
84*	Uptron Communications and Instruments Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Industries	--	--	54.65	54.65	0.44	--	--	--	1985-86	54.65	(+)28.03	--
85.	Uttar Pradesh Rajkiya Vidyut Utpadan Nigam Limited	Power	100.00	--	--	100.00	39032.54	--	--	--	1984-85	100.00	Under construction	
86.	Uttar Pradesh Alpsankhyak Vittiya Evam Vikas Nigam Limited	Harijan and Social Welfare	54.99	--	0.01	55.00	--	--	--	--	1985-86	55.00	(-)4.76	--
87*	Uptron Colour Picture Tubes Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Industries	--	--	900.00	900.00	556.39	--	--	--	1985-86	426.28	Under construction	
88.	Uttar Pradesh Alparthak Evam Laghu Jal Vidyut Nigam Limited	Power	20.00	--	--	20.00	--	--	--	--	1985-86	20.00	Under constrcution	
89*	Uttar Pradesh Hill Electronics Corporation Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Industries	22.67	--	23.59	46.26	--	--	--	--	1986-87	68.76	(-)4.62	--
90*	Vindhyachal Abraisives Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Limited)	Industries			Not available				Not available					
91*	Ghatampur Sugar Company Limited Ghatampur(Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	Sugar Industry	--	--	515.00	515.00	405.00	--	--	--	1986-87	--	--	--
92.	Uttar Pradesh Police Avas Nigam Limited	Home				NOT	AVAILABLE							
93*	Kumaon Television Private Limited (Subsidiary of Teletronix Ltd)	Hill Development												

1	2(a)	2(b)	3(a)	3(b)	3(c)	3(d)	4	5(a)	5(b)	5(c)	6(a)	6(b)	6(c)	6(d)
94.	The Indian Bobbin Company Limited	Industries	In the process of liquidation											
95*	The Turpentine Subsidiary Industries Limited (Subsidiary of Indian Turpentine and Rosin Company Limited)	Industries	In the process of liquidation											
96*	Uttar Pradesh Potteries (Private) Limited(Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Industries			-do-									
97.	The Gandak Samadesh Kshetra Vikas Nigam Limited	Area Development			-do-									

NOTE: 1. Data in respect of Companies at serial number 76, 81, and 84 pertains to the year ending 31st March 1986. These Companies have been amalgamated with the Company at serial number 82 during the year ended 30th June 1987.

2. * Indicates Subsidiary Company.

ANNEXURE - 3

Summarised Financial Results of all Government Companies for the latest year for which ACCOUNTS were finalised
(Referred to in paragraph 2.2.3 of Chapter-II page ....)

Serial Number	Name of the Company	Name of the department	Date of Incorporation	Year of Account	CAPITAL INVESTED (Rupees in lakhs) Paid-up capital	Reserve and surplus	Long term loans	Total	Profit (+)/ Loss (-)	Total interest charged to Profit & Loss Account	Interest on long term loans	Total return on capital invested (Col.9+10) (Rupees in lakhs)	CAPITAL EMPLOYED Gross Block	Depreciation	Net fixed assets
1	2(a)	2(b)	3	4	5	6	7	8	9	10	11	12	13	14	15
1.	The Indian Turpentine and Rosin Company Limited	Industries	22nd February 1924	1986-87	22.02	178.67	20.00	220.69	(+)22.19	3.07	0.48	(+)22.67	221.02	133.54	87.48
2.	Uttar Pradesh Small Industries Corporation Limited	,,	13th June 1958	1983-84	191.75	109.24	450.53	751.52	(+)4.62	78.53	78.53	(+)83.15	72.34	21.38	50.96
3.	Uttar Pradesh State Industrial Development Corporation Limited	,,	29th March 1961	1986-87	2142.29	713.63	1632.89	4488.81	(+)121.31	67.48	67.48	(+)188.79	--	--	--
4.	Mohammadabad Peoples Tannery Limited	,,	21st December 1964	1976-77	5.61	--	--	5.61	(-)0.01	--	--	(-)0.01	--	--	--
5.	Uttar Pradesh Export Corporation Limited	,,	20th January 1966	1984-85	182.52	1.72	50.01	234.25	(-)35.42	6.87	6.79	(-)28.63	30.35	16.25	14.10
6.	Uttar Pradesh State Agro Industrial Corporation Limited	,,	29th March 1967	1980-81	723.83	11.38	5.50	740.71	(-)96.89	102.03	66.32	(-)30.57	234.58	135.23	99.35
7.	Uttar Pradesh State Textile Corporation Limited	,,	2nd December 1969	1986-87	8883.94	1093.70	2513.59	12491.23	(-)971.23	523.87	308.87	(-)662.36	6118.33	3908.14	2210.19
8.	Uttar Pradesh State Sugar Corporation Limited	Sugar Industry	26th March 1971	1985-86	8866.84	119.20	5599.19	14585.23	(-)2349.38	1947.19	1068.63	(-)1280.75	3532.14	1947.94	1584.20

10	11	12	13	14	15	16	17	18	19	20	21
0.12	--	(-)10.25	35.65	11.93	23.72	47.33	8.31	(+)62.74	[illegible]	--	--
0.22	--	(-)1.01	37.26	10.44	26.82	73.80	57.03	43.59	[illegible]	--	--
8.66	8.59	(+)110.55	99.04	19.56	59.48	491.90	163.3[illegible]	(-)288.07	[illegible]	2.2	2.7
186.24	115.89	(+)162.00	962.14	576.71	385.43	584.29	725.36	244.36	[illegible]	10.9	95.3
863.31	863.21	(+)1039.92	--	--	--	--	--	19733.86	[illegible]	4.7	5.2
INCEPTION			--	--	--	--	--	--	--	--	--
20 934.73	845.78	(-)838.42	12455.23	4380.67	8074.56	4532.30	6479.27	6127.59	(-)739.47	--	--
0.28	0.28	(-)0.53	4.70	0.91	3.79	1.65	0.81	(+)4.63	[illegible]	--	--

urrent assets nd loans d advances	Current liabilites and provisions	TOTAL	Total return on capital employed (Col.9+10)	Percentage of total return on Capital invested	Percentage of total return on Capital employed
6	17	18	19	20	21
315.60	209.48	(+)193.60	(+)25.26	10.	13.00
1639.85	726.24	(+)964.57	(+)83.15	11.1	8.6
--	--	(+)4052.06	(+)188.79	4.2	4.6
1.49	0.14	(+)1.35	(-)0.01	--	--
474.19	333.32	(+)154.97	(-)28.55	--	--
1771.82	782.54	(+)1088.63	(+)5.14	--	0.5
4168.32	2368.50	(+)4010.01	(-)447.36	--	--
086.04	6076.21	3594.0	(-)402.19	--	--

1	2 (a)	2(b)	3	4	5	6	7	8	9
9.	Uttar Pradesh Bundelkhand Vikas Nigam Limited	Area Development	30th March 1971	1977-78	85.80	0.67	--	86.47	(-)10.25
10.	Uttar Pradesh Poorvanchal Vikas Nigam Limited	Area Development	30th March 1971	1980-81	95.80	2.21	--	98.01	(-)1.01
11.	Kumaon Mandal Vikas Nigam Limited	Hill Development	30th March 1971	1983-84	246.00	21.77	207.67	475.44	(+)1.96
12.*	Kichha Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited	Sugar Industry	17th February 1972	1985-86	703.77	111.49	657.75	1473.01	(+)46.11
13.	Pradeshiya Industrial and Investment Corporation of Uttar Pradesh Limited	Industries	29th March 1972	1986-87	6149.75	428.24	15383.22	21961.21	(+)176.6
14.*	Uttar Pradesh Buildware (Private) Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited).	Industries	28th June 1972	ACCOUNTS	NOT		FINALISED		SINCE
15.	Uttar Pradesh State Cement Corporation Limited	Industries	29th March 1972	1986-87	6153.16	0.05	5636.21	11789.42	(-) 1684.
16.*	Uttar Pradesh Plant Protection Appliances Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Industries	28th June 1972	1974-75	0.92	0.23	4.35	5.50	(-)0.81

	16	17	18	19	20	21
1	1.00	0.98	(+)10.53	(+)2.4	2.70	19.3
-79	4431.67	3855.32	(+)1498.14	(+)686.57	54.8	45.8
4	898.56	525.35	(+)1143.65	(-)452.26	--	--
5	1193.89	604.11	(+)683.73	(+)47.33	6.6	6.92
	--	---	(+)101.12	(+)4.85	4.82	4.82
	--	-	--	--	--	--
-5	265.13	95.90	(+)193.88	(+)24.35	2.66	12.51
4	55.37	13.75	(+)60.16	(-)3.54	--	--

1	2(a)	2(b)	3	4	5	6	7	8	9	10	11	12	13	14	15
17.*	Uttar Pradesh Press-tressed Products Limited(Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Industries	30th September 1972	1976-77	2.17	--	9.07	11.24	(-)2.13	4.17	2.44	(+)0.31	10.52	0.01	10.
18.	Uttar Pradesh State Bridge Corporation Limited	Public Works	18th October 1972	1982-83	150.00	1074.52	--	1224.52	(+)671.67	14.90	--	(+)671.67	19.90	1598.11	931
19.	Auto Tractors Limited	Industries	28th December 1972	1986-87	750.00	143.24	2871.51	3764.75	(-)714.20	261.94	261.94	(-)452.26	1343.69	572.25	771.
20.	Uttar Pradesh State Handloom Corporation Limited	Industries	9th January 1973	1978-79	353.49	15.15	342.98	711.62	(+)32.94	14.39	14.35	(+)47.29	105.67	11.72	93.9
21.	Uttar Pradesh Panchayati Raj Vitta Evam Vikas Nigam Limited	Panchayati Raj	24th April 1973	1983-84	83.99	10.57	6.00	100.56	(+)4.27	0.58	0.58	(+)4.85	--	--	--
22.*	Uttar Pradesh Roofings (Private) Limited(Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Industries	24th November 1973	1974-75	6.68	--	10.81	17.49	Under	Construction			--	--	--
23.*	Teletronix Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	Hill Development	24th November 1973	1986-87	121.21	23.34	42.66	187.21	(+)3.89	20.46	1.12	(+)5.01	43.01	20.36	24.6
24.*	Transcables Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	Hill Development	29th November 1973	1982-83	8.09	1.61	--	9.70	(-)10.85	7.31	--	(-)10.85	28.02	9.48	18.5

1	2(a)	2(b)	3	4	5	6	7	8	9
25†	Krishna Fasteners Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Indus - tries	14th December 1973	1974-75	4.02	--	0.88	4.90	(-)0.37
26.*	Northern Electrical Equipment Industries Limited(Subsidiary of Kumaon Mandal Vikas Nigam Limited)	Hill Develop- ment	29th January 1974	1981-82	0.07	--	--	0.07	Under
27.	Uttar Pradesh State Leather Development and Marketing Corpo- ration Limited	Indus- tries	12th February 1974	1986-87	334.81	16.14	198.82	549.77	(-)53.04
28.	Uttar Pradesh State Brassware Corporation Limited	tries Indus-	12th February 1974	1983-84	212.00	40.27	267.83	520.10	(-)55.24
29†	Faizabad Roofings Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Indus- tries	16th February 1974	1976-77	1.63	1.00	6.46	9.09	(-)2.13
30.*	Bundelkhand Concrete Structurals Limited (Subsidiary of Uttar Pradesh Bundelkhand Vikas Nigam Limited)	Area Develop- ment	2nd March 1974	1979-80	2.40	--	--	2.40	(-)0.05
31.	Uttar Pradesh State Mineral Development Corporation Limited	Indus- tries	23rd March 1974	1984-85	1678.91	24.95	410.00	2113.86	(+)27.81
32.	Uttar Pradesh Elec- tronics Corporation Limited	Indus- tries	30th March 1974	1985-86	2238.35	144.31	202.10	2584.76	(+)30.22

[redacted]

10	11	12	13.	14	15	16	17	18	19	20	21
0.02	0.02	(-)0.35	2.02	0.01	2.01	2.75	0.22	(+)4.54	(-)0.35	--	--
			--	--	--	--	--	--	--	--	--
Construction											
14.75	7.96	(-)45.08	266.94	58.19	208.75	416.19	34.08	(+)590.86	(-)38.29	--	--
7.68	7.68	(-)47.56	261.43	37.98	223.45	331.45	165.22	(+)379.68	(-)47.56	--	--
0.83	0.82	(-)1.31	10.39	2.20	8.19	0.10	2.20	(+)6.09	(-)1.30	--	--
--	--	(-)0.05	1.62	0.03	1.59	0.16	0.21	(+)1.54	(-)0.05	--	--
--	--	(+)27.81	316.72	84.90	231.82	667.11	144.68	(+)754.25	(+)27.81	1.3	3.6
0.50	--	(+)30.22	21.42	9.71	11.71	717.84	287.51	(+)442.04	(+)30.72	1.1	6.9

1	2(a)	2(b)	3	4	5	6	7	8	9	10	11	12	13	14	15
33.	Uttar Pradesh State Tourism Development Cororation Limited	Tourism	5th August 1974	1977-78	80.87	1.45	--	82.32	(+)0.31	0.18	--	(+)0.31	36.79	8.41	28.38
34.*	Uttar Pradesh State Spinning Mills Company Limited(No.I) (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	Industries	20th August 1974	1986-87	3205.84	907.79	2438.32	6551.95	(-)941.30	565.01	307.86	(-)633.44	5336.29	3297.08	2039.21
35.*	Uttar Pradesh State Spinning Mills Company (NO.II) Limited (Subsidiary of Uttar Pradesh Textile Corporation Limited)	Industries	20th August 1974	1986-87	2263.85	489.29	1825.61	4578.75	(-)393.24	170.52	83.27	(-)309.97	2696.25	1097.25	1599.00
36.	Uttar Pradesh State Food and Essential Commodities Corporation Limited	Food & Civil Supplies	22nd October 1974	1981-82	50.00	46.81	--	96.81	(+)60.95	19.10	--	(+) 60.95	12.50	4.92	7.58
37.	Prayag Chitrakoot Krishi Evam Godhan Vikas Nigam Limited	Animal Husbandry	7th December 1974	1985-86	50.00	--	--	50.00	(-)2.47	0.03	--	(-)2.47	2.93	2.35	0.57
38.	Uttar Pradesh Instruments Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	Industries	10th January 1975	1986-87	202.22	--	141.09	343.31	(-)50.51	32.29	--	(-)50.51	58.62	44.00	14.62
39.	Uttar Pradesh Pashudhan Udyog Nigam Limited	Animal Husbandry	5th March 1975	1980-81	65.00	0.14	10.00	75.19	(-)14.06	4.33	1.25	(-)12.81	37.22	15.71	21.51
40.	Uttar Pradesh Scheduled Castes Finance and Development Corporation Limited	Harijan and Social Welfare	25th March 1975	1983-84	761.44	53.56	--	815.00	(+)26.68	--	--	(+)26.68	--	--	--

16	17	18	19	20	21
82.36	28.47	(+)82.27	(+)0.49	0.3	0.6
2634.50	2343.06	(+)2330.65	(-)376.29	--	--
840.52	386.03	(+)2053.49	(-)222.72	--	--
230.90	91.05	(+)147.43	(+)80.05	62.9	54.3
39.38	3.69	(+)36.26	(-)2.44	--	--
69.80	174.39	(-)89.97	(-)18.22	--	--
127.91	118.10	(+)31.32	(-)9.73	--	--
--	--	(+)799.03	(+)26.68	3.2	3.3

1	2(a)	2(b)	3	4	5	6	7	8	9
41.*	Nandganj Sihori Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	Sugar Industry	18th April 1975	1985-86	1630.73	233.46	768.46	2632.65	(-)375.68
42.*	Chandpur Sugar Company Limited(Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	Sugar Industry	18th April 1975	1985-86	390.00	175.95	--	565.95	(+)55.83
43.*	Chhata Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	Sugar Industry	18th April 1975	1985-86	395.71	109.03	19.40	524.14	(-)5.54
44.	Uttar Pradesh Rajkiya Nirman Nigam Limited	Public Works	Ist May 1975	1985-86	100.00	474.51	14.82	589.33	(+)462.26
45.*	Garhwal Anusuchit Janjati Vikas Nigam Limited(Subsidiary of Garhwal Mandal Vikas Nigam Limited)	Hill Development	30th June 1975	1980-81	20.00	--	--	20.00	(-)0.42
46.*	Kumaon Anusuchit Janjati Vikas Nigam Limited(Subsidiary of Kumaon Mandal Vikas Nigam Limited)	Hill Development	30th June 1975	1981-82	25.00	2.11	--	27.11	(-)0.33
47.	Tarai Anusuchit Jan-Jati Vikas Nigam Limited	Harijan and Social Welfare	2nd August 1975	1980-81	25.00	3.54	--	28.54	(+01.58
48.	Uttar Pradesh (Rohilkhand-Tarai)Ganna Beej Evam Vikas Nigam Limited	Co-operative	27th August 1975	1986-87 (30th June)	24.83	18.21	--	43.04	(+)7.74

10	11	12	13	14	15	16	17	18	19	20	21
271.32	242.55	(-)133.13	1238.89	880.84	358.05	437.32	750.72	(+)44.65	(-)104.36	--	--
26.30	18.80	(+)47.63	856.77	602.23	254.54	506.92	170.06	(+)591.40	(-)82.13	8.4	13.8
38.76	24.27	(+)18.73	642.31	482.36	159.95	225.08	196.83	(+)188.20	(+)33.22	3.5	17.6
3.99	--	(+)462.26	712.33	406.41	305.92	4687.12	4413.06	(+)579.98	(+)466.25	78.4	80.3
--	--	(-)0.42	0.59	0.25	0.34	32.95	14.07	(+)19.18	(-)0.42	--	--
---	--	(-)0.33	0.35	0.06	0.29	37.82	11.16	(+)26.95	(-)0.33	--	--
--	--	(+)1.58	1.39	0.62	0.77	163.71	110.95	(+)53.53	(+)1.58	5.5	2.9
32.92	--	(+)7.74	17.54	3.97	13.57	346.21	44.30	(+)315.48	(+)40.66	17.9	12.8

1	2(a)	2(b)	3	4	5	6	7	8	9	10	11	12	13	14	15
49.	Uttar Pradesh(Paschim) Ganna Beej Evam Vikas Nigam Limited	Co-operative	27th August 1975	1986-87 (30th June)	19.46	7.95	--	27.41	(+)2.75	35.53	--	(+)2.75	3.20	0.64	2.56
50.	Uttar Pradesh(Poorva) Ganna Beej Evam Vikas Nigam Limited	co-operative	27th August 1975	1986-87 (30th June)	17.38	2.79	--	20.07	(+)0.21	21.76	--	(+)0.21	1.78	0.68	1.10
51.	Uttar Pradesh (Madhya) Ganna Beej Evam Vikas Nigam Limited	Cooperative	27th August 1975	1982-83	14.75	1.77	12.00	28.52	(-)0.08	12.93	--	(-)0.08	2.04	1.06	0.98
52.	Uttar Pradesh Chalchita Nigam Limited	Information	10th September 1975	1984-85	587.49	--	130.45	717.94	(-)117.35	15.73	15.73	(-)101.62	531.64	168.93	362.71
53*	Uttar Pradesh Textile Printing Corporation Limited (Subsidiary of Uttar Pradesh State Handloom Corporation Limited)	Industries	5th December 1975	1979-80	16.00	2.74	--	18.74	(+)1.22	--	--	(+)1.22	4.82	0.69	4.13
54*	Uttar Pradesh Tyres and Tubes Limited (Subsidiary of Uttar Pradesh Industrial Development Corporation Limited)	Industries	14th January 1976	1985-86	106.68	52.08	155.91	314.67	(-)19.18	42.61	27.51	(+)8.33	236.28	99.20	137.08
55.	Lucknow Mandaliya Vikas Nigam Limited	Area Development	31st January 1976	1980-81	50.00	4.26	--	54.26	(-)0.29	--	--	(-)0.29	7.96	4.18	3.78
56.	Allahabad Mandal Vikas Nigam Limited	Area Development	31st March 1976	1981-82	60.00	0.27	--	60.27	(-)0.84	3.93	--	(-)0.84	31.78	5.70	26.08
57.	Agra Mandal Vikas Nigam Limited	,,	31st March 1976	1984-85	100.00	--	--	100.00	(-)9.56	1.43	--	(-)9.56	82.46	13.31	69.15

16	17	18	19	20	21
367.45	12.56	(+)357.45	(-)38.28	10.0	10.7
209.48	18.96	(+)191.62	(+)21.97	1.0	11.4
147.76	11.45	(+)137.29	(+)12.85	—	9.3
128.00	145.90	(+)344.81	(-)101.62	--	--
102.12	87.75	(+)18.50	(+)1.22	6.5	6.5
76.33	124.91	(+)88.50	(+)23.43	2.6	26.5
80.42	35.42	(+)48.68	(-)0.29	--	--
115.59	47.43	(+)94.24	(+)3.09	--	3.2
89.52	99.97	(+)58.70	(-)8.13	--	--

1	2(a)	2(b)	3	4	5	6	7	8	9
58.	Gorakhpur Mandal Vikas Nigam Limited	Area Develop-ment	31st March 1976	1980-81	87.03	2.01	8.43	97.47	(-)14.90
59.	Garhwal Mandal Vikas Nigam Limited	Hill Develop -ment	31st March 1976	1980-81	200.00	3.13	150.00	353.13	(-)22.31
60.	Varanasi Mandal Vikas Nigam Limited	Area Develop-ment	31st March 1976	1983-84	70.00	4.18	--	74.18	(-)7.13
61.	Meerut Mandal Vikas Nigam Limited	,,	31st March 1976	1982-83	100.00	13.45	--	113.45	(+)3.14
62*	UPSIC Potteries Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Indus-tries	27th April 1976	1980-81	23.26	--	--	23.26	(-)3.93
63.	Uttar Pradesh Nalkoop Nigam Limited	Irriga-tion	26th May 1976	1984-85	490.00	773.34	30.00	1293.34	(-)43.83
64.*	Uttar Pradesh Handloom Intensive Development Corporation Limited (Gorakhpur & Basti) (Subsidiary of Uttar Pradesh State Handloom Corporation Limited)	Indus-tries	26th May 1976	1979-80	3.00	14.53	91.50	109.03	(+)2.94
65*	Bhadohi Woollens Limited(Subsidiary of Uttar Pradesh State Textile Corporation Limited)	Indus-tries	14th June 1976	1986-87	291.56	22.64	--	314.20	(-)45.20

10	11	12	13	14	15	16	17	18	19	20	21
1.06	--	(-)14.90	57.66	12.40	45.26	27.16	23.21	(+)49.21	(-)13.84	--	--
0.10	--	(-)22.31	105.90	42.62	63.28	345.99	62.06	(+)347.21	(-)22.21	--	--
3.04	--	(-)7.13	39.97	14.69	25.28	97.33	49.84	(+)72.77	(-)4.09	--	--
--	--	(+)3.14	15.96	0.76	15.20	110.37	12.21	(+)113.36	(-)3.14	2.7	2.7
0.39	--	(-)3.93	4.20	1.42	2.78	12.10	17.37	(-)2.49	(-)3.54	--	--
105.01	102.01	(+)58.18	1124.40	170.56	953.84	1805.43	1222.84	(+)1536.43	(+)61.18	4.5	3.9
6.34	6.34	(+)9.28	9.79	1.48	8.31	151.87	49.43	(+)110.75	(+)9.28	8.5	8.3
10.85	--	(-)45.20	181.70	101.82	79.88	137.95	61.46	(+)136.37	(-)34.35	--	--

1	2(a)	2(b)	3	4	5	6	7	8	9	10	11	12	13	14
66.	Harijan Evam Nirbal Varg Avas Nigam Limited	Harijan and Social Welfare	25th June 1976	1986-87	15.00	219.93	--	234.93	(+)78.34	--	--	(+)78.34	276.73	147.98
67.*	Uttar Pradesh Abscott (Private) Limited(Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Industries	28th June 1972	1975-76	4.85	--	10.41	15.26	(-)1.55	1.14	1.14	(-)0.41	13.09	0.02
68.*	Handloom Intensive Development Project (Bijnore)Limited (Subsidiary of Uttar Pradesh State Handloom Corporation Limited)	Industries	13th September 1976	1978-79	2.00	--	190.66	192.66	(-)0.23	9.22	9.20	(+)8.97	652.76	385.75
69.	Uttar Pradesh Paschim Kshetriya Vikas Nigam Limited	Area Development	31st January 1976	1979-80	100.00	4.86	--	104.86	(-)2.60	--	--	(-)2.60	23.68	12.91
70.	Uttar Pradesh Development System Corporation Limited	Planning	15th March 1977	1985-86	80.00	--	--	80.00	(+)1.65	--	--	(+)1.65	10.71	7.21
71.	Uttar Pradesh State Horticultural Produce Marketing and Processing corporation Limited	Agricuture	6th April 1977	1981-82	30.00	1.26	25.00	56.26	(-)39.00	9.67	6.25	(-)32.75	55.65	21.26
72.	UPAI Limited	Industries	28th April 1977	1979-80	17.01	--	--	17.01	(-)0.14	--	--	(-)0.14	0.51	0.20
73.*	Uptron Powertronics Limited(Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Industries	30th April 1977	1986-87	22.00	11.42	15.79	49.21	(+)2.69	41.42	4.04	(+)6.73	86.32	37.24

15	16	17	18	19	20	21
128.75	7124.87	6787.90	(+)465.72	(+)78.34	33.3	16.8
13.07	0.91	1.59	(+)12.39	(-)0.41	--	--
267.01	145.02	222.77	(+)189.26	(+)8.99	4.6	4.7
10.77	100.96	11.52	(+)100.21	(-)2.60	--	—
3.50	222.98	151.70	(+)74.78	(+)1.65	2.0	2.2
34.39	40.58	45.30	(+)29.67	(-)29.33	--	--
0.31	15.26	0.86	(+)14.60	(-)0.14	--	--
49.08	299.42	101.65	(+)246.85	(+)44.11	13.6	17.8

1	2(a)	2(b)	3	4	5	6	7	8	9	10
74.*	Uptron Sempack Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Industries	23rd May 1977	1979-80	2.55	--	--	2.55	(-)0.78	0.42
75.*	Uttar Pradesh Digitals Limited(Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	Industries	5th March 1978	1984-85	35.20	--	--	35.20	(-)2.09	0.82
76.*	Uptron Capacitors Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Industries	13th March 1978	1985-86	151.34	39.41	327.39	518.14	(+)16.12	63.[illegible]
77.	Moradabad Mandal Vikas Nigam Limited	Area Development	30th March 1977	1982-83	20.00	1.80	--	21.80	(+)0.62	--
78.	Uttar Pradesh Bhoomi Sudhar Nigam Limited	Agriculture	30th March 1978	1983-84	130.00	1.24	--	131.24	(-)1.26	--
79.*	Uptron Components Limited(Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Industries	31st March 1979	Accounts		not	finalised	since	inception	
80.*	Uttar Pradesh Carbide and Chemicals Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Limited)	Industries	23rd April 1979	1985-86	497.36	21.25	938.71	1457.32	(-)102.51	41.[illegible]
81.*	Uptron Digital Systems Limited(Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Industries	18th May 1979	1985-86	253.76	67.34	--	321.10	(+)28.38	85.[illegible]

	11	12	13	14	15	16	17	18	19	20	21
	--	(-)0.78	0.79	0.16	0.63	1.90	0.67	(+)1.86	(-)0.36	--	--
	--	(-)2.09	58.41	5.28	53.13	12.13	15.34	(+)49.92	(-)1.27	--	--
4	16.45	(+)32.57	311.83	88.41	223.42	407.03	126.80	(+)503.65	(+)79.46	6.2	15.7
	--	(+)0.62	4.30	1.66	2.64	21.91	3.87	(+)20.68	(+)0.62	2.8	3.0
	--	(-)1.26	14.99	8.03	6.96	122.87	29.31	(+)100.52	(-)1.26	--	--
			--	--	--	--	--	--	--	--	--
8	38.66	(-)63.85	1385.97	81.37	1304.60	312.51	325.75	(+)1291.36	(-)60.93	--	--
51	--	(+)28.38	184.56	79.30	105.26	100.93	427.73	(-)221.54	(+)113.89	8.8	--

1	2(a)	2(b)	3	4	5	6	7	8	9	10	11	12	13	14
82.*	Uptron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Industries	18th October 1979	1985-86	590.00	331.25	121.03	1042.28	(+)97.62	81.56	--	(+)97.62	423.75	120.67
83.	Uttar Pradesh Matsya Vikas Nigam Limited	Animal Husbandry	27th October 1979	1984-85	100.00	146.17	55.74	301.91	(+)2.37	6.11	6.11	(+)8.48	154.34	29.13
84.*	Uptron Communications and Instruments Limited(Subsidiary of Uttar Pradesh Electronics corporation Limited)	Industries	15th November 1979	1985-86	54.65	36.71	10.88	102.24	(+)4.38	9.62	--	(+)4.38	59.29	16.01
85.	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	Power	25th August 1980	1984-85	100.00	--	13492.94	13592.94	Under construction				--	--
86.	Uttar Pradesh Alp-Sankhyak vittiya Evam Vikas Nigam Limited	Harijan & Social Welfare	19th November 1984	1985-86	55.00	--	--	55.00	(-)4.05	--	--	(-)4.05		
87.*	Uptron Colour Picture Tubes Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Industries	8th November 1985	1985-86	426.28	--	65.45	491.73	Under Construction				2.51	0.36
88.	Uttar Pradesh Alpa-rthak Evam Laghu Jal Vidyut Nigam Limited	Power	15th April 1985	1985-86	20.00	--	--	20.00	Under Construction				--	--
89.*	Uttar Pradesh Hill Electronics Corporation Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Industries	26th June 1985	1986-87 (30th June)	68.76	--	--	68.76	(-)4.62	--	--	(-)4.62	--	--
													5.21	0.75

15	16	17	18	19	20	21
303.08	3132.69	1321.87	(+)2163.90	(+)179.19	9.3	8.2
124.21	198.58	62.80	(+)260.91	(+)8.48	2.8	3.2
45.28	304.88	185.29	(+)162.87	(+)14.00	4.28	8.60
--	--	--	--	--	--	--
2.15	48.49	0.70	(+)49.94	(-)4.05	--	--
--	--	--	--	--	--	--
--	--	--	--	--	-	--
4.46	62.18	3.64	(+)63.00	(-)4.62	--	--

1	2(a)	2(b)	3	4	5	6	7	8	9	10
90.*	Vindhayachal Abraisives Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Limited)	Industries	5th December 1985	Accounts not finalised						
91*	Ghatampur Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	Sugar Industry	30th May 1985	accounts not finalised						
92.	Uttar Pradesh Police Avas Nigam Limited	Home	27th March 1987							
93.*	Kumaon Television Private Limited (Subsidiary of Teletronix Limited)	Hill Development	29th August 1984	1986-87	5.03	13.57	17.19	35.79	(+)16.71	9.18
94.	The Indian Bobbin	Industries	22nd Feb.1924	In the process of liquidation						
95.*	The Turpentine Subsidiary Industries Limited (Subsidiary of the Turpentine and Rosin Company Limited)	Industries	11th July 1939	In the process of liquidation						
96.*	Uttar Pradesh Potteries (Private) Limited (Subsidiary of U.P.Small Industries Corporation Limited)	Industries	28th June 1972	In the process of liquidation						
97.	The Gandak Samadesh Kshetra Vikas Nigam Limited.	Area Development	15th March 1975	In the process of liquidation						

11	12	13	14	15	16	17	18	19	20	21
		--	--	--	--	--	--	--	--	--
		--	--	--	--	--	--	--	--	--
		-	-	-	-	-	-	-	-	-
9.17	(+)25.88	6.95	2.78	4.17	136.51	52.83	(+)87.85	(+)25.89	72.3	29.4
		--	--	--	--	--	--	--	--	--
		--	--	--	--	--	--	--	--	--
		--	--	--	--	--	--	--	--	---

Note: 1. In case of companies at serial numbers 3, 13, 21 and 40, Capital employed represents mean capital employed i.e. mean of aggregate of opening and closing balances of (i) paid-up capital, (ii) Bonds and debentures, (iii) Reserves , (iv) Borrowings including refinance and (v) Deposits.

2. Three Companies at Serial number 76, 81 and 84 amalgamated with the Company at serial number 82 after 31st March 1987.

3. * indicates Subsidiary Company.

Annexure - 4

Statement showing summarised financial results of Statutory Corporations for the latest year for which annual accounts have been prepared.

(Referred to in paragraph 2.3.2. Page)

Sl. No.	Name of Corporation	Name of the Deartment	Year of incorporation	Year of Account	Total capital invested	Profit(+)/ Loss(-)	Total interest charged to Profit/Loss Account	Interest on long term loans	Total return on capital invested (7+9)	Capital employed	Total capital employed (7+8)	Percentage of total return to capital invested	Percentage of total return to capital employed
					(Rupees in lakhs)								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1.	Uttar Pradesh State Electricity Board	Power	1959	1986-87	504064	(-)5643.00	34500.00	34500.00	28857.00	232277.00	28857.00	5.7	12.4
2.	Uttar Pradesh Financial Corporation	Industries	1954	1986-87	37905	(+) 278.52	2437.86	2437 86	2716.38	33579(A)	2716.38	7.2	8.1
3.	Uttar Pradesh State Warehousing Corporation	Cooperative	1958	1985-86	2481	(+) 271.28	90.75	90.75	362.03	2452	362.03	14.6	14.8
4.	Uttar Pradesh State Road Transport Corporation	Transport*	1972	1984-85	13986	(-)2239.00	860.44	860.44	-1378.56	4756(B)	-1378.56	-	-

Note :- A. Represents mean of the aggregates of opening and closing balances of (i) paid up capital (ii) Bonds and debentures (iii) reserves (iv) borrowings including re-finance.

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

PSUP—4 AG—18-5-'89—600 Books. (Offset).