सत्यमेव जयते

Report of the Comptroller and Auditor General of India on Public Sector Undertakings for the year ended 31 March 2013

Government of Maharashtra

Report No. 2 of the year 2014

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

for the year ended 31 March 2013

Government of Maharashtra
Report No.2 of the year 2014

TABLE OF CONTENTS		
Particulars	**Reference to**	
	Paragraph	**Page**
Preface		**vii**
Overview		**ix-xv**
Chapter – I		
Overview of State Public Sector Undertakings	**1**	1
Introduction	1.1-1.3	1-2
Accountability framework	1.4-1.9	2-3
Stake of Government of Maharashtra	1.10	3
Investment in State PSUs	1.11-1.12	3-4
Special support to PSUs and returns during the year	1.13-1.17	4-6
Failure to ensure proper accountability of the Government stake in PSUs	1.18	6
Reconciliation with Finance Accounts	1.19-1.20	6
Arrears in finalisation of accounts	1.21-1.24	7-8
Arrears in respect of Statutory corporations	1.25-1.26	8-9
Failure of the administrative departments	1.27-1.29	9
Impact of non-finalisation of accounts	1.30-1.32	9
Performance of PSUs	1.33-1.39	9-12
Winding up of non-working PSUs	1.40-1.41	12
Accounts Comments and Internal Audit	1.42-1.48	13-15
Recoveries at the instance of audit	1.49	15
Reforms in Power Sector	1.50	16
Chapter – II		
Performance Audit of Government company		
Maharashtra State Electricity Distribution Company Limited	**2**	
Power Purchase Agreements with Independent Power Producers	**2.1**	
Executive Summary		17-18
Introduction	2.1.1	18-19
Organisational set up	2.1.2	19
Scope and Methodology of Audit	2.1.3	19
Audit objectives	2.1.4	19
Audit criteria	2.1.5	20
Audit findings	2.1.6	20
Planning	2.1.7-2.1.9	20-22
Finalisation of Power Purchase Agreements	2.1.10-2.1.14	23-27
Payment under Power Purchase Agreements	2.1.15-2.1.17	28-30
Medium term Power Purchase Agreements	2.1.18-2.1.21	30-32
Short term Power Purchase Agreements	2.1.22	32-33
Monitoring mechanism	2.1.23	33
Acknowledgement	2.1.24	34
Conclusion		34
Recommendations		35

Particulars	Reference to	
	Paragraph	Page
Rajiv Gandhi Grameen Vidyutikaran Yojana	**2.2**	
Executive Summary		36-37
Introduction	2.2.1	37-38
Scope and Methodology of Audit	2.2.2	38
Audit objectives	2.2.3	38-39
Audit criteria	2.2.4	39
Audit findings	2.2.5	39
Planning	2.2.6-2.2.8	39-42
Financial management	2.2.9-2.2.13	42-45
Project and contract management	2.2.14-2.2.20	45-49
Monitoring	2.2.21-2.2.25	49-50
Impact assessment	2.2.26-2.2.32	50-51
Acknowledgement	2.2.33	51
Conclusion		52
Recommendations		52
Chapter – III		
Performance Audit of Statutory corporation	**3**	
Maharashtra Industrial Development Corporation	**3.1**	
Executive Summary		53-54
Introduction	3.1.1	54
Organisational set up	3.1.2	55
Scope and Methodology of Audit	3.1.3	55
Audit objectives	3.1.4	56
Audit criteria	3.1.5	56
Audit findings	3.1.6	56-57
Planning	3.1.7	57
Operational performance	3.1.8	57-59
Acquisition of land	3.1.9	59-61
Development of infrastructure	3.1.10-3.1.15	61-65
Allotment of land	3.1.16-3.1.33	65-77
Fund management	3.1.34-3.1.35	77-78
Internal control and Monitoring system	3.1.36-3.1.37	78-79
Acknowledgement	3.1.38	79
Conclusion		79-80
Recommendations		80

Particulars	Reference to	
	Paragraph	**Page**
Chapter – IV		
Compliance Audit Paragraphs relating to Government companies	**4**	
Maharashtra Airport Development Company Limited		
Undue benefits to Developer	4.1.1-4.1.3	81-85
City and Industrial Development Corporation of Maharashtra Limited		
Implementation of Navi Mumbai Special Economic Zone	4.2.1-4.2.8	85-88
Maharashtra State Electricity Distribution Company Limited		
High tension consumers with Extra High Voltage load	4.3.1-4.3.7	88-93
Avoidable payment of interest on Income Tax	4.4	93-94
Undue benefits to HT consumers due to change of category	4.5	94-95
Loss of revenue	4.6	95-96
Undue benefit to HT consumer	4.7	96
Non-recovery of arrears of revenue	4.8	97-98
Under billing due to delay in change in category	4.9	98-99
Haffkine Bio-Pharmaceutical Corporation Limited		
Loss of revenue due to delay in Certification of Accounts	4.10	99-100
Maharashtra State Power Generation Company Limited		
Undue benefits to supplier	4.11	100-101
Avoidable payment of water charges	4.12	101
Non-recovery of penalty	4.13	102
Maharashtra State Road Development Corporation Limited		
Loss of revenue due to delay in finalisation of tender	4.14	103
General		
Corporate Governance in State Public Sector Companies	4.15	104-109
Follow-up action on Audit Reports	4.16.1-4.16.3	109-111

ANNEXURES			
	Particulars	**Reference to paragraphs**	**Page No.(s)**
1	Statement showing particulars of up to date paid-up capital, loans outstanding and manpower as on 31 March 2013 in respect of Government companies and Statutory corporations.	1.1,1.2,1.3,1.11, 1.12,1.19 and 1.37	113-122
2	Summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalised.	1.1,1.21,1.22,1.23, 1.26,1.33,1.34,1.35, 1.37,1.38,1.39,1.40, 1.41 and 1.48	123-133
3	Statement showing equity and loans received out of budget and grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2013.	1.13,1.14,1.15,1.16 and 1.17	134-137
4	Statement showing investment made by State Government in Public Sector Undertakings whose accounts were in arrears.	1.24	138-139
5	Statement showing financial position of working Statutory corporations.	1.33	140-143
6	Statement showing working results of working Statutory corporations.	1.33	144-147
7	Glossary of terms used in performance audit report in Maharashtra State Electricity Distribution Company Limited.	2.1.1	148-150
8	Statement showing the projects for which Memorandum of Understanding signed by the Government of Maharashtra on 4 April 2005.	2.1.8	151
9	Statement showing the Projects/Independent Power Producers for whom letter of support is issued by Government of Maharashtra as on 31 July 2010.	2.1.8	152
10	Statement showing the projects wise total financial assistance available, actually availed and shortfall in availment in respect of 30 projects taken during XI FYP in Maharashtra State Electricity Distribution Company Limited.	2.2.7	153
11	Statement showing project wise number of BPL RHHs electrified under Rajiv Gandhi Grameen Vidyutikaran Yojana who were in arrears of energy bills as of November 2013.	2.2.18	154
12	Statement showing the short recovery of lease premium on account of allotment of 34 plots at pre-revised rate.	3.1.19	155
13	Statement showing the short recovery of lease premium on account of allotment of 13 plots at pre-revised rate.	3.1.19	156
14	Statement showing the details of Gross Revenue and its interest not claimed by City and Industrial Development Corporation of Maharashtra Limited.	4.2.5	157

	Particulars	Reference to paragraphs	Page No.(s)
15	Statement showing the Maharashtra State Electricity Distribution Company Limited recovered voltage surcharge from 25 dedicated consumers from eight Circles during April 2010 to January 2013.	4.3.4	158-159
16	Statement showing the loss of revenue due to change of tariff from Continuous to Non-Continuous in Maharashtra State Electricity Distribution Company Limited.	4.5	160-161
17	Statement showing the working Companies having paid-up capital of not less than ₹ 10 crore in State Public Sector Companies.	4.15.3	162
18	Statement showing the department-wise outstanding inspection reports as on 30 September 2013.	4.16.3	163
19	Statement showing the department-wise draft paragraphs/ performance audits to which replies were awaited.	4.16.3	164

Preface

1. This Report deals with the results of audit of Government companies and Statutory corporations and has been prepared for submission to the Government of Maharashtra under Section 19A of the Comptroller and Auditor General's (CAG) (Duties, Powers and Conditions of Services) Act, 1971, as amended from time to time.

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

3. In respect of the Maharashtra State Road Transport Corporation, which is a Statutory corporation, the CAG is the sole Auditor. As per the State Financial Corporations (Amendment) Act, 2000, the CAG has the right to conduct the audit of accounts of Maharashtra State Financial Corporation in addition to the audit conducted by the Chartered Accountants, appointed by the Corporation out of the panel of auditors approved by the Reserve Bank of India. In respect of Maharashtra State Warehousing Corporation, the CAG has the right to conduct the audit of their accounts in addition to the audit conducted by the Chartered Accountants, appointed by the State Government in consultation with the CAG. The sole audit of accounts of Maharashtra Industrial Development Corporation is entrusted to the CAG under Section 19(3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act, 1971. In respect of Maharashtra Electricity Regulatory Commission, the CAG is the sole auditor. The Audit Reports on the annual accounts of the Corporations/Commission are forwarded separately to the State Government.

4. The cases mentioned in this Report are among those which came to notice in the course of audit during the year 2012-13, as well as those which came to notice in earlier years but were not dealt with in the previous Reports. Matters relating to the period after 31 March 2013 have also been included, wherever necessary.

5. The audit has been conducted in accordance with the Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

1. Overview of Government companies and Statutory corporations

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. The accounts of Government companies are audited by Statutory Auditors appointed by Comptroller and Auditor General of India (CAG). These accounts are also subject to supplementary audit conducted by CAG. Audit of Statutory corporations is governed by their respective Legislations. As on 31 March 2013, the State of Maharashtra had 65 working Public Sector Undertakings (PSUs) (61 companies and four Statutory corporations) and 22 non-working PSUs (all Companies), which employed 2.02 lakh employees. The working PSUs registered a turnover of ₹ 67,382.90 crore in 2012-13 as per their latest finalised accounts. This turnover was equal to 4.91 per cent of the State GDP indicating the important role played by the State PSUs in the economy. Though the working PSUs earned an overall profit of ₹ 1,796.38 crore in 2012-13 they had accumulated losses of ₹ 9,880.05 crore as on 31 March 2013.

Stake of Government

As on 31 March 2013, the investment (Capital and long term loans) in 87 PSUs was ₹94,619.69 crore. It grew by 121.91 per cent from ₹ 42,639.48 crore in 2007-08 mainly because of increase in investment in power sector. Power Sector accounted for 87.60 per cent of the total investment in 2012-13. The Government contributed ₹ 9,990.57 crore towards equity, loans and grants/subsidies during 2012-13.

Performance of PSUs

During the year 2012-13, out of 65 working PSUs, 43 PSUs earned profit of ₹2,268.27 crore and 12 PSUs incurred loss of ₹471.89 crore. Four PSUs prepared their accounts on no profit no loss basis and six PSUs were under construction and had not prepared profit and loss account. The major contributors to profit were Maharashtra State Power Generation Company Limited (₹ 927.76 crore) and Maharashtra State Electricity Transmission Company Limited (₹882.58 crore). Heavy losses were incurred by Maharashtra State Road Development Corporation Limited (₹ 257.49 crore) and MSEB Holding Company Limited (₹192.83 crore).

Quality of accounts

The quality of accounts of PSUs needs improvement. During the year, the Statutory Auditors had given unqualified certificates for 13 accounts and qualified certificates for 49 accounts, adverse certificates (which means that accounts do not reflect a true and fair view) for seven accounts and disclaimers (meaning the auditors are unable to form an opinion on accounts) for one account. Of the four accounts finalised during October 2012 to September 2013 by the Statutory corporations, all four accounts received qualified certificates. The Reports of the Statutory auditors on internal control of the companies indicated several weak areas.

Arrears in accounts and winding up

Fifty two working PSUs had arrears of 129 accounts as of September 2013. The extent of arrears was one to seven years. There were 22 non-working companies including two under liquidation.

2. Performance Audit of Government company

Performance Audit of **Power Purchase Agreements with Independent Power Producers** and **Rajiv Gandhi Grameen Vidyutikaran Yojana implemented by Maharashtra State Electricity Distribution Company Limited** was conducted. Executive Summary of the main Audit findings is given below:

Performance Audit of Power Purchase Agreements with Independent Power Producers in Maharashtra State Electricity Distribution Company Limited

Introduction

Maharashtra State Electricity Distribution Company Limited (Company) is the distribution licensee for the State except Mumbai and certain Suburban area. The peak demand of the area served by the Company increased from 13,846 Mega Watts (MW) in 2008-09 to 15,261 MW in 2012-13. However, deficit of power decreased from 2,811 MW in 2008-09 to 1,166 MW in 2012-13.

Considering competitive environment as envisaged in the Electricity Act, 2003 and constraints of the Public Sector in creation of adequate capacity, Ministry of Power (MoP), Government of India issued (January 2005) competitive bidding guidelines allowing Independent Power Producers (IPPs) to participate in capacity building through competitive bidding. The Government of Maharashtra (GoM) also formulated (March 2005) policy to promote investment in power sector by IPPs and offered financial/administrative support. As the purchase of power from IPPs was increasing, the Performance Audit of Power Purchase Agreements (PPAs) with IPPs was considered necessary.

Capacity additions through Government support

The GoM executed Memorandum of Understandings (MoUs) with eight IPPs (12,168 MW) and issued letter of support to 30 IPPs (39,631 MW) out of which six IPPs (4,120 MW) had commissioned their plants by June 2013. All IPPs including those who executed MoUs with the GoM participated in the competitive bidding. If such IPPs get financial support from the GoM, the competitive bidding would not provide level playing field. The GoM had also not ensured whether the benefits (tax exemption), if given, had been passed on to consumers through tariff quoted by them.

Renewable energy

Though, the Company's purchase of power from renewable sources increased during 2008-13, it was still below the target fixed by Maharashtra Electricity Regulatory Commission (MERC). The State Government has also not made efforts to develop solar energy source where 35 MW of power per sq. km. could be generated. GoM developed only 20 MW from this source so far.

Purchase of power on long term basis

Purchase of power on long/medium term increased from 81 MUs in 2008-09 to 7,789 MUs in 2012-13. There were instances where the Company purchased costlier power on short/medium term basis from IPPs instead of procuring power on long term basis thereby incurring additional expenditure of ₹57.61 crore. The Company executed PPAs with Adani Power Maharashtra Limited (APML) and JSW Energy (Ratnagiri) Limited (JSWERL) for gross capacity instead of net capacity of power generating units as indicated in tender resulting in avoidable payment of capacity charges of ₹ 31.12 crore to JSWERL. Further, the Company paid incentive of ₹ 22.48 crore to JSWERL considering Scheduled Commercial Operation Date (SCOD) as per bid documents instead of negotiated SCOD agreed by supplier and approved by MERC.

Inadequate performance guarantee

Performance guarantees obtained from IPPs as per terms of tender were of lower value than liquidated damages to be recovered in the event of default. There was a shortfall of ₹260 crore in four PPAs.

Power purchase on medium term basis

The Company accepted request of IPP for reduction in availability of capacity at delivery point without approval of MERC. As a result, the requirement of power was met through short term purchase during December 2011 to August 2012 at extra cost of ₹33.88 crore. Similarly, there was a shortfall in purchase of power on medium term basis from APML and Company resorted to short term purchase at additional cost of ₹ 90.85 crore during November 2011 to November 2012.

Purchase of power on short term basis

The purchase of power on short term basis increased from 1,257 MUs in 2008-09 to 6,312 MUs in 2012-13. The Company executed PPA with Wardha Power Company Limited, Hyderabad for purchase of power on short term basis but purchased infirm power generated before commercial operation at rate agreed for firm power. As per MERC/MoP guidelines, no capacity charges were payable for infirm power. However, the Company paid capacity charges of ₹21.16 crore to IPP.

Recommendations

The Audit has made five recommendations which include ensuring of financial benefits provided to IPPs, if any, by the GoM being passed on to consumers, development of solar energy source, payment of energy charges as per terms of tender, review of performance guarantee and purchase of costly power at minimum level etc.

Performance Audit of Rajiv Gandhi Grameen Vidyutikaran Yojana implemented by Maharashtra State Electricity Distribution Company Limited

Introduction

The Government of India (GoI) notified (March 2005) the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), a scheme for Rural Electricity Infrastructure Development and Household Electrification in the country. The scheme envisaged overall rural electrification by creating distribution network in each village which would be adequate to provide access to electricity to all Rural Households (RHHs) and cater to requirement of other sectors of village. The scheme also stipulated that Below Poverty Line (BPL) RHHs should be provided free of cost connections. The GoI provided financial assistance at 90 per cent of the project cost as capital subsidy and 10 per cent as loan from Rural Electrification Corporation Limited (REC). The Government of Maharashtra (GoM) appointed (August 2005) Maharashtra State Electricity Distribution Company Limited (hereinafter referred to as Company) as Implementing Agency for the scheme.

Planning

There were 113.42 lakh RHHs in 41,095 villages in the State, out of which 55.26 lakh RHHs (including 18.73 lakh BPL RHHs) were un-electrified as of March 2006. As the scheme envisaged overall rural electrification, it was necessary to conduct comprehensive village-wise survey to assess the requirement of distribution network (Sub-Stations, HT/LT lines, DTCs etc.). However, no such village-wise survey was conducted. The Company had proposed electrification of all BPL RHHs but the electrification of 29.19 lakh other than BPL RHHs and other sectors like public places, small scale industries etc. were not proposed under the scheme. Considering financial assistance of ₹ 4 lakh available per village located on normal terrain, total available financial assistance worked out to ₹1,450.14 crore as against ₹729.64 crore actually projected and sanctioned by REC for 30 projects undertaken during XI FYP. Thus, the opportunity of availing remaining financial assistance of ₹ 720.50 crore remained unexplored.

The GoM also did not plan rural electrification of 183 villages from Ahmednagar district served by Mula Parvara Electric Co-operative Society Limited and 168 villages from Bhiwandi Taluka in Thane district being served by Torrent Power Limited. Thus 351 villages were deprived of the benefits of ₹ 14.04 crore under the scheme.

Financial management

Funds released by REC for projects were to be retained in a separate Bank Account for each project and interest earned was to be taken as project income. The Company had received funds of ₹ 595.46 crore which were not immediately utilised and excess funds ranging from ₹ 9.82 crore to ₹ 180.63 crore during 2006-14 (up to September 2013) were utilised by the Company as working capital for other activities. As per the tripartite agreement, the State Government had not reimbursed ₹ 26.54 crore towards repayment of loan with interest and agency charges paid by the Company to REC. Further, the Company paid ₹ 37.45 crore towards taxes for which necessary claims for reimbursement as loan/subsidy were not preferred with REC after concurrence of the State Government as per terms of tripartite agreement.

Project and contract management

The four projects taken during X FYP were completed by 31 March 2010 after delay ranging from seven to 12 months and 30 projects taken during XI FYP were completed with delay ranging from six to 44 months. There was also non recovery of labour cess of ₹ 5.55 crore from the contractors and loss of revenue of ₹ 0.74 crore to the State Exchequer due to execution of contract agreements on stamp paper of lower value.

Revenue sustainability

The Company was facing problems in recovery of electricity charges from BPL RHHs. The arrears of ₹ 19.88 crore were recoverable from 2.89 lakh BPL RHHs from 17 projects against security deposit of ₹ 0.43 crore available with the Company. If the disconnections were resorted to, the purpose of the scheme gets defeated. The State Government did not fulfill its commitment for payment of subsidy to make the scheme financially viable and ensure revenue sustainability as per commitment given in tripartite agreement.

Monitoring

The State and District level Co-ordination Committees were set up by the State Government for reviewing rural electrification. No meeting was held by District Level Committees in 17 Districts while only one meeting was held at State level. The village wise electrification records were also not maintained by Gram Panchayats/Councils to assess the status of rural electrification on annual basis.

Impact assessment

The beneficiary survey conducted by Audit indicated lack of awareness of the scheme, collection of illegitimate money from beneficiaries, poor quality of CFL bulbs etc.

Recommendations

The Company has been facing problem in recovery of energy bills from BPL households. The State Government may therefore fulfil its commitment for payment of subsidy to ensure revenue sustainability. Further, the State Government may reimburse loans along with interest thereon and reimbursement of taxes as per the commitment given in tripartite agreement.

3. Performance Audit of Statutory corporation

Performance Audit of Maharashtra Industrial Development Corporation was conducted. Executive Summary of the main Audit findings is given below:

Introduction

Maharashtra Industrial Development Corporation (Corporation) was established in 1962 under the Maharashtra Industrial Development Act, 1961 (MID Act) with the main objective of securing and assisting in the rapid and orderly establishment and organisation of industries in industrial areas in the State. The main function of the Corporation is development of industrial areas by creating infrastructure and allotment of plots/sheds and providing water supply and other facilities to industrial units. Performance Audit of the Corporation was conducted by covering period of five years ended 31 March 2013.

As on 31 March 2013, there were 282 industrial areas/estates located in developed and developing parts of the State. The Corporation allotted 31,235 Hectare (Ha) of land (58,660 plots) to industrial units by March 2013. The area remained to be acquired was 52,428 Ha at the end of 2012-13 of which 20,589 Ha was pending for more than five years. The Corporation paid compensation to Special Land Acquisition Officer (SLAOs)/Sub-Divisional Officer (SDO) for the land which was not completely handed over to the Corporation. The Corporation had however, not reconciled accounts with SLAOs/SDO. As a result, sizeable amount remained with SLAOs.

Imbalanced development

The objective of State Industrial Policy emphasising balanced development was not yet achieved. The investment by entrepreneurs in Western Maharashtra Region was 70 per cent of total investment of ₹1,90,971 crore up to 2012-13 followed by 13 per cent in Konkan Region. The lowest investment was in Marathwada Region at two per cent followed by six and nine per cent in Vidharbha and Khandesh Regions respectively. The Konkan Region had not generated any additional employment during the period under review.

Allotment of land

The Corporation revised lease premium from time to time. Allotments of land in 47 cases (Mahape, Nasik and Pune) were however, made after revision of rates by recovering premium at pre-revised rates. As a result, there was short recovery of lease premium by ₹ 16.66 crore. The Corporation allotted two plots in Pimpri-Chinchwad Industrial area for the purpose of automobile repair and servicing at industrial rate though the activity was of commercial nature which resulted in short recovery of lease premium of ₹13.02 crore.

Subletting of plots

The Corporation recovered subletting charges at the rate for industrial use though the plots were sublet for commercial activity resulting in short recovery of subletting charges by ₹ 2.47 crore. The Corporation waived yearly subletting charges of ₹ 7.69 crore exclusively for Reliance Corporate Information Technology Park Limited, Navi Mumbai.

Allotment of land for residential use

The Corporation allotted 56 Ha of land to SPV for development of Integrated Township at Hinjewadi, Pune. The condition for sale of flats exclusively to persons working in IT/Bio Tech parks was waived and SPV was allowed to sell flats in the open market. The differential lease premium of ₹27.72 crore for use of land for commercial purpose was recoverable. However, the Corporation had not recovered any such differential lease premium so far.

Utilisation of land

Section 42A of MID Act, contemplated that the State Government may obtain report on utilisation of plots and if satisfied that plot holders had not utilised the Floor Space Index (FSI) available and unutilised portion was capable of sub-division, may accommodate other industries. However,

such exercise was not taken at any point of time so far. Test check of 88 lessees (above 10,000 square metre) from seven industrial area indicated that utilisation of FSI was 10.07 per cent of total permissible FSI.

Recovery of service charges

The data in Water Billing System (WBS) did not match with data of Land Management System (LMS) and Service Charges (SC) of ₹4.96 crore remained un-recovered. The Corporation had not ensured as to whether post tender Central subsidy of ₹ 74.92 crore for Common Hazardous Waste Treatment Storage and Disposal Facilities at Ranjangaon, Pune and Butibori, Nagpur was passed on to the end users by way of reduction in processing charge.

Internal control and Monitoring system

The Corporation had not prescribed periodical returns to be submitted by ROs regarding total number of plots allotted, number of Building Completion Certificates (BCCs) due, and number of BCCs actually issued. The data base in LMS and WBS was incomplete, inaccurate and not matching with each other.

Recommendations

Audit has made seven recommendations which included minimising imbalance in industrial development, reconciling accounts with SLAOs, avoiding delay in issue of offer letters for allotment of land and finalisation of tenders, improving the surveillance on utilisation of plots to ensure recovery of subletting charges and transfer fee, recovery of differential lease premium for commercial use and submitting periodical return by ROs on important developmental activities.

4. Compliance Audit Paragraphs

Compliance Audit Paragraphs included in this Report highlight deficiencies in the management of Public Sector Undertakings involving significant financial implications. The irregularities pointed out are broadly of the following nature:

Loss of ₹ 304.94 crore in Six cases due to non-compliance with rules, directives, procedures, terms and conditions of contract.

(Paragraphs 4.2 to 4.7)

Loss of ₹ 157.45 crore in Five cases due to non-safeguarding of financial interests of the organisations.

(Paragraphs 4.1, 4.11 to 4.14)

Loss of ₹ 7.39 crore in three cases due to inadequate/deficient monitoring.

(Paragraphs 4.8, 4.9 and 4.10)

Gist of some of the important audit observations is given below:

Maharashtra Airport Development Company Limited extended various undue benefits to Developer resulting in non recovery of ₹ 149.35 crore in three contracts

(Paragraph 4.1)

The **Maharashtra State Electricity Distribution Company Limited** wrongly computed depreciation while assessing its IT liability resulting in avoidable payment of interest of ₹ 33.58 crore on Income Tax. The Company permitted change of category from continuous to non-continuous supply though applications for change were not submitted within the time prescribed by MERC thereby benefiting HT consumers by ₹ 10.57 crore. Non-metering for external consumption by malls/multiplexes resulted in loss of potential revenue of ₹ 3.29 crore to the Company during June 2008 to February 2013.

(Paragraphs 4.4, 4.5 and 4.6)

The **Maharashtra State Power Generation Company Limited** incurred infructuous expenditure of ₹ 4.01 crore on procurement of fly ash pumps. The Company did not assess the requirement of water correctly and paid water charges of ₹ 2.06 crore for undrawn quantity.

(Paragraphs 4.11 and 4.12)

The **Maharashtra State Road Development Corporation Limited** granted extension to existing party at lower rates resulting in loss of revenue of ₹ 46.14 lakh during March 2009 to July 2010.

(Paragraph 4.14)

Chapter I

Overview of State Public Sector Undertakings

Chapter I

1. Overview of State Public Sector Undertakings

Introduction

1.1 The State Public Sector Undertakings (PSUs) consist of State Government companies and Statutory corporations. The PSUs are established to carry out activities of commercial nature keeping in view the welfare of people. In Maharashtra, the PSUs occupy an important place in the State economy. The working PSUs registered a turnover of ₹ 67,382.90 crore in 2012-13 as per their latest finalised accounts by September 2013. This turnover was equal to 4.91 *per cent* of State Gross Domestic Product (GDP) of ₹ 13,72,644.34 crore for 2012-13. Major activities of PSUs are concentrated in power and infrastructure sectors. The working PSUs earned an overall profit of ₹ 1,796.38 crore in aggregate for 2012-13 as per their latest finalised accounts. They had employed 2.02 lakh employees as of 31 March 2013.

1.2 A sector-wise summary of the PSUs is given below:

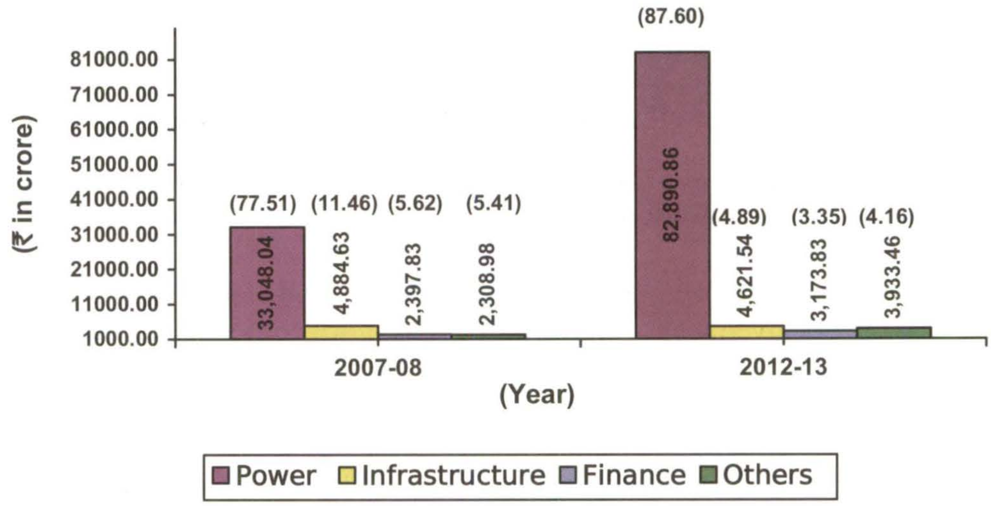
Name of Sector	Government companies[1]		Statutory corporations		Total	Investment[2] (₹ in crore)
	Working	Non-working[3]	Working	Non-working		
Power	10	0	0	-	10	82,890.86
Finance	16	1	1	-	18	3,173.83
Manufacturing	9	8	0	-	17	675.06
Infrastructure	11	5	1	-	17	4,621.54
Agriculture & Allied	7	6	1	-	14	776.80
Services	4	0	1	-	5	2,462.79
Miscellaneous	4	2	0	-	6	18.81
Total	**61**	**22**	**4**	**-**	**87**	**94,619.69**

1.3 The investment in various important sectors and percentage thereof at the end of 31 March 2008 and 31 March 2013 are indicated below in the bar chart. The thrust of PSU investment was mainly in the Power sector and increased from 77.51 to 87.60 *per cent* during 2007-08 to 2012-13.

[1] Includes 619-B companies at Sl.No.A-5,17,26,32,37,41,47,49 and 57 of **Annexure-1**.

[2] This includes paid up capital and loans outstanding as on 31 March 2013.

[3] Non-working PSUs are those which have ceased to carry on their operations.



(Figures in brackets show the percentage of total investment)

Accountability framework

1.4 The accounts of the Government companies/Statutory corporations for every financial year are required to be finalised within six months from the end of the relevant financial year *i.e.* by 30 September.

1.5 Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government company is one in which not less than 51 *per cent* of the paid up capital is held by Government(s). A Government company includes a subsidiary of a Government company. Further, a company in which 51 *per cent* or more of the paid up capital is held in any combination by Government(s), Government companies or corporations controlled by Government(s) is treated as if it were a Government company (deemed Government company) as per Section 619-B of the Companies Act, 1956.

Statutory Audit

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

1.7 Audit of Statutory corporations is governed by their respective legislations:

- Out of four Statutory corporations, CAG is the sole auditor for Maharashtra State Road Transport Corporation and Maharashtra Industrial Development Corporation.

- In respect of Maharashtra State Warehousing Corporation and Maharashtra State Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit by CAG.

Role of Legislature and Government

1.8 The State Government exercises control over the affairs of these PSUs as a owner through its administrative departments. The Chief Executive and Directors on the Board are appointed by the Government.

1.9 The State legislature also monitors the accounting and utilisation of Government investment in the PSUs. For this, the Annual Report together with the Statutory Auditors' Report and Comments of CAG, in respect of State Government companies and Separate Audit Report in case of Statutory corporations are to be placed before the Legislature within three months of it's finalisation/as stipulated in the respective Acts. The Audit Reports of the CAG are submitted to the Government under Section 19A of the CAG's (DPC) Act, 1971.

Stake of Government of Maharashtra

1.10 As owners, Government of Maharashtra (GoM) has huge financial stake in these PSUs. This stake is of mainly three types:

- Share capital and loans - In addition to the share capital contribution, GoM also provides financial assistance by way of loans to the PSUs from time to time.

- Special financial support - GoM provides budgetary support by way of grants and subsidies to PSUs as and when required.

- Guarantees - GoM also guarantees the repayment of loans with interest availed by PSUs from financial institutions.

Investment in State PSUs

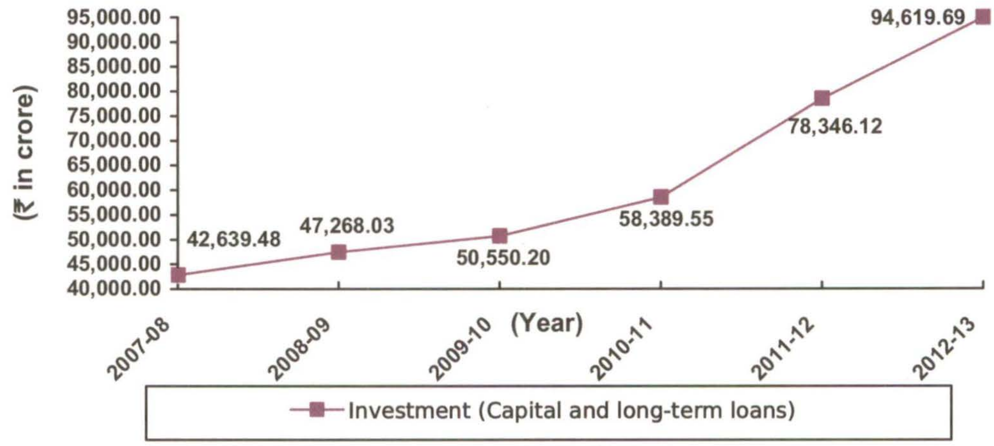
1.11 As on 31 March 2013, the total investment (capital and long-term loans) in 87 PSUs (including nine 619-B companies) was ₹ 94,619.69 crore as per details given below:

(Amount ₹in crore)

Type of PSUs	Government companies			Statutory corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	32,932.05	57,936.10	90,868.15	2,312.25	712.99	3,025.24	93,893.39
Non-working PSUs	321.75	404.55	726.30	--	--	--	726.30
Total	**33,253.80**	**58,340.65**	**91,594.45**	**2,312.25**	**712.99**	**3,025.24**	**94,619.69**

A summarised position of Government investment in PSUs is detailed in **Annexure-1**.

1.12 As on 31 March 2013, of the total investment in PSUs, 99.23 *per cent* was in working PSUs and the remaining 0.77 *per cent* in non-working PSUs. This total investment consisted of 37.59 *per cent* towards capital and 62.41 *per cent* in long-term loans. The investment has grown by 121.91 *per cent* from ₹ 42,639.48 crore in 2007-08 to ₹ 94,619.69 crore in 2012-13 as shown in the graph below. The total investment in PSUs had increased by ₹ 16,273.57 crore during 2012-13 as compared to 2011-12 which was mainly due to increase in equity and loans to the Power Sector PSUs.



Special support to PSUs and returns during the year

1.13 Each year, GoM provides additional investment and support to PSUs in various forms through annual budget. During the year 2012-13, GoM extended budgetary support of ₹ 9,990.57 crore to 20 PSUs. The details regarding budgetary outgo towards equity, loans, grants/subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of PSUs are given in **Annexure-3.**

The summarised details are given below for three years ended 2012-13.

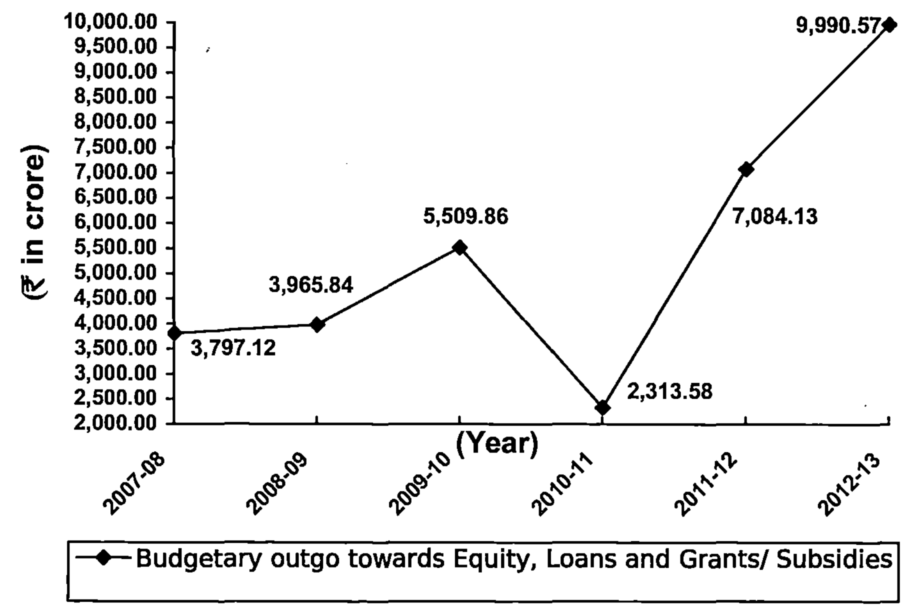
(Amount ₹ in crore)

Sl. No.	Particulars	2010-11		2011-12		2012-13	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	13	1,202.27	13	2,132.89	12	1,813.56
2.	Loans given from budget	7	313.34	6	280.66	4	2,100.99
3.	Grants/Subsidy issued	15	797.97	18	4,670.58	17	6,076.02
4.	**Total Outgo (1+2+3)**	**22**[4]	**2,313.58**	**24**[4]	**7,084.13**	**20**[4]	**9,990.57**
5.	Loans written off	2	24.50	2	17.88	1	0.24
6.	Interest/Penal interest waived	1	2.76	2	0.38	1	0.27
7.	**Total waiver (5+6)**	**2**[5]	**27.26**	**3**[5]	**18.26**	**2**[5]	**0.51**

[4] Actual number of PSUs which received budgetary support in the form of equity, loans, Grants/subsidy from State Government.

[5] Actual number of PSUs in which loans were written off and penal interest waived by the State Government.

1.14 The details regarding budgetary outgo towards equity, loans and grants /subsidies for past six years are given in a graph below.



1.15 The budgetary outgo in the form of equity, loans, grants/subsidies, *etc.* increased from ₹ 7,084.13 crore in 2011-12 to ₹ 9,990.57 crore during 2012-13. Similarly, grants/subsidies increased from ₹ 4,670.58 crore in 2011-12 to ₹ 6,076.02 crore in 2012-13. During the year 2012-13, the State Government waived loans and interest/penal interest of ₹ 0.51 crore due from two[6] PSUs as against waiver of ₹ 18.26 crore during the previous year.

Guarantees for loans and outstanding guarantee fee

1.16 Guarantee for loans availed by PSUs from State Government is the third form of support to PSUs. During the year, the GoM had guaranteed ₹ 152 crore and commitment stood at ₹ 1,283.47 crore at the end of the year **(Annexure 3).**

(₹in crore)

Particulars	Government companies		Statutory corporations		Total
	Number	Amount	Number	Amount	
Guarantees received	2	152.00	-	-	**152.00**
Commitment as on 31 March 2013	7	1,283.47	-	-	**1,283.47**

1.17 The amount of Guarantee commitment as on 31 March 2012 was ₹ 4,139.36 crore (12 PSUs) which decreased to ₹ 1,283.47 crore (seven PSUs) as on 31 March 2013. During the year 2012-13, the State Government had guaranteed loans aggregating ₹ 152 crore obtained by two[7] working Government companies. The Government charges fees for guarantees at

[6] Western Maharashtra Development Corporation Limited and Maharashtra State Financial Corporation of **Annexure-3.**

[7] Maharashtra Agro Industries Development Corporation Limited and Vasantrao Naik Vimukta Jatis & Nomadic Tribes Development Corporation Limited of **Annexure-3.**

varying rates. Out of ₹ 380.83 crore payable towards guarantee fee during the year 2012-13, five PSUs paid guarantee fees of ₹ 33.88 crore leaving an unpaid balance of ₹ 346.95 crore from 10[8] PSUs as on 31 March 2013.

Failure to ensure proper accountability of the Government stake in PSUs

1.18 As stated above State Government has huge financial stake in the PSUs. We, however, found that the PSUs/Government did not ensure proper accountability of this investment. The lapses were mainly in two areas:

- Inability to provide an accurate figure for investment as reconciliation with the figures of Finance Accounts prepared by the Office of Principal Accountant General (Accounts & Entitlements) (PAG A&E) is pending; and

- Non-preparation of annual accounts and audit of the same.

These lapses led to accounts remaining outside the purview of legislative financial control.

Reconciliation with Finance Accounts

1.19 The Finance Accounts of GoM prepared by the PAG (A&E) and certified by CAG depicts the Government stake in PSUs in respect of equity, loans and guarantees. The figures in respect of equity, loans and guarantees outstanding as per records of PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as on 31 March 2013 is stated below.

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	9,119.90	20,369.13	11,249.23
Loans	1,660.65	7,998.39	6,337.74
Guarantees	2,989.65	1,283.47	1,706.18

1.20 Audit observed that the differences occurred in respect of 50 PSUs and some of the differences were pending reconciliation for more than three years. The matter was brought to the notice of Chief Secretary/Principal Secretary (Finance) in October 2013. The State Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

[8] Sl.No.A-2,4,12,13,15,16,20,21 and 52 and B-1 of **Annexure-1.**

Arrears in finalisation of accounts

1.21 The accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. Similarly, in case of Statutory corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

The table below provides the details of progress made by the working PSUs in finalisation of accounts as of 30 September 2013.

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1.	Number of working PSUs	61	62	64	65	65
2.	Number of accounts finalised during the year	57	71	82	82	74
3.	Number of accounts in arrears	185	178	162	138	129
4.	Average arrears per PSU (3/1)	3.03	2.87	2.53	2.12	1.98
5.	Number of Working PSUs with arrears in accounts	55	56	53	53	52
6.	Extent of arrears	1 to 13 years.	1 to 13 years.	1 to 14 years.	1 to 12 years.	1 to 7 years.
7.	Number of PSUs having arrears above five years	9	8	6	7	7

1.22 The average arrears per PSU had decreased from 3.03 in 2008-09 to 1.98 in 2012-13. The performance of finalisation of accounts during the year 2012-13 has improved as compared to the previous year. The average number of accounts in arrears per PSU decreased from 2.12 to 1.98 as compared to previous year. However, during 2012-13, 17[9] working PSUs did not finalise any account which contributed to the accumulation of arrears in accounts. The number of companies whose accounts were in arrears for more than five years in 2012-13 has not changed compared to the previous year. This indicated that no effective action had been taken to liquidate the arrears of accounts of the companies whose accounts were in arrears for more than five years. The PSUs should ensure that at least one year's account are finalised each year so as to restrict further accumulation of arrears. The PSUs having arrears of accounts need to take effective measures for early clearance of backlog and ensure that the accounts are up to date.

1.23 In addition to above, there were also arrears in finalisation of accounts by non-working PSUs. Of the 22 non-working PSUs, two[10] PSUs were under liquidation whose accounts were in arrears for two and 19 years respectively. Six[11] non-working PSUs had finalised accounts till 2012-13 and balance

[9] Sl. No.A-7,10,14,15,19,27,33,37,40,42,43,45,49,51,52,58 and 60 of **Annexure-2.**

[10] Sl. No.C-3 and 18 of **Annexure-2.**

[11] Sl. No.C-6, 15, 16, 19, 20 and 22 of **Annexure-2.**

14 PSUs had arrears of accounts for one to 15 years of which two[12] PSUs did not finalise any account during the year as detailed below:

No. of Non-working companies	Period for which accounts were in arrears	No. of years for which accounts were in arrears	Reference to Sl. No. of Annexure-2
1	1998-99 to 2012-13	15	C-7
13	2012-13	1	C-1,2,4,5,8,9,10,11,12,13,14,17 and 21

1.24 The State Government had invested ₹ 8,893.87 crore (Equity: ₹ 2,053.70 crore, Loans: ₹ 343.66 crore and Grants: ₹ 6,496.51 crore) in 18 PSUs (17 working companies and one working Statutory corporation) during the year for which accounts were not finalised as detailed in **Annexure-4**. In the absence of accounts and their subsequent audit, it can not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not and thus Government's investment in such PSUs remained outside the scrutiny of the State Legislature. Further, delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the relevant acts.

Arrears in respect of Statutory corporations

1.25 Of the four Statutory corporations, none had finalised their accounts for the year 2012-13.

1.26 The following table shows the status of placement of various Separate Audit Reports (SARs) issued by the CAG on the accounts of Statutory corporations in the State Legislature.

Sl. No.	Name of Statutory corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
1.	Maharashtra State Warehousing Corporation	2008-09	2009-10	29-09-2011	SARs have not been placed in the Legislature.
			2010-11	28-09-2012	
			2011-12	26-09-2013	
2.	Maharashtra State Financial Corporation	2011-12	No pendency		
3.	Maharashtra Industrial Development Corporation	2009-10	2010-11	05-10-2012	Likely to be placed in Winter session in December 2013.
			2011-12	30-08-2013	Yet to be printed.
4.	Maharashtra State Road Transport Corporation	2011-12	No pendency		

[12] MAFCO Limited and Kolhapur Chitranagri Mahamandal Limited of **Annexure-2.**

The State Government should ensure timely placement of SARs so that legislative control and financial accountability of the Statutory corporations are complied with.

Failure of the administrative departments

1.27 The administrative departments have the responsibility to oversee the activities of these PSUs and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period.

1.28 As the position of arrears in finalisation of accounts was alarming, CAG took up the matter (September 2011) with the Ministry of Corporate Affairs (MCA) and suggested to devise special arrangements along with actionable issues to ensure enforcement of accountability. The MCA in turn devised (November 2011) a scheme which allowed the PSUs with arrears in accounts to finalise the latest two years accounts and clear the backlog within five years.

1.29 The Pr.AG had a meeting (July 2013) with the Principal Secretary (Finance), GoM in connection with the arrears in accounts of PSUs. The persisting huge arrears of accounts revealed that PSUs did not avail this concession to make their accounts up to date.

Impact of non-finalisation of accounts

1.30 Section 210 of the Companies Act, 1956 read with Section 166 of the Act provides for finalisation of annual accounts by 30 September. Similarly, Statutory corporations created under respective Acts are also required to finalise their annual accounts by 30 September. Non-finalisation of accounts by 30 September is a violation of the provisions of the relevant Acts.

1.31 Further, as pointed out in **Paragraph 1.24,** delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the relevant acts. In view of the above state of arrears, the actual contribution of PSUs to the State Gross Domestic Product (GDP) for the year 2012-13 could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

1.32 Hence it is recommended that the Government should monitor and ensure timely finalisation of accounts with special focus on liquidation of arrears and comply with the provisions of the relevant acts.

Performance of PSUs

Performance based on finalised accounts

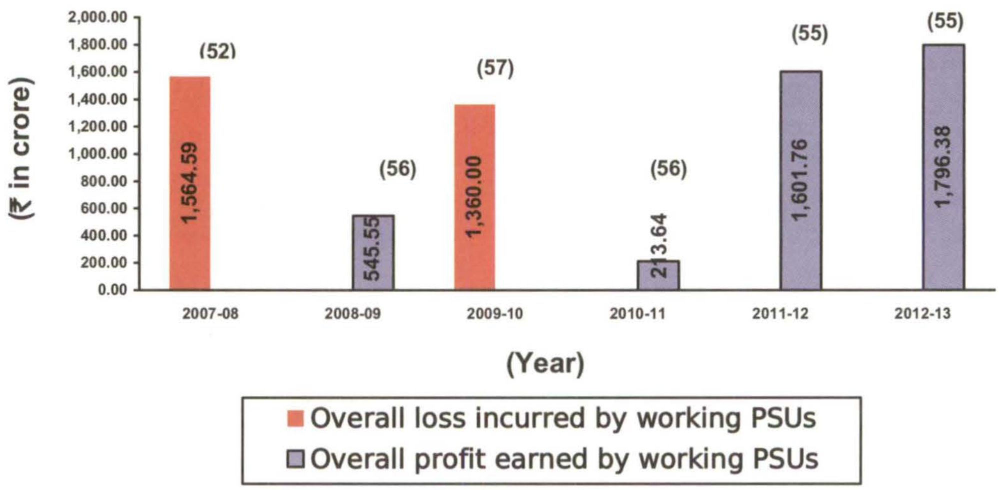
1.33 The financial results of PSUs are given in **Annexure-2**. Similarly, financial position and working results of Statutory corporations are detailed in **Annexures-5 and 6** respectively. A *ratio* of PSU turnover to State GDP shows the extent of PSU activities in the State economy. Table below provides the details of working PSUs' turnover and State GDP for the period 2007-08 to 2012-13.

(₹ *in crore)*

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Turnover	34,684.97	35,495.23	40,872.98	49,058.92	62,315.03	67,382.90[13]
State GDP	5,90,995.00	6,97,683.00	8,31,971.24	10,29,621.00	12,48,453	13,72,644.34[14]
Percentage of Turnover to State GDP	5.87	5.09	4.91	4.76	4.99	4.91

The percentage of turnover to State GDP decreased from 5.87 in 2007-08 to 4.91 in 2012-13 as the turnover of PSUs did not increase in proportion to the corresponding increase in the State GDP during 2008-09 to 2012-13.

1.34 Profits/(losses) earned/(incurred) by the working PSUs during 2007-08 to 2012-13 are given below in a bar chart.



(Figures in bracket show the number of working PSUs excluding PSUs working on no profit no loss basis and/or that have not started commercial activities in respective years)

As against overall loss of ₹ 1,564.59 crore incurred during 2007-08, the working PSUs made an overall profit of ₹ 1,796.38 crore in 2012-13. During the year 2012-13, out of 55 working PSUs, 43 PSUs earned profit of ₹ 2,268.27 crore and 12 PSUs incurred loss of ₹ 471.89 crore. Out of remaining PSUs, four[15] working PSUs prepared their accounts on 'no profit no loss basis'. The other six[16] PSUs were under construction, hence did not prepare profit and loss account. The major contributors to profit were Maharashtra State Power Generation Company Limited (₹ 927.76 crore) and Maharashtra State Electricity Transmission Company Limited (₹ 882.58 crore). Losses were incurred by Maharashtra State Road

[13] Turnover as per the latest finalised accounts as of September 2013.

[14] Advance estimates as furnished by Directorate of Economics and Statistics, Government of Maharashtra.

[15] Sl. No.A-12,17,28 and 58 of **Annexure-2.**

[16] Sl. No.A-27,37,42,43,45 and 55 of **Annexure-2.**

Development Corporation Limited (₹ 257.49 crore) and MSEB Holding Company Limited (₹ 192.83 crore).

1.35 The losses of working PSUs are mainly attributable to deficiencies in financial management, planning, implementation of project, running their operations and monitoring. A review of the latest Audit Reports of CAG shows that the State working PSUs incurred losses to the tune of ₹ 1,904.54 crore and infructuous investment of ₹ 11.37 crore, which were controllable with better management. Year wise details from Audit Reports are stated below.

(₹in crore)

Particulars	2010-11	2011-12	2012-13	Total
Net Profit (loss)	213.64	1,601.76	1,796.38	**3,611.78**
Controllable losses as per CAG's Audit Report	600.93	433.60	870.01	**1,904.54**
Infructuous Investment	0.00	11.37	0.00	**11.37**

1.36 The above losses pointed out by Audit Reports of CAG are based on test check of records of PSUs. The actual controllable losses may increase if other transactions are considered. The above table shows that with better management, the losses can be minimised (or eliminated or the profits can be enhanced substantially). The PSUs can discharge their role efficiently only if they are financially self-reliant. The above situation points towards a need for professionalism and accountability in the functioning of PSUs.

1.37 Some other key parameters pertaining to PSUs are given below.

(Amount ₹in crore)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Return on Capital Employed (*Per cent*)	0.89	7.52	2.61	4.83	7.23	6.62[17]
Debt	27,035.20	25,834.25	27,704.79	34,345.95	47,416.00	59,053.64
Turnover	34,684.91	35,495.23	40,872.98	49,058.92	62,315.03	67,383.89
Debt/Turnover Ratio	0.78:1	0.73:1	0.68:1	0.70:1	0.76:1	0.88:1
Interest Payments	2,355.14	2,197.56	2,509.77	2,580.15	3,403.22	4,062.00
Accumulated Profit/ (Losses)	(6,639.08)	(7,006.90)	(8,539.13)	(9,614.61)	(11,552.02)	(11,219.48)

1.38 The percentage of consolidated return on capital employed of PSUs increased from 0.89 in 2007-08 to 6.62 in 2012-13. However, the accumulated losses of PSUs increased by 68.99 *per cent* from ₹ 6,639.08 crore in 2007-08 to ₹ 11,219.48 crore in 2012-13 thus indicating deteriorating financial position of the PSUs. The debt turnover *ratio* deteriorated from 0.78:1 during 2007-08 to 0.88:1 during 2012-13.

[17] Return on capital for the year has been computed by considering profit before tax and after prior period adjustment.

1.39 The State Government formulated (June 2010) dividend policy under which all profit earning PSUs were required to declare dividend after complying with necessary provisions of the applicable Acts. The dividend rate was fixed (February 2012) at five *per cent* by the State Government. As per latest finalised accounts, 43 working PSUs earned an aggregate profit of ₹ 2,268.27 crore but only seven[18] PSUs which earned profit of ₹ 217.09 crore declared a dividend of ₹ 14.95 crore (at an average rate of 6.89 *per cent*).

Winding up of non-working PSUs

1.40 There were 22 non-working PSUs (all companies) as on 31 March 2013. This includes two[19] PSUs where the liquidation process has started and official liquidator has been appointed by the Court. The numbers of non-working companies at the end of each year during past five years were as under:

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
No. of non-working companies	24	23	22	22	22

Six[20] non-working PSUs whose accounts were finalised for the year 2012-13, incurred expenditure of ₹ 0.37 crore towards salary and establishment. This expenditure was financed through disposal of investments, interest from fixed deposit and miscellaneous income of these PSUs.

1.41 The stages of closure in respect of non-working PSUs (all companies) as on 31 March 2013 are given below.

(Amount ₹ in crore)

Sl. No.	Particulars	Companies	Investment	Accumulated profit/(loss)
1.	Total No. of non-working PSUs	22	726.30	(1,339.43)
2.	Under Liquidation	2	20.38	(29.15)
3.	Closure orders/instructions issued but liquidation process not yet started	10[21]	569.73	(1,260.08)
4.	Decision not yet taken	10	136.19	(50.20)

The State Government may take early suitable decision on the 10 non-working PSUs.

[18] Sl. No.A-1,2,5,11,38,39 and B-1 of **Annexure-2.**

[19] Sl.No.C-3 and 18 of **Annexure-2.**

[20] Sl. No.C-6,15,16,19,20 and 22 of **Annexure-2.**

[21] Sl. No.C-1,2,5,13,14,15,16,17,20 and 21 of **Annexure-2.**

Accounts Comments and Internal Audit

1.42 Forty four working companies forwarded their 70 audited annual accounts to Principal Accountant General (PAG) during the year 2012-13. Of these, 35 accounts were selected for supplementary audit and Non Review Certificates were issued for 35 accounts. The Audit Reports of Statutory Auditors appointed by CAG and the supplementary audit by CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of Statutory Auditors and CAG are given below.

(Amount: ₹ in crore)

Sl. No.	Particulars	2010-11		2011-12		2012-13	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	15	103.77	16	245.87	18	81.21
2.	Increase in loss	9	129.44	13	65.36	4	23.06
3.	Non-disclosure of material facts	5	46.41	3	512.97	2	7.58
4.	Errors of classification	14	101.75	9	46.70	10	79.81
	Total		**381.37**		**870.90**		**191.66**

Though the value of comments of CAG and Statutory Auditors decreased from ₹ 870.90 crore in 2011-12 to ₹ 191.66 crore in 2012-13 the PSUs need to improve the quality of their accounts.

1.43 During the year, the Statutory Auditors had given unqualified certificates for 13 accounts and qualified certificates for 49 accounts, adverse certificates (which means that accounts do not reflect a true and fair view) for seven accounts and disclaimers (meaning the auditors are unable to form an opinion on accounts) for one account.

1.44 Some of the important supplementary comments in respect of accounts of companies are stated below.

Maharashtra State Electricity Distribution Company Limited (2011-12)

- Transmission charges were overstated by ₹ 15.77 crore due to not adjusting excess billed amount of connection charges (₹ 6.99 crore) and short term/ medium term open access credit (₹ 8.78 crore). This has resulted in over statement of Loss and Current Liabilities for the year by ₹ 15.77 crore.

- Revenue from sale of power to Industrial high voltage consumers was overstated by ₹ 2.68 crore due to excess accounting of unbilled revenue by Ganeshkhind Urban Circle, Pune. This has resulted in understatement of Loss and overstatement of Current Assets by ₹ 2.68 crore.

- Capital works in progress did not include ₹ 4.45 crore towards unpaid bills of various contractors under Rajiv Gandhi Grameen Vidyutikaran Yojana Scheme (₹ 2.53 crore) and other Schemes (₹ 1.92 crore). This has resulted in understatement of Capital Works in Progress and provision by ₹ 4.45 crore.

City and Industrial Development Corporation of Maharashtra Limited (2008-09)

- Sale proceeds were understated by ₹ 4.71 crore due to non-accountal of receipt from sale of plots even though the full payment was received from three parties. This has resulted in understatement of excess of receipts over expenditure in respect of Navi Mumbai Project (NMP) Account and amount payable to the State Government by ₹ 4.71 crore.

1.45 Similarly, four working Statutory corporations forwarded their annual accounts to the PAG during the year 2012-13. Of these, the accounts of two Statutory corporations were audited solely by CAG. The accounts of the remaining two were selected for supplementary audit. The details of aggregate money value of comments of Statutory Auditors and CAG are given below.

(Amount: ₹ in crore)

Sl. No.	Particulars	2010-11		2011-12		2012-13	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	4	378.00	2	25.23	3	10.02
2.	Increase in loss	--	--	1	0.06	1	0.88
3.	Non-disclosure of material facts	1	57.37	--	--	1	223.72
4.	Errors of classification	--	--	1	0.46	1	23.23
	Total		**435.37**		**25.75**		**257.85**

1.46 During the year all four Statutory corporations received qualified certificates for their accounts.

1.47 Some of the important comments in respect of accounts of Statutory corporations are given below.

Maharashtra Industrial Development Corporation (2011-12)

- No Provision was made in the accounts for doubtful recovery of water charges of ₹ 6.93 crore. This resulted in overstatement of amount recoverable and surplus by ₹ 6.93 crore.

1.48 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including internal control/internal audit system in the companies audited in accordance with the directions issued to them by CAG under Section 619(3) (a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of major comments made by the Statutory Auditors for possible improvement in the internal audit/internal control system in respect of 43 companies[22] for the year 2011-12 and 37 companies[23] for the year 2012-13 are given below.

Sl. No.	Nature of comments made by Statutory Auditors	Number of companies where recommendations were made	Reference to serial number of the companies as *per* Annexure-2
1.	Non-fixation of minimum/ maximum limits of store and spares	8	A-1,2,3,16,25,36,53 and 59
2.	Absence of internal audit system commensurate with the nature and size of business of the company	18	A-2,3,6,9,11,20,23,25,30, 31,44,50,54,56,61 C-8,10 and 17
3.	Non maintenance of cost record	6	A-3,16,25,36,59 and 61
4.	Non maintenance of proper records showing full particulars including quantitative details, situations, identity number, date of acquisitions, depreciated value of fixed assets and their locations	14	A-4,6,9,11,16,20,23,25, 34,36 and 54 C-6,9 and 15
5.	Non-formation of Audit committee	17	A-1,4,6,8,9,12,13,20,22, 25,31,36,50,53,54 and 61 C-15
6.	Delegation of powers and duties and responsibilities not adequately defined	9	A-4,9,11,12,13,23,25 and 59 C-9
7.	System of accounts and financial control	14	A-4,6,9,11,20,23,25,32, 34,36,54 and 59 C-9 and 10
8.	System of monitoring timely recovery of outstanding dues.	21	A-1,2,5,8,9,11,20,23,25, 26,32,34,36 and 59 C-6,8,9,15,17,19 and 20
9.	Existence of investment policy	5	A-3,9,16,53 and 59

Recoveries at the instance of audit

1.49 During the course of audit conducted during 2012-13, recoveries of ₹ 73.45 crore were pointed out to the Management of various PSUs. An amount of ₹ 1.54 crore was recovered during the year 2012-13.

[22]Sl.No.A-2,5,7,9,11,13,14,15,16,18,20,21,23,24,25,26,29,32,35,36,38,40,42,44,46,47,49,51, 52,55,56,59 and 60 C: 2,3,4,5,7,8,12,13,16 and 17 in **Annexure-2.**

[23]Sl.No.A-1,2,3,4,5,6,8,9,11,12,13,16,20,22,23,25,26,30,31,32,34,36,44,50,53, 54, 56, 59 and 61 C-6,8,9,10,15,17,19 and 20 in **Annexure-2**.

Reforms in Power Sector

1.50 The State Government had formed Maharashtra Electricity Regulatory Commission (Commission) in August 1999 under the Electricity Regulatory Commission Act, 1998[24] with the objective of rationalisation of electricity tariff, advising in matters relating to electricity generation, transmission and distribution in the State and issue of licenses. The audit of accounts of the Commission is done solely by CAG under Section 104(2) of the Electricity Act, 2003. The Commission had finalised its accounts up to the year 2008-09. During 2012-13, Commission issued 25 orders on Annual Revenue Requirements and 145 on other matters.

[24] Replaced by Electricity Act, 2003.

Chapter II

Performance Audit of Government Company

Chapter III

Performance Audit of Statutory Corporation

Chapter II

Performance Audit of Government Company

2 Maharashtra State Electricity Distribution Company Limited

2.1 Power Purchase Agreements with Independent Power Producers

Executive Summary

Introduction

Maharashtra State Electricity Distribution Company Limited (Company) is the distribution licensee for the State except Mumbai and certain Suburban area. The peak demand of the area served by the Company increased from 13,846 Mega Watts (MW) in 2008-09 to 15,261 MW in 2012-13. However, deficit of power decreased from 2,811 MW in 2008-09 to 1,166 MW in 2012-13.

Considering competitive environment as envisaged in the Electricity Act, 2003 and constraints of the Public Sector in creation of adequate capacity, Ministry of Power (MoP), Government of India issued (January 2005) competitive bidding guidelines allowing Independent Power Producers (IPPs) to participate in capacity building through competitive bidding. The Government of Maharashtra (GoM) also formulated (March 2005) policy to promote investment in power sector by IPPs and offered financial/administrative support. As the purchase of power from IPPs was increasing, the Performance Audit of Power Purchase Agreements (PPAs) with IPPs was considered necessary.

Capacity additions through Government support

The GoM executed Memorandum of Understandings (MoUs) with eight IPPs (12,168 MW) and issued letter of support to 30 IPPs (39,631 MW) out of which six IPPs (4,120 MW) had commissioned their plants by June 2013. All IPPs including those who executed MoUs with the GoM participated in the competitive bidding. If such IPPs get financial support from the GoM, the competitive bidding would not provide level playing field. The GoM had also not ensured whether the benefits (tax exemption), if given, had been passed on to consumers through tariff quoted by them.

Renewable energy

Though, the Company's purchase of power from renewable sources increased during 2008-13, it was still below the target fixed by Maharashtra Electricity Regulatory Commission (MERC). The State Government has also not made efforts to develop solar energy source where 35 MW of power per sq. km. could be generated. GoM developed only 20 MW from this source so far.

Purchase of power on long term basis

Purchase of power on long/medium term increased from 81 MUs in 2008-09 to 7,789 MUs in 2012-13. There were instances where the Company purchased costlier power on short/medium term basis from IPPs instead of procuring power on long term basis thereby incurring additional expenditure of ₹57.61 crore. The Company executed PPAs with Adani Power Maharashtra Limited (APML) and JSW Energy (Ratnagiri) Limited (JSWERL) for gross capacity instead of net capacity of power generating units as indicated in tender resulting in avoidable payment of capacity charges of ₹ 31.12 crore to JSWERL. Further, the Company paid incentive of ₹ 22.48 crore to JSWERL considering Scheduled Commercial Operation Date (SCOD) as per bid documents instead of negotiated SCOD agreed by supplier and approved by MERC.

Inadequate performance guarantee

Performance guarantees obtained from IPPs as per terms of tender were of lower value than liquidated damages to be recovered in the event of default. There was a shortfall of ₹260 crore in four PPAs.

Power purchase on medium term basis

The Company accepted request of IPP for reduction in availability of capacity at delivery point without approval of MERC. As a result, the requirement of power was met through short term purchase during December 2011 to August 2012 at extra cost of ₹33.88 crore. Similarly, there was a shortfall in purchase of power on medium term basis from APML and Company resorted to short term purchase at additional cost of ₹ 90.85 crore during November 2011 to November 2012.

Purchase of power on short term basis

The purchase of power on short term basis increased from 1,257 MUs in 2008-09 to 6,312 MUs in 2012-13. The Company executed PPA with Wardha Power Company Limited, Hyderabad for purchase of power on short term basis but purchased infirm power generated before commercial operation at rate agreed for firm power. As per MERC/MoP guidelines, no capacity charges were payable for infirm power. However, the Company paid capacity charges of ₹21.16 crore to IPP.

Recommendations

The Audit has made five recommendations which include ensuring of financial benefits provided to IPPs, if any, by the GoM being passed on to consumers, development of solar energy source, payment of energy charges as per terms of tender, review of performance guarantee and purchase of costly power at minimum level etc.

Introduction

2.1.1 Maharashtra State Electricity Distribution Company Limited (Company) was incorporated (June 2005) on unbundling of the erstwhile Maharashtra State Electricity Board (MSEB) as a part of reforms in power sector. The Company is the Distribution Licensee for the State except Mumbai and certain Suburban areas and is vested with distribution of reliable and quality supply of electricity at reasonable and competitive rates so as to boost agricultural, industrial and overall economic development of the State.

The peak demand of the area served by the Company increased from 13,846 Mega Watts (MW) in 2008-09 to 15,261 MW in 2012-13. However, deficit of power decreased from 2,811 MW in 2008-09 to 1,166 MW in 2012-13. In order to meet the accelerating demand through a competitive environment as envisaged in the Electricity Act, 2003 and also considering the constraints of the Public Sector Undertakings (PSUs) in creation/management of adequate generation capacity, the Ministry of Power (MoP), Government of India (GoI) issued (January 2005) Competitive Bidding Guidelines (CBG), allowing Independent Power Producers (IPPs) to participate in capacity building through Case-1 or Case-2 tariff bidding process. The glossary of terms used in the performance audit report has been given in **Annexure-7**.

The Company executed (September 2008 to February 2013) a total of eleven long term Power Purchase Agreements (PPAs) for total capacity of 6,875 MW. Out of the total contracted capacity, supply of 2,380 MW power was started by June 2013 from three IPPs namely JSW Energy (Ratnagiri) Limited (JSWERL), Coastal Gujarat Power Limited (CGPL) and Adani Power Maharashtra Limited (APML). The Scheduled Delivery Dates (SDD) in respect of seven PPAs will be due during March 2014 to February 2017 and in case of one PPA (680 MW), the Company encashed the performance guarantee. The Company had not executed any PPA with IPPs under Case-2.

The Performance Audit Report on Power Purchase Management was included in the Audit Report of the Comptroller and Auditor General of India for the year ended 31 March 2008 (Commercial), Government of Maharashtra (GoM). The Committee on Public Undertakings (COPU) observed (September 2012) that power purchased by the Company from private power generators was costly and recommended that the burden passed on to consumers should be reduced.

Organisational set up

2.1.2 The Management of the Company is vested in a Board of Directors (BoD) comprising of eight Directors appointed by the State Government. The day-to-day activities of the Company are looked after by the Managing Director (MD) who is assisted by Director (Finance), Director (Operations) and Director (Projects).

Scope and Methodology of Audit

2.1.3 The present performance audit conducted during April to July 2013 covered scrutiny of all the eleven long term PPAs (more than seven years), two medium term PPAs (more than one year to seven years) and ten out of 24 tenders for short term purchases (up to one year) finalised during 2008-09 to 2012-13. Audit examination involved scrutiny of tender documents, evaluation of offers, execution of PPAs, approvals/orders of Maharashtra Electricity Regulatory Commission (MERC), day ahead scheduling of demand and supplies approved by State Load Despatch Centre (SLDC), bills raised by and payments effected to IPPs for supply of power *etc.*

Audit objectives

2.1.4 Objectives of Performance Audit were to ascertain as to whether:

- Requirement of power was properly assessed and purchase of power on long term basis planned accordingly;
- The Memorandum of Understandings (MoUs)/PPAs executed by the State Government/Company were in line with the prescribed guidelines/rules/ regulations;
- The terms and conditions of the PPAs executed in mutual interest were in compliance to the ultimate objective of least cost to the consumers;
- Payments were made strictly as per terms of PPA/tender;
- Monitoring mechanism was in place to oversee timely implementation of projects taken up by IPPs; and
- Reciprocal contractual obligations as per PPAs existed.

Audit criteria

2.1.5 The audit criteria adopted for achieving the stated objectives were derived from the following documents:

- Electricity Act, 2003, Rules, Regulations, Policies and guidelines issued there under by State Government, MoP (GoI), Central Electricity Authority (CEA), appropriate Regulatory Commissions *etc.;*
- MoUs signed by the State Government with the IPPs;
- Standard bidding documents including model PPA issued by MoP;
- PPA entered into by the Company with various IPPs;
- Backing down reports issued by SLDC; and
- Agenda notes and minutes of BoD.

Audit findings

2.1.6 We discussed the audit objectives with the Company during an 'Entry Conference' held on 21 May 2013. The audit findings were reported to the Company and the State Government in August 2013. The Management replied to the audit findings in November 2013 and replies of State Government were awaited (December 2013). The audit findings were discussed in an 'Exit Conference' held on 12 November 2013, which was attended by the MD of the Company who also held the additional charge of the Principal Secretary (Energy), GoM. The views expressed by the Management in their replies/ meeting have been considered while finalising the performance audit report. The audit findings are discussed below:

Planning

2.1.7 MERC issued directives from time to time to form a technical committee to scientifically assess the power requirement of the State. Pending formation of such committee, the Company had been assessing the requirement of power based on the Electricity Power Survey (EPS) Reports published by the CEA and making purchase proposals to MERC for approval.

Details of power purchased by the Company from different sources during the five years up to 2012-13 were as under:

(In MUs)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
(a) Power purchased from Central/State sector					
Central Sector	27,739	32,586	36,713	37,580	34,273
State Sector	46,316	46,694	42,460	43,216	43,388
Total from Central and State Sector	**74,055**	**79,280**	**79,173**	**80,796**	**77,661**
Percentage to total purchase	92.72	92.75	87.54	81.89	78.39
Cost per unit (₹)	**2.13**	**2.41**	**2.78**	**3.08**	**3.40**
(b) Power purchased from private sector					
IPPs (long/medium term)	81	73	1,208	4,627	7,789
Short term/spot trade	1,257	942	2,374	6,439	6,312
Renewable Energy	2,931	3,183	4,147	5,659	7,280
Total power purchased from private sector	**4,269**	**4,198**	**7,729**	**16,725**	**21,381**
Percentage to total purchase	5.34	4.91	8.55	16.95	21.58
Cost per unit (₹)	**4.47**	**4.82**	**4.01**	**4.07**	**3.85**
(c) Unscheduled Interchange purchase	**1,546**	**1,996**	**3,536**	**1,141**	**26**
Total Purchases (a+b+c)	**79,870**	**85,474**	**90,438**	**98,662**	**99,068**

It can be seen from above that the power procured from Central/State Public Sector reduced from 92.72 *per cent* in 2008-09 to 78.39 *per cent* in 2012-13 of the total purchase. The procurement from IPPs however increased from 5.34 *per cent* in 2008-09 to 21.58 *per cent* in 2012-13. In case of purchase from renewable source, the same increased from 2,931 MUs (3.67 *per cent*) in 2008-09 to 7,280 MUs (7.35 *per cent*) in 2012-13 of the total purchase.

Capacity additions through Government support

2.1.8 The State Government formulated (March 2005) its policy to promote investment in power sector by IPPs. The policy, *inter-alia,* stipulated that a) Financial (tax benefits) and administrative support will be provided by the State Government; b) Generating Projects were to be set up by IPPs in the State on its own or jointly with MSEB or its successors; c) Buy back guarantee of power by MSEB or its successors to the extent of 2,000 MW or 50 *per cent* of the total generation during first five years through competitive bidding process; and d) IPPs were bound to sell power to the extent of 50 *per cent* of power generated within the State.

The State Government executed (April 2005) MoUs with eight IPPs **(Annexure-8)** and issued Letter of Supports (LoS) to another 30 IPPs **(Annexure-9)** for implementation of projects of total capacity of 12,168 MW and 39,631 MW respectively. Out of above, two IPPs[25] who executed MoUs (1,450 MW) and four IPPs[26] (2,670 MW) to whom LoS were issued commissioned their plants by June 2013. Deficiencies in monitoring these projects had already been brought out in the **Paragraph No.2.2.22** of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2010 (Commercial), Government of Maharashtra.

We observed that the Company has been purchasing power through competitive bidding. The IPPs who entered into MoUs with the State Government also participated in the competitive bidding and a PPA was executed (February 2010) with JSWERL. We observed that if such IPPs get financial benefits from the State Government as per the term of MoUs, the competitive bidding would not provide a level playing field. Further, the State Government/Company had not ensured as to whether the benefits, if given to the IPPs, had been passed on to consumers through tariff quoted by the IPPs in response to competitive bidding.

The Government stated (December 2013) that the details of financial benefits availed by IPPs, if any, would be collected from concerned Departments and IPPs.

Purchase from Renewable Energy

2.1.9 The MERC had fixed targets for purchase of power at six *per cent* of total consumption from renewable sources during 2010-11, seven *per cent* during 2011-12 and eight *per cent* during 2012-13. During 2010-12, the power purchased from solar and hydro renewable energy sources was 12.02 Million Units (MUs) and 1.10 MUs respectively. As against the target, there was shortfall of 439 MUs in purchase of power from solar source and 10 MUs from hydro source during 2010-12 for which the Company was liable to pay regulatory charges. The MERC, however, relaxed the condition and stated (December 2012) that no regulatory charges for shortfall in purchases would be levied provided the Company meets the shortfall in target for hydro power by 2013- 2014 and for solar power by 2015-16.

We observed that there was huge potential (35 to 49 MW per sq. km) for development of solar source in the State. However, the actual tapping was only 20 MW (August 2012). Thus, the State Government/Company needs to take effective steps to develop the solar source of power so that shortfall could be met within the time limit prescribed by MERC and payment of regulatory charges avoided.

---

25 JSWERL: 1,200 MW and Tata Power Limited: 250 MW.

26 APML (1,980 MW), EMCO Energy Private Limited (300 MW), Gupta Energy Private Limited (120 MW) and Ideal Energy Private Limited (270 MW).

Finalisation of Power Purchase Agreements

Long term PPAs

2.1.10 As per the CBG, the power procurement was to be made through competitive bidding process. In case of procurement on long term basis, the construction period of four years was allowed to participating bidders and they were to quote rate per unit from the SDD fixed after four years from the date of PPA. The Company executed total 11 PPAs as detailed below:

Sl. No.	Name of IPP	Date of PPA	Capacity agreed (MW)	SDD	Actual date of COD	Actual date of commencement of supply
1	Coastal Gujarat Power Limited, Ahmedabad	22 April 2007	760 (Share of the State out of total agreed capacity of 3,800)	22 August 2012 (Unit 1) 22 February 2013 (Unit 2) 22 August 2013 (Unit 3) 22 February 2014 (Unit 4) 22 August 2014 (Unit 5)	7 March 2012 (Unit 1) July 2012 (Unit 2) October 2012 (Unit 3) January 2013 (Unit 4) March 2013 (Unit 5)	7 March 2012 (Unit 1) July 2012 (Unit 2) October 2012 (Unit 3) January 2013 (Unit 4) March 2013 (Unit 5)
2	Adani Power Maharashtra Limited, Ahmedabad	8 September 2008	1,320	14 August 2012	30 March 2013 (Unit 2) 14 June 2013 (Unit 3)	30 March 2013 (Unit 2) 14 June 2013 (Unit 3)
3	Lanco Mahanadi Power Private Limited, Hyderabad	25 September 2008	680	04 September 2012	Terminated on 28 May 2013	NA
4	JSW Energy Ratnagiri Limited, Mumbai	23 February 2010	300	01 October 2010	01 September 2010	01 September 2010
5	Emco Energy Limited, Bangalore	17 March 2010	200	17 March 2014	7 February 2013	NA
6	Indiabulls Power Limited, New Delhi	22 April 2010	450	22 April 2014	-	NA
7	Indiabulls Power Limited, New Delhi	05 June 2010	750	05 June 2014	-	NA
8	Adani Power Maharshtra Limited, Ahmedabad	31 March 2010	1,200	31 March 2014	-	NA
9	Adani Power Maharshtra Limited, Ahmedabad	09 August 2010	125	09 August 2014	23 September 2012	NA
10	Adani Power Maharshtra Limited, Ahmedabad	16 February 2013	440	16 February 2017	23 September 2012	NA
11	Indiabulls Realtech Limited, New Delhi	24 April 2012	650	24 April 2016	-	NA
Total			**6,875**			

In this connection, we observed the following:

Purchase of additional quantity

2.1.11 The Company submitted (June 2006) a proposal to MERC for purchase of 4,000 MW power on long term basis to meet the shortfall in peak demand as per 16th EPS published by CEA. However, MERC approved (October 2006) purchase of 2,000 MW only on the ground that a) long term power procurement and annual rolling plan based on detailed demand forecast was not submitted and b) demand supply gap during peak and off peak hours was not looked into by the Company. The Company invited (November 2006) tender for purchase of 2,000 MW power on long term basis. Based on the queries of bidders during pre bid meeting held in June 2007, the Company submitted (July 2007) petition to MERC for approval of revised bid documents. The same was approved by MERC in January 2008 and issued to qualified bidders. The Company received (February 2008) financial bids from 11 IPPs of which nine quoted rates ranging from ₹ 2.64 to ₹ 3.18 per unit for a total quantity of 4,621 MW and two quoted ₹ 3.45 and ₹ 4.69 per unit for 125 MW and 200 MW respectively. The Company executed (September 2008) long term PPAs with two IPPs[27] for purchase of 2,000 MW power at levellised tariff of ₹ 2.64 and ₹ 2.70 per unit. In addition, 300 MW was also purchased, with separate approval of MERC (November 2009) from JSWERL against this tender.

Meanwhile, during the course of bidding process in the above tender, BoD decided (August 2007) to purchase an additional quantity of 2,000 MW power from the qualified bidders but only after approval of MERC. The Company, however, instead of approaching MERC for approval, invited (October 2007) fresh tender for procurement of the additional 2,000 MW. The petition filed (August 2008) seeking *post facto* approval to the second tendering process was, however, rejected (November 2008) by MERC as the prior approval for the same was not obtained and this tender was cancelled (May 2009). The Company re-submitted (May 2009) proposal to MERC for purchase of 2,000 MW (-20/+ 30 *per cent*) power based on 17th EPS published by CEA which was approved (July 2009) by MERC. Accordingly, the Company re-invited (August 2009) tender and executed (between March and June 2010) long term PPAs with three IPPs[28] for purchase of 2,600 MW power at levellised tariff from ₹ 2.88 to ₹ 3.28 per unit.

Thus, the initial failure in adopting scientific method for assessing the power requirement and not following the decision of the BoD resulted in higher rates in the subsequent tender which will have financial implication over the contract period of 25 years. Further, if the requirement was correctly assessed and adequate quantity purchased against the first tender, the power supply could have been available in 2012-13 and reduced the requirement of short term purchase at higher rate.

The Management replied that the review of power position was a continuous process and the staggered purchase was a judicious decision. It was further stated that if entire power of 4,900 MW were contracted in the first tender itself the Company would have faced a situation of huge surplus power, resulting into backing down of certain units and payment of capacity charges without availing the power.

[27] APML (1,320 MW) and Lanco Mahanadi Power Private Limited (680 MW).

[28] APML (1,200 MW), EMCO Limited (200 MW) and Indiabulls Power Limited (1,200 MW).

The order of the BoD after their decision for procurement of additional quantity of 2,000 MW in August 2007 was not followed by the management leading to delay of more than two years. The need for power of 4,900 MW was established as there were increasing short term purchases, incidences of load shedding and peak power deficit of 2,013 MW and 1,166 MW during 2011-12 and 2012-13 respectively.

Acceptance of belated SDD

2.1.12 The Company executed (September 2008 to February 2013) four long term PPAs with Adani Power Maharashtra Limited (APML) thereby contracting for entire capacity of their Tiroda Project as detailed below:

Sl. No.	Date of PPA	Unit(s) covered in PPA	Installed capacity (MW)	Agreed capacity (MW)	Agreed levellised tariff rate (₹ per unit)	SDD	Date of commissioning
1	08 September 2008	2	660	1,320	2.64	14 August 2012	30 March 2013
		3	660				14 June 2013
2	31 March 2010	4 and 5	1,320	1,200	3.28	31 March 2014	In progress
3	09 August 2010	1	660	125	3.28	09 August 2014	23 September 2012
4	16 February 2013			440	3.28	16 February 2017	
			3,300	**3,085**[29]			

We observed that two PPAs for supply of 125 MW and 440 MW from Unit 1 were executed without following competitive bidding process. The Company executed these two PPAs on the basis of requests received (January 2010 and January 2011) from APML offering power on similar terms and conditions of PPA for Units 4 and 5. Though, the proposal for 440 MW was received in January 2011, the same was submitted to MERC for approval in May 2012 which was approved in December 2012. The CBG stipulated that the SDD shall be decided by the Company if the offered capacity was less than 500 MW. Though, the requisitioned capacity of two PPAs was less than 500 MW, the Company agreed to the SDD after four years from the date of signing of PPAs. In fact, Unit 1 had already commissioned on 23 September 2012 prior to execution of PPA for 440 MW. The Company should have insisted SDD from the date of commissioning of the Unit and/or taken steps for pre-ponement of SDD with mutual consent as provided in the PPA, considering the power deficit position and uncertainty of supply from the 680 MW project of Lanco Mahanadi Power Private Limited (LANCO) and 1,320 MW Project of APML (Units 2 and 3) scheduled in 2012-13. During September 2012 to March 2013, the Company purchased costlier power on short/medium term basis from Unit 1 of APML at rates ranging from ₹ 3.87 to ₹ 4.10 per unit and from other IPPs at ₹ 3.66 to ₹ 4.32 per unit instead of availing power on long term basis at ₹ 3.28 per unit from APML (125 MW

[29] This is after deduction of power required for auxiliary consumption except for Units 2 & 3.

from 23 September 2012 to 15 February 2013 and 565 MW from 16 February 2013 onwards). Thus, the Company incurred additional expenditure of ₹ 57.61 crore which included ₹ 19.08 crore in respect of power purchased from APML on short/medium term from Unit 1.

The Management stated that they had followed the MoP guidelines in determining SDD after four years from the date of PPA. As the Company had a right to decide the SDD for 125 MW and 440 MW as the offered capacity was less than 500 MW and as was done previously in case of PPA (February 2010) with JSWERL, the management failed to take recourse to clauses in the agreement to protect the interest of the Company and thus incurred an avoidable expenditure of ₹ 57.61 crore.

Deviation in contracted capacity

2.1.13 As per the bid documents approved by MERC, contracted capacity was the net capacity (excluding auxiliary consumption) at delivery point and the bidders were required to quote accordingly. The Company, however, deviating from the condition of tender, mentioned in the PPAs with APML and JSWERL that contracted capacity was gross capacity instead of net capacity of power generating Units. Hence, the Company has been making payment of capacity charges on the basis of gross capacity. In these two cases, the contracted capacity as per the tender condition worked out at 1,202 MW and 273 MW respectively after reckoning auxiliary consumption at nine *per cent* prescribed by MERC. Thus, payment of capacity charges of ₹ 31.12 crore[30] to JSWERL for power purchased from 1 September 2010 to 31 March 2013 was avoidable. APML had, however, commenced supply only in March 2013 and June 2013 from Unit 2 and Unit 3 respectively and capacity charges payable could be worked out on completion of one year.

The Management replied that they would be approaching MERC for clarification regarding fixation of contracted capacity as the bid documents and PPA were approved by MERC and will take suitable action as per the directions of the MERC. The reply was not acceptable since contracted capacity was the net capacity at delivery point as per the bid document.

Inadequate performance guarantee

2.1.14 As per terms of PPA, the IPPs are required to complete the initial formalities within the stipulated period of twelve months from the date of PPA. In the event of failure, IPPs were liable to furnish additional Performance Guarantee (PG) at the rate of ₹ 1.50 lakh per MW per week and complete the formalities within another six months. The Company had a right to terminate the PPA and invoke the PG for recovery of Liquidated Damages (LD) in case of failure of IPPs. The table below shows the details PPA wise of

[30] Net of excess payment of capacity charges of ₹ 33.91 crore for 2012-13 less penalty of ₹ 2.79 crore recovered during 2010-11 and 2011-12.

PG furnished, LD to be recovered in case of termination of four PPAs and shortfall in PG:

Sl. No.	Particulars	Emco Energy Limited	Indiabulls Power Limited (IBPL)	APML	IBPL	Total
1	Date of PPA	17 March 2010	22 April 2010	31 March 2010	05 June 2010	-
2	Contracted Capacity (MW)	200	450	1,200	750	**2,600**
3	SDD	17 March 2014	22 April 2014	31 March 2014	05 June 2014	
4	Formalities to be completed	17 March 2011	22 April 2011	31 March 2011	05 June 2011	-
5	Extension by six months	17 September 2011	22 October 2011	30 September 2011	5 December 2011	-
6	PG given at the rate of ₹ 30 lakh per MW (₹ in crore)	60	135	360	225	**780**
7	LD payable at the rate of ₹ 40 lakh per MW in case of termination (₹ in crore)	80	180	480	300	**1,040**
8	Short fall (7-6) (₹ in crore)	20	45	120	75	**260**

It is expected that PG should be equal to LD payable so that financial interest of the Company can be protected in the event of default by IPPs. It was seen from above that there was shortfall of ₹ 260 crore as the Company obtained PG of ₹ 780 crore against LD of ₹ 1,040 crore from the four IPPs. The Company did not ensure the completion of initial formalities by IPPs within the prescribed time nor did it raise the demand for additional PG because of the delay.

In case of fifth PPA with LANCO for 680 MW, we observed that LANCO did not complete initial formalities such as possession of site and furnishing of fuel supply agreement within the period extended up to 3 December 2010. Accordingly, the Company demanded (January 2011) additional PG of ₹ 15.30 crore which was not paid by LANCO. The Company belatedly invoked (March 2013) the PG of ₹ 51 crore against LD of ₹ 68 crore (₹ 10 lakh per MW) recoverable. Thus, the PG obtained was not adequate to recover LD and difference of ₹ 17 crore was yet to be recovered from LANCO (October 2013).

The Management stated that they had demanded additional PG from EMCO and APML and LD from LANCO.

Payment under Power Purchase Agreements

Scrutiny of power purchase bills paid to IPPs revealed the following:

Excess payment on account of incorrect application of indices

2.1.15 Seven distribution licensees[31] including the Company entered into (April 2007) long term PPA with Coastal Gujarat Power Limited (CGPL) for purchase of 3,800 MW power from its Mundra Ultra Mega Power Project (UMPP) situated in Gujarat. The allocation to the Company was 760 MW (20 *per cent*). The first Unit was commissioned on 7 March 2012.

As per PPA, Escalable Energy Charge (EEC) was to be computed by assuming index as 100 for the first month after date of Bid Deadline (BD). Thereafter, the value of the escalation index would be computed for each month by applying the per annum escalation rates specified by Central Electricity Regulatory Commission (CERC). The month was defined as a period of 30 days from the date of event or else the calendar month.

We observed that the BD for PPA with CGPL was 22 December 2006 and hence the escalation index for EEC was to be reckoned from 22 January 2007 as per contractual terms. Instead, Company granted the benefit of escalation index from 23 December 2006 onwards for the reasons not on record. The additional EEC paid to CGPL during 7 March 2012 to 31 March 2013 worked out to ₹ 6.42 crore.

Similarly, escalation in capacity charges were payable assuming the value of index as 100 for the first month after the date of scheduled COD. As the commercial operation of the first unit was scheduled to commence on 22 August 2012, the escalation was to be allowed from 21 September 2012. Instead, Company paid escalation charges from 6 April 2012 onwards by considering the date of actual commencement of commercial operation of the unit. This resulted in excess payment of capacity charges to the extent of ₹ 32.25 lakh.

The Management admitted that they would be seeking legal opinion on the matter before taking appropriate action.

Excess payment of incentive

2.1.16 As discussed in **Paragraph 2.1.11,** the Company invited tender (November 2006) for purchase of 2,000 MW power on long term basis. The tender condition stipulated that Scheduled Commissioning Operation Date (SCOD) shall not be later than 48 months and bidder may offer SCOD before expiry of 48 months from the date of PPA. It was also provided that if the supply of power starts before SCOD, incentive between ₹ 0.01 and ₹ 0.16 per

[31] Other Parties: (1) Ajmer Vidyut Vitran Nigam Limited (2) Gujarat Urja Vikas Nigam Limited (3) Haryana Power Generation Corporation Limited (4) Jaipur Vidyut Vitran Nigam Limited (5) Jodhpur Vidyut Vitran Nigam Limited and (6) Punjab State Electricity Board.

unit was payable and in case of delay, penalty was leviable. In response, JSWERL offered 300 MW power at levellised tariff of ₹ 2.72 per unit and stood fourth lowest. The offer of JSWERL was not considered and bid security was returned (December 2008).

We observed that offer of JSWERL was however, negotiated (December 2008) by the High Power Committee[32] and same was accepted subject to MERC approval on the conditions that:

- SCOD shall be 1 October 2010;
- Penalty clause to be applicable for delay beyond 1 October 2010; and
- Adoption of tariff quoted in the bid document.

The MERC approved the above proposal on 27 November 2009 and PPA was executed with JSWERL on 23 February 2010. As per the terms of PPA, SCOD was 1 October 2010 and incentive was payable if the power was supplied before 1 October 2010. The Company should have indicated the rate and period of incentive in the PPA with reference to SCOD on 1 October 2010. Instead, the Company mentioned incentive rates between ₹ 0.01 and ₹ 0.16 per unit applicable during January 2009 to December 2012 which was not relevant in the instant case. JSWERL achieved COD on 1 September 2010 and supplied power from that date. The Company paid incentive of ₹ 22.60 crore to JSWERL for the period from September 2010 to 31 December 2012. As the offer of JSWERL was finalised through negotiation by accepting SCOD on 1 October 2010, incentive of ₹ 0.12 crore was only payable for September 2010. This resulted in excess payment of incentive of ₹ 22.48 crore to JSWERL.

The Management stated that the incentive was paid as per the SDD as defined in the Request for Proposal (RFP) documents (15 January 2013). Hence, the incentive was paid up to December 2012 and there was no undue payment to JSWERL. The reply is not correct as incentive was payable if power was supplied before the SCOD of 1 October 2010 as agreed by JSWERL and approved by MERC. Further as this PPA was on terms and conditions of the negotiations the incentive laid down in the RFP was not applicable.

Non recovery of liquidated damages

2.1.17 The long term PPA, executed (September 2008) with APML for 1,320 MW power from Units 2 and 3 of Tiroda Power Plant, provided SCOD on 14 August 2012. However, the Units were commissioned on 30 March 2013 and 14 June 2013 respectively. As per terms of PPA[33], LD of ₹ 487.74 crore for the delay in supply was not recovered.

---

[32] Chief Secretary, GoM, Principal Secretary (Finance), GoM, Principal Secretary (Industries), GoM, Secretary (Energy), GoM and Managing Director-MSEDCL.

[33] At the rate of ₹ 10,000 per MW per day for the first 59 days and thereafter payable at ₹ 15,000 per MW per day.

The Management stated that payment against the bills of energy supplied by APML was withheld for recovery of LD.

Medium term Power Purchase Agreements

The Company entered into two PPAs (August and October 2011) for purchase of 775 MW power on medium term basis (more than one year to seven years).

2.1.18 The Company executed (August and October 2011) PPAs with JSWERL and APML for supply of power on medium term basis (one year and one day) at a contracted capacity of 300 MW and 475 MW respectively. Scrutiny of these PPAs revealed the following:

2.1.19 The terms of PPA (August 2011) with JSWERL provided for supply of power of 300 MW at delivery point out of total capacity of 900 MW (3 units) from Ratnagiri Plant during August 2011 to August 2012. The quoted tariff consisted of Capacity and Energy Charges. The capacity charges were payable up to 85 *per cent* of the contracted capacity beyond which no capacity charges were payable but incentive at the rate of ₹ 0.25 per unit was payable. Accordingly, purchase rate for units supplied up to 85 *per cent* was ₹ 4.10 per unit and ₹ 3.22 per unit for supply made beyond 85 *per cent.*

We observed that JSWERL had supplied power at capacity ranging between 95.50 *per cent* and 100 *per cent* of 300 MW from Units 2, 3 and 4 during 25 August 2011 to 30 November 2011 (JSWERL had already executed long term PPA for Unit 1). Subsequently, JSWERL requested (November 2011) the Company to consider supply exclusively from Unit 2 with gross capacity of 300 MW thereby reducing the net availability to 275 MW at delivery point. The Company accepted (December 2011) the request without seeking approval from MERC and lost an opportunity of purchasing 396.20 MUs[34] during December 2011 to August 2012 which would have been available at cheaper rate of ₹ 3.22 per unit. In order to meet the power deficit, the Company purchased 1,510.57 MUs through short term purchase from the same plant (Unit 3 and 4) from JSW Power Trading Company Limited (JSWPTCL)[35] at rates ranging between ₹ 3.70 and ₹ 4.41 per unit. Thus, the Company incurred avoidable expenditure of ₹ 22.79 crore on purchase of 396.20 MUs through short term.

Similarly, the Company paid capacity charges on the basis of gross capacity of 300 MW instead of declared net capacity of 275 MW which resulted in avoidable payment of capacity charges of ₹ 11.09 crore.[36]

[34] Contracted quantity of 1,936.80 MUs less actual supply of 1,540.60 MUs during December 2011 to August 2012.

[35] An associate of JSW group.

[36] Being the difference between actual capacity charges of ₹ 252.54 crore paid to JSWERL for the contractual period from 25.8.2011 to 25.08.2012 and the amount of ₹ 241.45 crore (Capacity charges ₹ 238.30 crore and incentive ₹ 3.15 crore) payable if the declared capacity were considered.

Thus, by deviating from the contractual terms the Company incurred avoidable expenditure of ₹ 33.88 crore.

The Management stated that request of the JSWERL was accepted as it could not supply power of 300 MW from one unit considering auxiliary consumption and supply from other units was not viable in case of non availability of other contracts. The reply is not correct as JSWERL had agreed to supply 300 MW at delivery point from the total capacity of 900 MW of its generating station and not from a particular unit of the generating station.

2.1.20 The terms of PPA (October 2011) for supply of power during November 2011 to November 2012 provided that APML would offer power of 475 MW at delivery point out of surplus power from two plants located at Tiroda, Maharashtra and Mundra, Gujarat. As per terms of PPA, the purchase rate payable was ₹ 4.10 per unit for supply up to 85 *per cent* of the contracted capacity and ₹ 2.25 per unit for supply of power beyond 85 *per cent* as capacity charges were not payable beyond 85 *per cent* supply. APML offered a total quantity of 3,593.48 MUs up to 85 *per cent* of the capacity at delivery point during November 2011 to November 2012.

We observed that there was no specific provision in PPA for penalty in case seller did not supply power beyond 85 *per cent* of the capacity agreed. Though power was available, APML did not supply beyond 85 *per cent.* The shortfall of 624.52 MUs during November 2011 to November 2012 was met by purchase of power on short term basis at higher rates ranging from ₹ 3.46 to ₹ 4.36 per unit as compared to ₹ 2.25 per unit from APML. If power was supplied by APML at agreed capacity of 475 MW at delivery point, expenditure of ₹ 90.85 crore during the said period could have been avoided.

The Management stated that it was not mandatory on the seller to supply full contracted quantum and that considering the outages *etc.* the seller had supplied power around 83 and 83.70 *per cent* of the contracted capacity. The reply was not convincing as the Company had exclusive right to purchase the entire contracted capacity from the IPP. Further, there was a loss of ₹ 90.85 crore to the Company since the short term power purchased was at higher rates.

Irregular payment of capacity charges pending reconciliation

2.1.21 As per the terms of PPA, the capacity charges were payable for the power corresponding to the available capacity declared by IPPs but not availed by the Company for the reasons of rescheduling of its requirement or backed-down[37] instructions given by State Load Despatch Centre (SLDC).

We, however, observed that the Company paid capacity charges on the basis of backed down data submitted by IPPs without verifying the same with the data maintained by SLDC. Test check of bills paid to JSWERL revealed that there was discrepancy in backed down data relating to the period from February to March 2012 and July to August 2012. As per the SLDC report

[37] A term used to indicate reduction in generation based on the instruction from SLDC.

capacity charges of ₹ 2.35 crore were payable as against ₹ 4.24 crore actually paid. Thus, there was irregular payment of ₹ 1.89 crore.

Further, no capacity charges were payable if power could not be supplied due to transmission constraints. However, the capacity charges of ₹ 3.64 crore were paid to APML for rejection of transmission access during the period from January 2012 to March 2012 without ascertaining the reasons for rejection of access by SLDC.

The Management stated that certificates from SLDC for backed down units and confirmation of reasons for rejection of open access have been called for.

Short term Power Purchase Agreements

The short term/spot purchases increased from 1,257 MUs during 2008-09 to 6,312 MUs during 2012-13. During this period, the Company finalised 24 tenders for purchase of power on short term basis (less than one year). Scrutiny of 10 tenders revealed discrepancy in one tender as discussed below:

Excess payment for infirm power

2.1.22 The Company executed (13 May 2009) a short term PPA with Wardha Power Company Limited (WPCL), Hyderabad for the purchase of 50 MW to 300 MW firm power round the clock between 15 November 2009 and 31 October 2010 from their 540 MW (4 x 135 MW) Power Plant at Wardha. As per the terms of PPA, the comprehensive[38] tariff rate was determined at ₹ 5.50 per unit for the period from 15 November 2009 to 31 October 2010 except ₹ 4.23 per unit during 1 June 2010 to 31 August 2010.

The commissioning of the plant was delayed due to *force majeure* conditions. WPCL requested (9 April 2010) the Company to permit the flow of infirm power generated up to the date of commercial operation and pay for such power at the rates as applicable/decided by MERC/Company from time to time. The PPA did not provide rate for infirm power. However, the tariff Regulations of MERC as well the CBG issued by MoP provided for the payment of energy charges alone and not the capacity charges for the purchase of infirm power. Thus, instead of offering rate for energy charges, the Company decided (15 May 2010) to purchase infirm power at the rates (inclusive of capacity charges) agreed in the PPA for firm power.

WPCL supplied 36.087 MUs of infirm power (generated by Unit 1) between 15 April 2010 and 30 June 2010 and 26.80 MUs (generated by Unit 2) during October 2010 for which the Company paid at the rate of ₹ 4.23/₹ 5.50 per unit instead of energy charges payable at the rate of ₹ 1.465 per unit. Thus the decision of the Company to pay PPA rates for the infirm power was not as per

[38] Inclusive rate without distinctive break up into capacity and energy charges.

the MERC regulations and resulted in excess payment of ₹ 21.16 crore.[39] It was found that in the other cases,[40] the Company had paid only energy charges for infirm power at the rates ranging from ₹ 1.03 to ₹ 1.44 per unit during 2010-2013.

The Management stated that considering the prevailing higher rates for short term power purchase it was considered beneficial to procure infirm power at PPA rates. It was further stated that the Company saved ₹ 68 crore by purchasing infirm power at PPA rates as compared to other costly sources. The Company was to pay the IPP the PPA rates only for firm power. The rates for infirm power are not influenced by market factors and only energy charges should have been paid in accordance with regulations as was practiced by the Company in other similar cases.

Monitoring mechanism

Non submission of progress Reports

2.1.23 As per the terms of PPAs, the IPPs were required to notify the Company in writing at least once in a month the progress made in satisfying the conditions and to disclose all the relevant material information requested by the Company in respect of development, construction, operation and/or maintenance of the Projects. MERC, during the approval proceedings for purchase of 300 MW power from JSWERL, also observed (September 2009) that the Company was not serious about monitoring the projects. We, also, observed that the Company had not evolved any system for periodical review/ monitoring of the achievement of prescribed milestone by calling for monthly Progress Reports from the IPPs.

The Management admitted that IPPs were not submitting progress report on monthly basis, though it was required as per PPA.

Internal Audit

We observed that the cost of purchase constituted major element of the cost of operation which was 79 to 86 *per cent* during the period under review. The internal audit was however not commensurate with the size of business. The Company had not prepared internal audit manual for power purchase payments.

The Management admitted that before releasing payment of power purchases the internal check system was in place and that the internal audit was conducted on test check[41] basis. It was further agreed to prepare manual for the use of internal audit.

---

[39] In the absence of relevant information in the PPA, the loss has been calculated with reference to energy charges of ₹ 1.465 per unit for Wardha Power Plant agreed for by WPCL in the medium term PPA executed with Reliance Infrastructure Limited in June 2010.

[40] APML and JSWERL.

[41] Except for period from October 2011 to March 2012 when 100 *per cent* audit of bills was conducted.

Acknowledgement

2.1.24 Audit acknowledges the co-operation and assistance extended by different levels of the Management at various stages of conducting of the Performance Audit.

The matter was reported to the Government (August 2013); their reply had not been received (December 2013).

Conclusion

- The Company was not able to meet the peak demand and power deficit in the State was 1,166 MW during 2012-13.

- The State Government entered into Memorandum of Understandings with Independent Power Producers (IPPs) for building capacity additions and offered financial support in the form tax concessions. However, the State Government/Company had not ensured as to whether the benefits, if given, have been passed on to consumers through tariff quoted by them in response to competitive bidding.

- The State Government tapped 20 MW power from solar source of energy as against 35 to 49 MW per sq. km available in the State.

- The Company executed Power Purchase Agreements (PPA) by accepting delivery of power after four years though the plant was already commissioned and incurred extra expenditure of ₹ 57.61 crore on purchase of power on medium/short term basis.

- The contracted capacity indicated in bid documents was deviated in PPA resulting in avoidable payment of capacity charges of ₹ 31.12 crore to JSWERL.

- The performance guarantee mentioned in the PPA was not adequate to recover Liquidated Damages (LD) in case of default. There was a shortfall of ₹ 260 crore in four PPAs.

- The Company did not avail the benefit of full capacity agreed by JSWERL and APML for supply of power on medium term basis. The shortfall in procurement was made good through short term purchase. The total avoidable expenditure was ₹ 113.64 crore besides avoidable payment of capacity charges of ₹ 11.09 crore to JSWERL.

- The Company paid excess incentive of ₹ 22.48 crore to JSWERL due to defective conditions of PPA.

- The Company paid capacity charges of ₹ 21.16 crore for the infirm power though it was not payable as per the directives of Ministry of Power/ MERC.

Recommendations

- The State Government may ensure that benefits extended to IPPs for setting up power plants, if any, are passed on to consumers through tariff quoted by them in response to competitive bidding.

- Considering the huge potential for development of solar energy, the State Government/Company may take effective steps to develop this source.

- The Company may ensure proper interpretation of clauses of the PPA and that payment is made strictly as per provisions of PPA to safeguard the interest of consumers.

- The Company may periodically review/reconcile the quantum/cost of power purchased under various PPAs so that costlier power is not purchased.

- The Company may review provisions of PPA related to capacity offered, performance guarantee *vis-a-vis* LD to safeguard its financial interest.

2.2 Rajiv Gandhi Grameen Vidyutikaran Yojana

Executive Summary

Introduction

The Government of India (GoI) notified (March 2005) the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), a scheme for Rural Electricity Infrastructure Development and Household Electrification in the country. The scheme envisaged overall rural electrification by creating distribution network in each village which would be adequate to provide access to electricity to all Rural Households (RHHs) and cater to requirement of other sectors of village. The scheme also stipulated that Below Poverty Line (BPL) RHHs should be provided free of cost connections. The GoI provided financial assistance at 90 per cent of the project cost as capital subsidy and 10 per cent as loan from Rural Electrification Corporation Limited (REC). The Government of Maharashtra (GoM) appointed (August 2005) Maharashtra State Electricity Distribution Company Limited (hereinafter referred to as Company) as Implementing Agency for the scheme.

Planning

There were 113.42 lakh RHHs in 41,095 villages in the State, out of which 55.26 lakh RHHs (including 18.73 lakh BPL RHHs) were un-electrified as of March 2006. As the scheme envisaged overall rural electrification, it was necessary to conduct comprehensive village-wise survey to assess the requirement of distribution network (Sub-Stations, HT/LT lines, DTCs etc.). However, no such village-wise survey was conducted. The Company had proposed electrification of all BPL RHHs but the electrification of 29.19 lakh other than BPL RHHs and other sectors like public places, small scale industries etc. were not proposed under the scheme. Considering financial assistance of ₹ 4 lakh available per village located on normal terrain, total available financial assistance worked out to ₹1,450.14 crore as against ₹729.64 crore actually projected and sanctioned by REC for 30 projects undertaken during XI FYP. Thus, the opportunity of availing remaining financial assistance of ₹720.50 crore remained unexplored.

The GoM also did not plan rural electrification of 183 villages from Ahmednagar district served by Mula Parvara Electric Co-operative Society Limited and 168 villages from Bhiwandi Taluka in Thane district being served by Torrent Power Limited. Thus 351 villages were deprived of the benefits of ₹ 14.04 crore under the scheme.

Financial management

Funds released by REC for projects were to be retained in a separate Bank Account for each project and interest earned was to be taken as project income. The Company had received funds of ₹ 595.46 crore which were not immediately utilised and excess funds ranging from ₹ 9.82 crore to ₹ 180.63 crore during 2006-14 (up to September 2013) were utilised by the Company as working capital for other activities. As per the tripartite agreement, the State Government had not reimbursed ₹26.54 crore towards repayment of loan with interest and agency charges paid by the Company to REC. Further, the Company paid ₹37.45 crore towards taxes for which necessary claims for reimbursement as loan/subsidy were not preferred with REC after concurrence of the State Government as per terms of tripartite agreement.

Project and contract management

The four projects taken during X FYP were completed by 31 March 2010 after delay ranging from seven to 12 months and 30 projects taken during XI FYP were completed with delay ranging from six to 44 months. There was also non recovery of labour cess of ₹ 5.55 crore from the contractors and loss of revenue of ₹ 0.74 crore to the State Exchequer due to execution of contract agreements on stamp paper of lower value.

Revenue sustainability

The Company was facing problems in recovery of electricity charges from BPL RHHs. The arrears of ₹19.88 crore were recoverable from 2.89 lakh BPL RHHs from 17 projects against security deposit of ₹0.43 crore available with the Company. If the disconnections were resorted to, the purpose of the scheme gets defeated. The State Government did not fulfill its commitment for payment of subsidy to make the scheme financially viable and ensure revenue sustainability as per commitment given in tripartite agreement.

Monitoring

The State and District level Co-ordination Committees were set up by the State Government for reviewing rural electrification. No meeting was held by District Level Committees in 17 Districts while only one meeting was held at State level. The village wise electrification records were also not maintained by Gram Panchayats/Councils to assess the status of rural electrification on annual basis.

Impact assessment

The beneficiary survey conducted by Audit indicated lack of awareness of the scheme, collection of illegitimate money from beneficiaries, poor quality of CFL bulbs etc.

Recommendations

The Company has been facing problem in recovery of energy bills from BPL households. The State Government may therefore fulfil its commitment for payment of subsidy to ensure revenue sustainability. Further, the State Government may reimburse loans along with interest thereon and reimbursement of taxes as per the commitment given in tripartite agreement.

Introduction

2.2.1 The Government of India (GoI) notified (March 2005) Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY- hereinafter referred to as scheme) - a scheme for Rural Electricity Infrastructure development and Household Electrification in the Country. The scheme envisaged creation of electricity distribution network in each village which would be adequate to provide access to electricity to all Rural Households (RHH) and cater to requirement of agriculture and other activities including irrigation pump-sets, small and medium industries, khadi and village industries, cold storages, healthcare, education and Information Technology. The scheme also stipulated that Below Poverty Line (BPL) RHHs should be provided free of cost electricity connections. The scheme was implemented during X and XI Five Year Plan (FYP) (2002-12). The scheme was extended up to September 2013.

The Rural Electrification Corporation Limited (REC) was appointed (March 2005) by GoI as the nodal agency for implementation of the scheme during X and XI FYP through respective State Governments. The GoI provided financial assistance at 90 *per cent* of the project cost as capital subsidy and remaining 10 *per cent* as loan from REC. Besides, subsidy at the rate of ₹ 1,500 per connection during X FYP and ₹ 2,200 per connection during XI FYP was also provided for releasing free of cost connections to BPL RHHs.

The Government of Maharashtra (GoM) appointed (August 2005) Maharashtra State Electricity Distribution Company Limited (hereinafter referred to as Company) as Implementing Agency (IA) for the scheme. A separate Cell for the scheme was formed in the Head Office (HO) under the control of the Chief Engineer who reports to the Executive Director (Projects).

The Company implemented the scheme in 33 districts[42] through its Operation and Maintenance (O&M) Circles headed by the Superintending Engineer under the supervision of their respective Zonal Chief Engineers. Four projects were taken during X FYP and 31 projects during XI FYP.

The Performance Audit Report on the overall working of the Company was included in the Report of Comptroller and Auditor General of India for the year ended March 2011 (Commercial)-Government of Maharashtra. The Report was yet to be discussed by the Committee on Public Undertakings (November 2013).

Scope and Methodology of Audit

2.2.2 The Performance Audit conducted during July 2012 to December 2012 covered evaluation of the scheme implemented during 2004-05 to 2012-13. The audit examination involved scrutiny of records at HO and 10 O&M Circles dealt with 10 Projects[43] selected on the basis of population and cost of projects. For impact assessment, audit also relied on its independent beneficiary survey by selecting not less than five beneficiaries each from five villages from each block. In all 26 Blocks[44] from ten project areas were selected on the basis of Simple Random Sampling without Replacement method.

The methodology adopted for attaining the audit objectives with reference to audit criteria consisted of discussing audit objectives to the top management during Entry Conference, scrutiny of records at HO and 10 O&M Circles selected for detailed audit, analysis of data, outcome of beneficiary survey conducted by audit, raising of audit queries, discussion of audit findings with management and issue of Draft Performance Audit Report to the State Government and Management of the Company for comments.

Audit objectives

2.2.3 Performance Audit was conducted with a view to ascertain whether:

- Detailed Project Reports (DPRs) were finalised in line with State Rural Electrification Policy (SREP) and end goals were achieved;
- Funds received under the scheme were utilised for the intended purposes;

---

[42] One project each in 31 districts and two projects each in Solapur and Thane-Total 35 projects.

[43] Ahmednagar, Amravati, Aurangabad, Buldana, Jalna, Nanded, Nasik, Sangli, Sindhudurg and Thane.

[44] Akole, Achalpur, Ambad, Baglan, Biloli, Buldana, Dhamangaon Railway, Dharni, Himayatnagar, Jat, Kalyan, Kavathemahankal, Khultabad, Kannad, Kudal, Mahoor, Malwan, Mantha, Nandura, Niphad, Rahata, Sangamner, Shahpur, Sindkhed Raja, Surgana and Walwa.

- Tenders were evaluated properly;
- Payments to contractors were made as per contractual terms;
- The conditions of the tripartite agreement executed between REC, State Government and the Company were complied by respective authorities; and
- Adequate and effective monitoring and evaluation mechanism at different levels was in place and remedial action taken on the basis of periodical review.

Audit criteria

2.2.4 In achieving its objectives, audit relied on the criteria prescribed in the following records:

- National Rural Electrification Policy (NREP) and SREP notified under Electricity Act, 2003;
- Guidelines/Instructions/Circulars issued by GoI/REC/State Government and Tripartite agreement executed between REC, State Government and the Company;
- Approval of DPRs by REC;
- Tenders documents and contract agreements; and
- Periodical Physical and Financial Progress Reports on the projects and minutes of meetings of the Board of Directors (BoD).

Audit findings

2.2.5 We discussed the audit objectives with the Company during an "Entry Conference" held on 13 July 2012. The audit findings were reported to the Company and the State Government in 4 January 2013. The Management replied to the audit findings in 26 April 2013 and endorsed by GoM on 21 May 2013. The audit findings were discussed in an "Exit Conference" held on 21 May 2013, which was attended by the Managing Director of the Company who also held the additional charge of the Principal Secretary (Energy), GoM. The views expressed by the Management/GoM in the meeting and their replies have been considered while finalising the performance audit report. The audit findings are discussed below:

Planning

2.2.6 A village was to be declared as electrified provided: (a) distribution network was in existence, (b) electricity was provided to public places like schools, panchayat offices, health centers, dispensaries, community centres, *etc.*, and (c) RHHs electrified was at least 10 *per cent* of the total RHHs in the village. As per Census 2001, there were 113.42 lakh RHHs in 41,095 villages (including 5,085 un-electrified villages) in the State. Out of 113.42 lakh, 55.26 lakh RHHs (including 18.73 lakh BPL RHHs) were un-electrified as of March 2006. The planning for Rural Electrification (RE) was crucial to ensure the achievement of objectives of the scheme to provide an access to electricity to all RHHs by 2009 and minimum lifeline consumption of one unit per household per day as a merit good by year 2012. In this connection, audit observed the following:

Defective preparation of DPRs

2.2.7 The status of electrification of RHHs in the State before implementation of the scheme (as on March 2006) as stated in the SREP was as under:

(RHHs in lakh)

Sl.No.	Particulars	BPL	Others	Total
1	Number of RHHs as per Census 2001	31.11	82.31	113.42
2	Number of RHHs already electrified	12.38	45.78	58.16
3	Number of RHHs un-electrified (1-2)	18.73	36.53	55.26
4	Number of RHHs proposed/sanctioned for electrification under the Scheme	18.77	7.34	26.11
5	Number of RHHs not proposed under the Scheme (3-4)	(0.04)[45]	29.19	29.15

(Source: SREP and REC sanction letters)

The scheme envisaged overall RE and it was therefore necessary to conduct comprehensive village-wise survey to assess the requirement of distribution network (Sub-Stations, High Tension (HT)/Low Tension (LT) lines, Distribution Transforms (DT) *etc.*). We observed from the DPRs that the Company had proposed electrification of all un-electrified BPL RHHs. However, electrification of other RHHs and requirement of other sectors like agriculture, small scale industries, health centres, Gram Panchayats, Schools *etc.* were also not fully projected under the scheme. The Company projected electrification of only 7.34 lakh out of total 36.53 lakh un-electrified other than BPL RHHs leaving 29.19 lakh RHHs uncovered. This indicated that comprehensive survey was not conducted to assess the overall distribution network of each village before preparation of DPRs. The DPRs thus focused mainly on electrification of BPL RHHs thereby defeating the main objective of the scheme to provide access to electricity to all rural households by 2009 and overall electrification for economic growth of each village.

The scheme provided financial assistance at the rate of ₹ 13 lakh/₹ 18 lakh per un-electrified village and ₹ 4 lakh/6 lakh per electrified village located on normal terrain and hilly/tribal/desert areas respectively for projects undertaken during XI FYP. Considering minimum financial assistance of ₹ 4 lakh available per village located on normal terrain, total financial assistance available under the scheme worked out to ₹ 1,450.14 crore for 30 projects undertaken during XI FYP as against ₹ 729.64 crore actually projected and sanctioned **(Annexure-10)**. Thus, there was a scope for availing further

[45] It indicates excess BPL households proposed for electrification.

financial assistance of ₹ 720.50 crore under the scheme. We observed that there were 24.32 lakh RHHs from 24 districts in the State which were to be electrified as on 31 March 2012.[46]

The Management in its reply (April 2013), which was also endorsed by the State Government stated (May 2013) that:

- Field survey conducted before preparation of DPR indicated that there were 26.11 lakh un-electrified RHHs and the same have been proposed for electrification under the scheme.
- Agriculture, pump sets, small and medium industries, cold storages *etc.* were not eligible for subsidy and hence not proposed in the DPRs.
- There were 53,740 schools of which 12,912 were un-electrified (as of December 2006) for which required infrastructure was available.
- The subsidy was available at the rate of ₹ 1 lakh per village and not ₹ 4 lakh per village as stated by audit.

The reply was not convincing as:

- The Company's own record showed that there were 55.26 lakh un-electrified RHHs as on 31 March 2006 which were communicated (July 2007) to State Government for formulation of Rural Electrification Policy. As such, electrification of 29.19 lakh other than BPL RHHs mentioned in the SREP should have been proposed. Moreover, there were 24.32 lakh other RHHs to be electrified as on 31 March 2012.
- The scheme provided subsidy for overall rural development by strengthening distribution network that would also cater to the requirement of agriculture and other activities in the villages.
- The Company had not systematically obtained data on un-electrified schools and proposed distribution network for their electrification. Test check of DPRs for ten selected projects indicated that electrification of schools was not indicated/proposed at all in four projects (Buldana, Kalyan (Thane), Nasik and Sangli). In case of two projects (Amravati and Sindhudurg), 608 un-electrified schools were not projected under the scheme. In remaining four projects (Ahmednagar, Aurangabad, Jalna and Nanded), projection was not supported by adequate data.
- GoI had enhanced (February 2008) the subsidy from ₹ 1 lakh to ₹ 4 lakh per village (located on normal terrain) for intensive electrification[47] of villages taken up during XI FYP.

[46] The data as at the end of March 2013 was not available with the Company.

[47] Strengthening of distribution network of already electrified villages to meet the requirement of each village.

Non coverage of villages

2.2.8 The State Government had not planned RE of 183 villages in five Blocks (Newasa, Sangamner, Shrirampur, Rahata and Rahuri) of Ahmednagar districts which were being served by Mula Parvara Electric Co-operative Society Limited (MPECS) up to January 2011 and thereafter distribution activities of the area were taken over by the Company. Similarly, electrification was also not planned for 168 villages from Bhiwandi Taluka in Thane district being served by Torrent Power Limited (Distribution Licensee) since January 2007. Thus, 351 villages were deprived of the benefits under the scheme. The potential financial assistance foregone worked out to ₹ 14.04 crore (351 villages at the rate of ₹ 4 lakh per village).

The Management/Government stated that these villages were not under their jurisdiction when the DPRs were prepared and sent to REC for sanction. The reply was not acceptable as the State Government and the Company should have ensured that electrification of rural areas served by distribution licencees other than the Company should also have been covered and the benefits under the scheme availed.

Financial management

2.2.9 The Project wise financial assistance (excluding subsidy towards free of cost connections to BPL RHHs) was to be released by REC through State Government in three equal installments of 30 *per cent* each and fourth and final installment of 10 *per cent* on completion of the project. The scheme provided for release of first installment after execution of tripartite agreement,[48] loan documents and evaluation of bids and further installments on the basis of certificate for utilisation of funds to the extent of 80 *per cent* of funds received earlier. The subsidy for free of cost connections to BPL RHHs was to be released in two equal installments. The first installment was to be released by end of eighth month from the date of issue of Letter of Award (LoA) on submission of District-wise approved list of BPL RHHs and second installment after completion of the project.

[48] An agreement to be executed among REC, State Government and the Implementing Agency.

The position of funds sanctioned, received and utilised up to 2013-14 (up to October/November 2013) for 35 projects implemented during X and XI FYP was as under:

(₹in crore)

Year	No. of projects	Funds sanctioned	Funds received	Funds utilized		Unutilised funds	
				As per actual payment	As per physical progress	As per actual payment	As per physical progress[49]
2005-06	4	86.24	--	-	0	-	
2006-07	-		9.82	0	0	9.82	9.82
2007-08	30	729.64	16.80	16.54	20.84	10.08	5.78
2008-09	-	-	139.50	66.43	113.62	83.15	31.66
2009-10	-	-	200.77	103.29	163.09	180.63	69.34
2010-11	-	-	162.09	184.56	261.10	158.16	-29.67
2011-12	-	-	55.00	120.52	53.75	92.64	-28.42
2012-13	1	33.64	11.48	46.99	22.32	57.13	-39.26
2013-14	0	-	0	32.79	11.33	24.34	-50.59
Total	**35**	**849.52**	**595.46**	**571.12**	**646.05**	**24.34**	**-**

The Company received funds from REC on the basis of utilisation certificates furnished as per physical progress. However, the actual utilisation of funds (payments to the contractors) was far less than the funds received. Quantum of unutilised funds increased from ₹ 9.82 crore in 2006-07 to ₹ 180.63 crore in 2009-10 which decreased to ₹ 24.34 crore at the end of September 2013.

In this connection, we observed the following:

Non maintenance of project-wise separate Bank Accounts

2.2.10 The tripartite agreement provided that the Company should maintain project wise separate Bank Accounts for the funds received from REC. Instead, the Company opened a single Bank Account for all the projects and credited all the amounts received from REC in the said account. The funds were transferred to Cash Credit Account operated by the Company for its working capital requirements. Thus, the unutilised funds (till payment to contractors) were used by the Company to minimise the borrowing cost of the cash credit facility.

Audit observed that as per directives of REC (April 2008/November 2011/ May 2012), unutilised funds should be kept in interest bearing account of Nationalised Banks and interest earned thereon should be accounted and used for cost of project by way of adjustments. As the Company had not kept such funds separately in interest bearing account, the credit to be passed on to project accounts could not be ascertained.

The Management/Government while accepting the facts stated that it had opened a single account for the scheme and funds were monitored through operation of single account. The non-opening of individual project accounts allowed the funds under the scheme to be utilised for working capital requirements of the Company which was not permissible under the scheme.

[49] Negative figures indicates more value of completed works than funds received.

Expenditure over and above BPL subsidy

2.2.11 The cost of each project was to be approved by the Monitoring Committee (MC) of Ministry of Power (MoP), GoI. While approving the cost, the MC disallowed excess expenditure on BPL connections over and above ₹ 2,200 per connection admissible under the scheme. Scrutiny of 30 projects indicated that the expenditure on BPL connections in 13 projects was within the admissible subsidy. However, the Company incurred additional expenditure of ₹ 8.85 crore over and above eligible subsidy in 17 Projects.[50] Though, the ownership of assets created under the scheme vested with the State Government, the Company had not taken up the matter for reimbursement of additional cost from the State Government so far (December 2013).

The Management while accepting the facts stated that additional expenditure will be claimed from the State Government after closure of the scheme and approval of final project cost by REC. The reply was not acceptable as the Company should have claimed the additional cost from the State Government in a phased manner on completion/commissioning of works instead of waiting till the closure of the scheme.

Non-reimbursement of loan and other charges

2.2.12 The REC released loan of ₹ 69.15 crore to the Company for implementation of projects under the scheme. As per tripartite agreement, the State Government had undertaken to repay the loan amount along with interest and other REC charges. The Company repaid loan of ₹ 0.71 crore along with interest of ₹ 31.58 crore and agency charges of ₹ 1.12 crore to REC up to November 2013; of which the Company had claimed (January 2013) interest of ₹ 25.42 crore and agency charges of ₹ 1.12 crore but the State Government had not reimbursed any amount to the Company so far (December 2013) thereby affecting the requirement of working capital of the Company.

Non submission of claims for reimbursement of taxes

2.2.13 The tripartite agreement provided that all statutory taxes/levies, whatsoever imposed/charged by any Government (Central/State) and/or any other local bodies/authorities on contractors for project(s) executed under the scheme shall also be eligible for reimbursement to the Company from REC as loan/ subsidy on production of documentary evidence and after obtaining necessary concurrence by the State Government. The contractors engaged for the works under the scheme were eligible for reimbursement of Value Added Tax (VAT), Works Contract Tax (WCT), and Service Tax (ST) *etc.* on production of documentary evidence. The Company paid VAT/WCT totaling ₹ 24.34 crore and ST of ₹ 13.11 crore to the contractors of 34 projects up to December 2013 but had not claimed the reimbursement of ₹ 37.45 crore till date (December 2013).

---

[50] Akola, Ahmednagar, Bhandara, Chandrapur, Kolhapur, Latur, Nandurbar, Nasik, Pune, Raigad, Ratnagiri, Sangli, Sindhudurg, Satara, Thane (Kalyan), Wardha and Yavatmal.

The Management/Government while accepting the fact stated that the claims would be preferred with the respective authorities after closure of contracts and reconciling the issues involved.

Project and contract management

2.2.14 The REC stipulated that all contracts under the scheme were to be awarded on turnkey basis and to be completed within a period of two years from the date of release of first instalment of financial assistance. The scope of work undertaken included construction/augmentation of sub-stations, construction of HT/LT lines, installation of DTs and release of free of cost connection to BPL RHHs. The target and achievement of rural electrification taken under the scheme during X and XI FYP (up to November 2013) were as under:

Sl. No.	Particulars	X FYP		XI FYP		Total	
		Target (freezed quantity)[51]	Actual	Target (freezed quantity)	Actual	Target (freezed quantity)	Actual
1	Construction of HT Lines (KM)	572	508	5,068	3,237	5,640	3,745
2	Construction of LT Lines (KM)	1,142	1,097	8,346	8,905	9,488	10,002
3	Installation of DTs (No.)	1,296	1,296	8,256	7,612	9,552	8,908
4	No of BPL connections released (in lakh)	2.09	2.09	9.94	9.95	12.03	12.04

Scrutiny of records indicated that four projects taken up during X FYP were completed by 31 March 2010 with delays ranging from seven to 12 months and 30 projects taken up during XI FYP were completed with delays ranging from six to 44 months (up to December 2012) and one project (additional project for Solapur) awarded in July 2012 was under progress (November 2013). Reasons for the delay was attributed by the Company to local problems such as delay in finalisation of location for erection of DTC, standing crops *etc*, shortage of energy meters and major material like HT/LT poles with manufacturers, poor response from BPL beneficiaries, hilly areas, difficulty in transportation of material *etc*. Though, the contracts were awarded on fixed rate basis, delay in completion of projects meant that the benefits of the scheme were belatedly passed on to the targeted beneficiaries.

[51] Freezed quantity represents the actual requirement noticed in survey during various stages of execution of work.

In this connection, the following observations were made in audit:

Extra expenditure due to injudicious decision to re-invite tender

2.2.15 The Company invited (April 2008) tender for rural electrification and releasing of BPL connections in Thane (Kalyan) Project area at an estimated cost of ₹ 17.84 crore computed on the basis of District Schedule of Rates (DSR) for 2006-07. The lowest bid of ₹ 21.94 crore received from SMS Infrastructure Limited, Nagpur was 22.95 *per cent* above the estimated cost put to tender. However, without evaluating the bid with reference to the latest DSR for 2008-09, the Chief Engineer (Distribution), Mumbai cancelled (June 2008) the tender and directed for fresh tendering on the plea that the lowest bid was on higher side.

The Company re-invited (July 2008) tender at an estimated cost ₹ 18.20 crore (original estimate of ₹ 17.84 crore with inclusion of additional items of ₹ 36 lakh) based on DSR for 2006-07. The lowest bid of ₹ 24.44 crore was received from Ramky Infrastructure Limited, Hyderabad which was 34.27 *per cent* above the estimated cost. The tender was approved (February 2009) on the ground that bid price was only 13.27 *per cent* above the estimated cost if the DSR of 2008-09 was considered and the contract was then accordingly awarded (March 2009) for ₹ 24.44 crore. We observed that the estimate for both the tenders were prepared based on DSR of 2006-07. The lowest offer against the first tender was only 1.95 *per cent* of the estimated cost if compared with DSR of 2008-09. Thus, incorrect evaluation of first tender resulted in additional expenditure of ₹ 2.02 crore (excluding value of ₹ 36 lakh for additional item included in the second tender).

The Management/Government stated that the tender was refloated to obtain reasonable and competitive rates in view of higher rates received for Thane Project as compared to rate received for another Circle (Vasai) in the same zone. However, the reply was not convincing as the Company did not have any parameter for rejection of tenders on the ground of higher cost.

Non-recovery of Labour Cess from the contractors

2.2.16 The Building and Other Construction Workers Welfare Cess Act, 1996 (Act) provided for collection of Labour Cess (LC) on the cost of construction incurred by the employer. As per Section 3 of the Act, cess shall be collected, at such rate not exceeding two *per cent* but not less than one *per cent* and paid to Building and Other Construction Workers Welfare Board (Board) to be constituted by the respective State Governments. The State Government, while constituting (August 2007) the Board, issued (April 2008) detailed instructions to all departments for the collection of cess at one *per cent* of cost of construction (excluding cost of land) retrospectively from 1 January 2008 and was to be paid to the Board within a period of 30 days from the date of collection.

We noticed that though there was no specific condition in the contract agreements for recovery of LC from the contractors engaged for RGGVY works, the contractors were bound by all labour laws and the Company was bound to recover the LC from the contractors. Based on payment of ₹ 554.58 crore made to contractors between April 2008 and November 2013, the LC to be recovered worked out to ₹ 5.55 crore which was not recovered by the Company. Thus, the statutory requirement for collection of LC and payment thereof to the Board was not complied with by the Company.

The Management/Government stated that as per the Act it was the responsibility of the employer *i.e.* contractors to pay LC to the State Government and not the Company. The reply was factually incorrect. As per the Act, the entity which bears the cost of construction is the "employer" and thus the Company which was the employer was responsible for recovery and remittance of LC.

Short payment of stamp duty

2.2.17 As per the Bombay Stamp Amendment Act, 2006, the stamp duty on agreements for works contracts up to ₹ 10 lakh was ₹ 100. The stamp duty for agreements exceeding ₹ 10 lakh was ₹ 100 *plus* ₹ 100 for every ₹ one lakh or part thereof above ₹ 10 lakh subject to a maximum of ₹ five lakh. The Company finalised (March 2008 to January 2010) contracts for 30 projects. As per tender condition, cost of stamp duties and similar charges imposed by the law was to be borne by the contractor.

We observed that all the contract agreements were executed on stamp paper of ₹ 100 each irrespective of the value of contract which ranged from ₹ 8.27 crore (Hingoli project) to ₹ 48.41 crore (Ahmednagar project). As per the Act, the total stamp duty payable by the contractors for 30 agreements worked out to ₹ 74.50 lakh as against ₹ 3,000 paid by the contractors. Thus, violation of the provisions of the Act resulted in loss of revenue of ₹ 74.47 lakh to the State Exchequer and undue benefit to contractors to that extent.

The Company while accepting this fact stated (April 2013) that action has been taken to execute new agreements on stamp paper as prescribed under the Stamp Duty Act.

Revenue sustainability

2.2.18 We observed that there were delays in issuing of first bills to consumers. Considering initial period of two months for processing of bills, there were delays for more than one year to three years in issuing first bills in the ten selected projects. The delay in issue of first bills had an adverse impact on the paying capacity of BPL consumers. It was observed from the latest data of 17 Districts **(Annexure-11)** that there were 34,339 permanently disconnected BPL consumers from whom ₹ 8.48 crore were recoverable by November 2013. Further, there were also arrears of ₹ 11.40 crore recoverable from 2.55 lakh live BPL consumers from these 17 Districts. Thus, as against the total dues of ₹ 19.88 crore, the security deposit available with the Company was only ₹ 0.43 crore leaving shortfall of ₹ 19.45 crore **(Annexure-11).** As per the tripartite agreement, the State Government was required to fulfill its commitment regarding revenue sustainability and payment of subsidy for making the scheme financially viable. However, the Company had neither submitted proposal for suitable decision by the State Government nor had the State Government formulated a policy for disconnections, revenue sustainability and/or payment of subsidy to make the scheme financially viable.

The Management/Government while accepting the facts stated that action was initiated against the defaulters for late submission of New Service Connection reports and corrective measures would be taken to issue first bills in time. However, the Company/State Government was silent on the payment of subsidy to ensure viability of the scheme.

Franchisees not appointed

2.2.19 As per the condition of tripartite agreement, rural distribution system was to be managed through deployment of franchisees like Non Government Organisations (NGOs), users' associations, co-operatives or individual entrepreneurs in rural areas to ensure sustainability and improve services to consumers. State Government also committed that they will ensure determination of bulk supply tariff for franchisees in a manner that ensures their commercial viability.

The Management/Government stated that franchisees were not appointed as it was not commercially viable. The Company stated that the issue has been taken up with the Government and detailed guidelines in this regard were awaited (November 2013).

The non-fulfillment of the terms of agreement provided in the tripartite agreement regarding deployment of franchisees may lead to conversion of capital subsidy into interest bearing loans.

Failure of DTs within Guarantee Period (GP)

2.2.20 As per terms of contract awarded under the scheme, performance of equipment such as DTs, meters *etc.* was guaranteed for a period of five years. The contractor was liable to replace/correct defects noticed during Guarantee Period (GP) free of cost within 14 days from the date of notice failing which DTs may be repaired from outside agencies at the risk and cost of contractors. Test check of Kalyan (Thane) Project revealed that time taken by contractor for replacement of 40 transformers ranged from two to 22 months from the date of failure. The Management had not analysed the reasons for delay on the part of the field offices and contractors. As a result, the Company had to install the transformers from its own stock leading to blockage of Company's funds. Audit further observed that transformer failure rate in the Kalyan Project area was 32 *per cent*, which was higher as compared to failure rate in other project areas. The reasons for such abnormal failure rate were also not analysed by the Company. Thus, the quality of the DTs supplied by the contractor in the Thane (Kalyan) project area was sub-standard.

The Management/Government stated that all the transformers failed within GP have been repaired/replaced by the contractors before expiry of GP. The reply was not convincing as the Company should have got DTs repaired within the time prescribed in the tender for repairs/replacement instead of period of guarantee.

Monitoring

2.2.21 NREP and SREP provided that State Governments should set up committee at District level pursuant to section 166(5) of the Electricity Act, 2003 within three months from the date of issue of notification by GoI. The Committees were to co-ordinate and review the status of electrification in the districts. However, State Government set up such committees at State[52] and District[53] level only in December 2009 after a delay of 37 months.

However, we observed that only one meeting at State level was conducted in August 2010 and 39 meetings at District level during December 2009 to May 2012. We further observed that not a single District level meeting was held in 17 Districts while only one meeting each was conducted in 12 Districts. These committees were thus ineffective.

2.2.22 The NREP and SREP envisaged that the data on un-electrified villages/RHHs be obtained on annual basis from Gram Panchayat/Village Council to ascertain the progress of electrification of the village. However, no such records were being maintained by Gram Panchayats in the State. Thus, village wise status of electrification could not be ascertained.

2.2.23 There was an Internal Grievance Redressal Cell at Circle Level for addressing grievances of all consumers. Test check of 10 projects revealed that none of the circle offices had maintained separate records for complaints related to RGGVY indicating date of complaint, name of complainant, nature of complaint and date of redressal of complaints. Such records were also not maintained in the Head Office.

The Management/Government while accepting the fact stated that instructions have been given to concerned field offices for maintaining separate register for complaints under RGGVY scheme.

2.2.24 The overall performance of the scheme was reviewed by the Managing Director through Monthly Review Meetings. However, the same was not reported to BoD for evaluation.

The Management/Government stated that the progress/performance of work was reviewed by the Managing Director as per the prevailing practice of the Company.

---

[52] The State Level Co-ordination Committee comprised of the Chief Secretary (GoM), Additional Chief Secretary (Revenue), Principal Secretary (Rural Development), Principal Secretary (Planning), Secretary (Energy), Managing Director (MSETCL) and Managing Director of the Company.

[53] The District Committee comprised of the Guardian Minister as Chairperson, District Collector, MP, MLA/MLC, Zilla Parishad President, and Representatives of consumers, Women Representatives as members and Superintending Engineer of concerned O&M Circle of the Company as Member Secretary.

2.2.25 The Company targeted electrification of 7.34 lakh other than BPL RHHs under the scheme. However, actual electrification against this target was not monitored by the Company.

Impact assessment

Beneficiary survey

2.2.26 The beneficiary survey of 130 villages selected from 10 projects was conducted by Audit during July to December 2012. Out of total 3,911 beneficiaries, 1,159 beneficiaries (30 *per cent*) were surveyed/interviewed on one to one basis. The survey was also conducted among 170 Sarpanchs, Ex-member of Gram Panchayats, School teachers, Gram Sevaks, Aanganwadi Sevikas *etc* (referred as village public authorities) from these villages. The outcome of the survey was as under:

Awareness of the scheme

2.2.27 The Scheme envisaged for conducting awareness programme by the State Governments/Company among the public so that they could understand the benefits under the scheme. Out of 1,159 beneficiaries surveyed, 813 beneficiaries (70 *per cent*) said that they were not aware of the scheme. The survey of 115 village public authorities indicated that 76 (66 *per cent*) were not aware of the scheme. This clearly indicated that the scheme was not given wide publicity to create awareness among beneficiaries.

The Management/Government stated that wide publicity was given by publishing notice in local news papers and displaying posters and pamphlets.

Unauthorised collection of money from beneficiaries

2.2.28 The Company collected ₹ 15 per connection as security deposit for releasing free of cost connections to the BPL RHHs. The survey indicated that 228 beneficiaries over and above the authorised amount of ₹ 15 paid additional amounts ranging from ₹ 30 to ₹ 3,985 per connection and aggregating to ₹ 1.20 lakh. Action taken, if any, by the Company against the responsible officials was awaited (December 2013).

The Management/Government stated that no such discrepancies were pointed out by three tier monitoring agencies. The Government may like to inquire into this matter.

Supply of CFL

2.2.29 The scheme provided supply of one CFL bulb free of cost to each BPL household at the time of releasing connection. The survey indicated that 347 beneficiaries were not provided with CFL. Further, 68 beneficiaries stated that CFL bulbs provided worked up to six months.

The Management/Government stated that no such complaints were received from beneficiaries.

Supply of electricity

2.2.30 As per the scheme, electricity supply was to be guaranteed for a minimum period of six to eight hours in a day. Majority of beneficiaries stated that electricity supply was more than eight hours. However, 26 Sarpanch reported that the DTs installed in their villages burnt frequently mainly due to heavy load, rain, thundering and oil leakage. Twenty eight beneficiaries complained that there was frequent failure of meters.

The Management/Government stated that there were no complaints for failure of DTs due to overloading. Moreover, such discrepancies were also not noticed by three tier monitoring agencies.

Facility for payment of bill

2.2.31 During the survey, 125 beneficiaries stated that they had not received the first bill for their connections so far (October 2012). In regard to the facilities for timely payment of bills, 42 Sarpanch stated that the bill collection centers should be in their villages. This indicated that there was a scope to improve the billing system and to make suitable arrangements for distribution and collection of electricity bills.

The Management/Government stated that the collection centres were available within eight kilometres of every village.

Free of cost connections to ineligible beneficiaries

2.2.32 The survey indicated that 53 beneficiaries from five projects[54] were provided free of cost connections on the basis of their names in Gram Panchayat list though they were in possession of Above Poverty Line (APL) Ration Cards.

The Management/Government stated that their names were in the list of BPL. However, these 53 beneficiaries were APL card holders. The Government may like to inquire into this matter.

Acknowledgement

2.2.33 Audit acknowledges the co-operation and assistance extended by different levels of management at various stages of conducting the performance audit. It also acknowledges the enthusiasm with which the Beneficiaries and other village authorities have participated in the survey and expressed their views on the issues related to the Scheme that helped the audit to come out with an appropriate report.

[54] Ahmednagar, Nasik, Sangli, Sindhudurg and Thane (Kalyan).

Conclusion

- The objectives of the scheme for overall rural electrification were not fully achieved. The DPRs prepared by the Company mainly focussed on electrification of BPL RHHs rather than overall rural electrification. As a result, potential financial assistance of ₹ 720.50 crore was lost.

- The State Government did not plan electrification of 351 villages from Ahmednagar and Thane districts which were served by distribution licensees other than the Company.

- The Company was facing problems in recovery of electricity bills and ₹ 19.88 crore was outstanding from 2.89 lakh BPL RHHs in 17 Districts. The State Government did not formulate any policy to make the scheme financially viable and ensure revenue sustainability as per commitment given in tripartite agreement.

- As per the tripartite agreement, the State Government had not reimbursed ₹ 26.54 crore towards repayment of loan with interest and agency charges paid by the Company to REC. Further, the Company has not preferred claim for reimbursement of taxes/duties of ₹ 37.45 crore.

- Labour cess of ₹ 5.55 crore was not recovered from contractors.

- The beneficiary survey conducted by audit indicated lack of awareness of the scheme, release of connections to ineligible beneficiaries, non-supply of CFL, unauthorised collection of money, delay in issue of bills and distantly located collection centres.

Recommendations

The Company has been facing problem in recovery of energy bills from BPL households. The State Government may therefore fulfil its commitment for payment of subsidy to ensure revenue sustainability. Further, the State Government may reimburse the loans and interest amounts paid by the Company to the REC. The Company may take steps to prefer the claims for reimbursement of taxes/duties initially paid by it.

Chapter III

Performance Audit of Statutory Corporation

Chapter III

3 Performance Audit of Statutory corporation

3.1 Maharashtra Industrial Development Corporation

Executive Summary

Introduction

Maharashtra Industrial Development Corporation (Corporation) was established in 1962 under the Maharashtra Industrial Development Act, 1961 (MID Act) with the main objective of securing and assisting in the rapid and orderly establishment and organisation of industries in industrial areas in the State. The main function of the Corporation is development of industrial areas by creating infrastructure and allotment of plots/sheds and providing water supply and other facilities to industrial units. Performance Audit of the Corporation was conducted by covering period of five years ended 31 March 2013.

As on 31 March 2013, there were 282 industrial areas/estates located in developed and developing parts of the State. The Corporation allotted 31,235 Hectare (Ha) of land (58,660 plots) to industrial units by March 2013. The area remained to be acquired was 52,428 Ha at the end of 2012-13 of which 20,589 Ha was pending for more than five years. The Corporation paid compensation to Special Land Acquisition Officer (SLAOs)/Sub-Divisional Officer (SDO) for the land which was not completely handed over to the Corporation. The Corporation had however, not reconciled accounts with SLAOs/SDO. As a result, sizeable amount remained with SLAOs.

Imbalanced development

The objective of State Industrial Policy emphasising balanced development was not yet achieved. The investment by entrepreneurs in Western Maharashtra Region was 70 per cent of total investment of ₹1,90,971 crore up to 2012-13 followed by 13 per cent in Konkan Region. The lowest investment was in Marathwada Region at two per cent followed by six and nine per cent in Vidharbha and Khandesh Regions respectively. The Konkan Region had not generated any additional employment during the period under review.

Allotment of land

The Corporation revised lease premium from time to time. Allotments of land in 47 cases (Mahape, Nasik and Pune) were however, made after revision of rates by recovering premium at pre-revised rates. As a result, there was short recovery of lease premium by ₹ 16.66 crore. The Corporation allotted two plots in Pimpri-Chinchwad Industrial area for the purpose of automobile repair and servicing at industrial rate though the activity was of commercial nature which resulted in short recovery of lease premium of ₹13.02 crore.

Subletting of plots

The Corporation recovered subletting charges at the rate for industrial use though the plots were sublet for commercial activity resulting in short recovery of subletting charges by ₹ 2.47 crore. The Corporation waived yearly subletting charges of ₹ 7.69 crore exclusively for Reliance Corporate Information Technology Park Limited, Navi Mumbai.

Allotment of land for residential use

The Corporation allotted 56 Ha of land to SPV for development of Integrated Township at Hinjewadi, Pune. The condition for sale of flats exclusively to persons working in IT/Bio Tech parks was waived and SPV was allowed to sell flats in the open market. The differential lease premium of ₹ 27.72 crore for use of land *for commercial purpose was recoverable. However, the Corporation had not recovered any such differential lease premium so far.*

Utilisation of land

Section 42A of MID Act, contemplated that the State Government may obtain report on utilisation of plots and if satisfied that plot holders had not utilised the Floor Space Index (FSI) available and unutilised portion was capable of sub-division, may accommodate other industries. However, such exercise was not taken at any point of time so far. Test check of 88 lessees (above 10,000 square metre) from seven industrial area indicated that utilisation of FSI was 10.07 per cent of total permissible FSI.

Recovery of service charges

The data in Water Billing System (WBS) did not match with data of Land Management System (LMS) and Service Charges (SC) of ₹4.96 crore remained un-recovered. The Corporation had not ensured as to whether post tender Central subsidy of ₹ 74.92 crore for Common Hazardous Waste Treatment Storage and Disposal Facilities at Ranjangaon, Pune and Butibori, Nagpur was passed on to the end users by way of reduction in processing charge.

Internal control and Monitoring system

The Corporation had not prescribed periodical returns to be submitted by ROs regarding total number of plots allotted, number of Building Completion Certificates (BCCs) due, and number of BCCs actually issued. The data base in LMS and WBS was incomplete, inaccurate and not matching with each other.

Recommendations

Audit has made seven recommendations which included minimising imbalance in industrial development, reconciling accounts with SLAOs, avoiding delay in issue of offer letters for allotment of land and finalisation of tenders, improving the surveillance on utilisation of plots to ensure recovery of subletting charges and transfer fee, recovery of differential lease premium for commercial use and submitting periodical return by ROs on important developmental activities.

Introduction

3.1.1 Maharashtra Industrial Development Corporation (Corporation) was established in 1962 under the Maharashtra Industrial Development Act, 1961 (Act) with the main objective of securing and assisting in the rapid and orderly establishment and organisation of industries in industrial areas and industrial estates in the State of Maharashtra. The main function of the Corporation was development of industrial areas by creating infrastructure in the land acquired and entrusted to it by the Government of Maharashtra (GoM), allotment of plots/sheds, maintenance of industrial areas and providing water supply as well as other facilities to industrial units. The Corporation has been declared as Special Planning Authority by GoM for the industrial areas.

The GoM acquired 64,062 Hectare (Ha) of land up to March 2013 and handed over to the Corporation for industrial development. The Corporation developed 282 industrial areas/estates of which 35 were located in developed and 247 in developing parts of the State as on 31 March 2013. The Corporation allotted 31,235 Ha (58,660 plots) by March 2013.The Corporation developed its own water supply schemes for supply of water to industrial estates/areas.

Organisational set up

3.1.2 The Corporation was constituted under Section 3 of the Act. The Board comprises of 15 members including the Minister for Industries as *ex-officio* Chairman, the Minister of the State for Industries as *ex-officio* Vice Chairman and the Chief Executive Officer (CEO) of the Corporation. The day-to-day operations are looked after by CEO who is assisted by Joint CEO, Deputy CEOs, Chief Planner, Chief Engineer and Chief Accounts Officer (CAO). As of March 2013, the Corporation had 16 Regional Offices (ROs) in the State dealing with land and 28 Division Offices (DOs) dealing with developmental works and maintenance of Industrial Areas/Estates including recovery of service and water charges from the industries established therein.

The operational performance of the Corporation in Mumbai and Pune Metropolitan Regions was reviewed and included in the Report of the Comptroller and Auditor General of India (Commercial), GoM for the year ended 31 March 2001. The Committee on Public Undertakings (COPU) discussed the Report in September 2003 and recommended action on unutilised land, unsold leather and hosiery complex at Ambernath, Thane and recovery of arrears of water charges in its 12th Report dated 16 December 2003. The Action Taken Report submitted by the GoM was also discussed in August 2005.

Scope and Methodology of Audit

3.1.3 The performance audit conducted during March to August 2013 covered the overall performance of the Corporation during 2008-09 to 2012-13. Audit scrutiny covered various aspects such as planning, land acquisition, development and allotment of plots/sheds, maintenance of Industrial areas/estates, monitoring the utilisation of plots for intended purpose, management of funds, supply of water to industrial areas, billing and recovery of service/water charges *etc.* from industrial units.

Selection of six[55] ROs (38 *per cent*) for detailed audit was made by selecting two from developed and three from developing areas on the basis of the highest revenue and one RO having the lowest revenue from the developing area. The selection of nine[56] DOs (32 *per cent*) was made on the basis of the highest expenditure.

The audit methodology adopted for attaining the objectives involved explaining audit objectives to the top management during an Entry Conference, discussion with officials of the Corporation, analysis of data with reference to audit criteria, issue of audit enquires and draft Performance Audit Report to the Management/Government for their comments.

[55] Kolhapur, Mahape, Nagpur, Nanded, Nasik and Pune-I.

[56] E&M Divisions:-Ambernath, Nagpur and Pune, Civil Divisions:-Dombivali, Kolhapur, Nagpur, Nanded, Nasik and Project Division:-Pune.

Audit objectives

3.1.4 The audit objectives were to ascertain whether:

- There was rapid, orderly and balanced industrial growth in the State in line with MID Act and State Industrial Policy (SIP);
- The land acquisition was made as per laid down procedure, engineering operations for creating infrastructure facilities were taken up in line with the development plans and carried out economically, effectively and efficiently;
- There existed a pricing policy for plots and sheds;
- Land was utilised for the intended purpose, unutilised land was repossessed and transfer/subletting of allotted land was within the rules/regulations;
- Demand for the services charges/water charges was timely raised and recovered; and
- Proper management information/internal control system was in existence.

Audit criteria

3.1.5 The performance of the Corporation was evaluated against the audit criteria flowing from following documents:

- The MID Act, 1961, State Industrial Policy, Development Control Rules (DCR), Plan documents, Land Disposal Regulations and other specific directives issued by GoM;
- Agenda notes, Board Resolutions, delegation of powers and circulars issued by the Corporation;
- Annual Budgets, Financial Accounts, Annual Reports, Management Information System (MIS) reports and returns submitted or published by the Corporation;
- Pricing of plots, terms and conditions for allotment, transfer and subletting of plots; and
- Tender/bidding documents, works contracts, District Schedule of Rates (DSR) and Public Works Manual of GoM.

Audit findings

3.1.6 We discussed the audit objectives with the Corporation during an Entry Conference held on 15 March 2013. The draft Performance Audit Report was issued to the Management/GoM on 6 September 2013. The audit findings were also discussed in an Exit Conference held on 18 November 2013 which was attended by the Principal Secretary (Industries), GoM and CEO of the Corporation. The management replied to the audit findings on 20 November 2013. The views expressed by the Management and the Government in the meeting/replies have been considered while finalising the Performance Audit Report. The audit findings are discussed below:

Planning

3.1.7 The GoM formulated (2006) its SIP with an objective of higher and sustainable economic growth with an emphasis on balanced regional development and employment generation. A target of achieving 10 *per cent* industrial sector growth annually and additional employment generation of 20 lakh by 2010 was fixed in the SIP. In conformity with the aforesaid objectives, it was required that the targets in quantitative and financial terms were set and monitored through a Long Term Plan (LTP) document with provisions for modifications to deal with the dynamic nature of the situations emerging in industrial sector. Audit, however, observed that the Corporation had not prepared LTP to implement its objectives.

The Management in the exit conference (November 2013) stated that Ernst & Young was appointed as consultants to assist in developing a vision plan for revenue enhancement and building land bank for the Corporation. The consultants submitted (May 2013) their Report suggesting the vision plan for ten years from 2013-14.

Operational performance

Industrial development

3.1.8 The GoM acquired 64,062 Ha of land up to March 2013 and handed over to the Corporation for development of Industrial Areas/Estates. The Compensation of land was assessed on the basis of valuation/negotiation and deposited the same by the Corporation with respective Special Land Acquisition Officers (SLAOs)/Sub-Divisional Officers (SDOs) for onward payment to land owners. The region wise details of land acquired, available for allotment, land allotted, investment made by entrepreneurs and employment generated during the five years ended March 2013 and cumulative achievement since inception till March 2013 were as under:

(Area in Ha)

Sl. No.	Particulars	Region					
		Western Maharashtra	**Konkan**	**Vidarbha**	**Marathwada**	**Khandesh**	**Total**
1.	Area acquired - During 2008-13	6,665	56	2,331	788	--	**9,346**[57]
	Cumulative up to March 2013	18,261	12,634	17,019	8,514	7,634	**64,062**
2.	Total area available for allotment - During 2008-13	1,662	489	5,331	1,032	1,003	**9,517**
	Cumulative up to March 2013	7,895	8,662	9,963	5,375	4,088	**35,983**
3.	Area allotted - During 2008-13	988	656	3,933	862	745	**7,184**
	Cumulative up to March 2013	6,805	8,095	8,036	4,771	3,528	**31,235**
4.	Balance area available for allotment as on 31 March 2013	1,090	567	1,927	604	560	**4,748**
5.	Investment by industrial units - During 2008-13 (₹ in crore)	1,22,543	11,019	3,663	2,620	14,101	**1,53,946**
	Cumulative up to March 2013	1,34,632	24,210	11,975	3,877	16,277	**1,90,971**
6.	Employment generated - During 2008-13 (In number)	1,05,667	--	8,207	13,610	21,777	**1,49,261**
	Cumulative up to March 2013	3,74,199	3,36,923	92,339	64,243	70,933	**9,38,637**
7.	Number of Industrial areas/estates - Developed parts	22	13	0	0	0	**35**
	- Developing parts	46	26	94	51	30	**247**
	-Total	**68**	**39**	**94**	**51**	**30**	**282**

(Source: Economic Survey of the State and information furnished by Corporation)

As per DCR approved by the State Government, the Corporation is required to reserve an area of 10 *per cent* as open space and five *per cent* for amenities. Besides, land required for infrastructure such as road, drainages, HT corridors, Hill area, water bodies *etc.* is also excluded from allottable area. Thus, the area available for allotment worked out to 64[58] *per cent* of the total area.

Analysis of cumulative position revealed the following:

- The investment by entrepreneurs in Western Maharashtra Region (WMR) was 70 *per cent* of total investment of ₹ 1,90,971 crore in the State up to 2012-13 followed by 13 *per cent* in Konkan Region (KR). The lowest

[57] 494 Ha de-notified.

[58] Total cumulative area available for allotment 35,983 Ha plus 5,060 Ha to be carved out divided by total area 64,062 Ha x 100.

investment was in Marathwada Region (MR) at two *per cent* followed by six and nine *per cent* in Vidharbha and Khandesh Regions (V&KR) respectively. Thus, the industrial development in the State was not balanced.

- The industrial development was not balanced even within the region. Out of total investment in WMR up to March 2013, investment of ₹ 1,12,676 crore (84 *per cent*) was in Pune District alone. Similarly, the investment in Thane District was 67 *per cent* of total investment of ₹ 24,210 crore in KR.

Further, analysis of industrial development during the five years ended March 2013 revealed the following:

- Out of total land acquisition of 9,346 Ha in the State, the maximum acquisition (71 *per cent*) was in the WMR and there was no acquisition in KR.

- The WMR had the highest investment of ₹ 1,22,543 crore (80 *per cent*) whereas the investment in MR was only ₹ 2,620 crore (two *per cent*) of the total investment.

- KR had not generated any additional employment during the period under review. Instead, there was reduction in employment from 3,68,270 persons at the end of March 2008 to 3,36,923 persons at the end of March 2013. The Corporation had neither maintained the data of industries closed and analysed the reasons for their closure nor had they taken corrective measures to minimise the imbalance in development.

The Principal Secretary/CEO explained during Exit Conference that the Corporation developed industrial estates and provided facilities for industrial development in all parts of the State. The State Government also provided different incentives based on classification of Talukas in A, B, C and D category and Naxalite prone and low Human Development Index (HDI) districts. It was also stated that investment decisions were taken independently by entrepreneurs based on various considerations and the Corporation had no role in their decision.

Acquisition of land

3.1.9 The GoM acquires land and entrusts the same to the Corporation for development of industrial area and subsequent allotment of plots to entrepreneurs. The details of area planned for acquisition after issue of notification, area actually acquired during five yeas up to 2012-13 and the area yet to be acquired as of March 2013 were as follows:

(In hectares)

Year	Area planned but acquisition pending at the beginning of the year	Additional area planned for acquisition during the year	Total area to be acquired	Area acquired during the year	Remaining area to be acquired at the end of year
2008-09	30,127	1,175	**31,302**	992	**30,310**
2009-10	30,310	5,711	**36,021**	--	**36,021**
2010-11	36,021	6,638	**42,659**	939	**41,720**
2011-12	41,720	5,258	**46,978**	3,141	**43,837**
2012-13	43,837	12,865	**56,702**	4,274	**52,428**
Total		**31,647**		**9,346**	

The land for industrial purpose is acquired by the State Government by issuing notification. Thereafter the area is measured and compensation for the same is finalised by the State Government. The Corporation has to deposit the amount of compensation for the area to be acquired with the respective SLAOs/SDOs. As seen from the above table, the area remained to be acquired increased from 30,310 Ha at the end of 2008-09 to 52,428 Ha at the end of 2012-13 out of which 20,589 Ha was pending acquisition for more than five years. The Corporation had however, not evolved a system to reconcile the amount paid with the amount due to be paid for the area actually handed over to the Corporation and to recover excess amount from the respective SLAOs/SDOs as seen from the following instances:

- Scrutiny of records at Pune and Nagpur ROs revealed that the Corporation paid (1984 to 1999) compensation of ₹ 1,051.47 crore for acquisition of land admeasuring 11,020.68 Ha at 22 locations. Out of the total area, the possession of land admeasuring 569.25 Ha had not been taken over so far (December 2013). After payment of compensation of ₹ 990.09 crore to the land owners, the remaining amount of ₹ 61.38 crore was lying with SLAOs/SDOs till date (December 2013).

- The Corporation paid ₹ 62.01 crore to SLAO, Nasik during 2002 to 2007 for acquisition of land admeasuring 1,505.70 Ha at Gulvanch and Musalgaon villages in Nasik district out of which, 139.86 Ha was de-notified in July 2009. The proportionate payment of ₹ 5.76 crore made for the de-notified area was not claimed by the Corporation from SLAO Nasik till date (December 2013). Similarly, the Corporation paid ₹ 1.24 crore in 1994 for acquisition of land admeasuring 154.90 Ha in Gadhinglaj, Kolhapur. Subsequently, 22.57 Ha was de-notified during 1994 to 2000. The proportionate amount of ₹ 18.06 lakh for de-notified area was not claimed from the SDO, Gadhinglaj, Kolhapur (December 2013).

- GoM notified (1988/2005) an area of 832.87 Ha in two industrial areas (Baramati and Ranjangaon Phase-II) and the Corporation received (Baramati September 1989/Ranjangaon Phase-II December 2006) the possession of 815.85 Ha. The Corporation had not taken over possession of the balance area of 17.02 Ha nor the refund of ₹ 0.98 crore[59] from the respective SLAOs so far (December 2013).

The Management stated (November 2013) that there was increased resistance from farmers since 2008-09 against the acquisition process. The Corporation therefore, had taken a policy decision to delete area of cash crops, irrigated land and the land under building and habitations. The Management further stated that detailed reconciliation programme with SLAOs would be undertaken.

Development of infrastructure

3.1.10 The Corporation executes various infrastructure works such as roads, water supply, effluent treatment plants *etc.* The Corporation executed total 76 high value contracts of ₹ 442.20 crore (valuing more than ₹ one crore each) for infrastructural works during 2008-13 in nine DOs selected for detailed audit. Of these, 37 contracts valuing ₹ 168.29 crore were reviewed. The following discrepancies were noticed:

Delay in finalisation of tenders

3.1.11 The works were executed through contractors selected by inviting tenders. The tenders were to be finalised within the validity period of 180 days. However, we noticed that there was delay ranging from one to 23 months in finalisation of 11 tenders during November 2008 to March 2012 for various works estimated at ₹ 97 crore. The delay was attributed to pendency at different levels of management. As the terms of contracts provided payment of escalation, the delay led to cost and time overruns.

[59] Baramati-9.17 Ha = ₹ 0.04 crore and Ranjangaon Phase-II-7.85 Ha = ₹ 0.94 crore.

In another three cases, the Corporation invited tenders in April 2007, February 2008 and March 2010 for infrastructural works in Industrial area as detailed below:

(₹ in crore)

Name of Division	Name of the work	Original tender date	Re-tender date	Lowest offer in original tender	Lowest offer received in re-tender and accepted	Difference
E&M Division, Pune	Providing, erecting and commissioning of 22 KV Express Feeder from 220/22 KV sub-station up to Jackwell at Shindodi	February 2008	October 2008	3.29	3.45	0.16
Civil Division, Kolhapur	Construction of Jackwell and allied works	March 2010	January 2011	7.02	7.44	0.42
	Providing of infrastructural facilities in new layouts, Phase -II	April 2007	January 2009	11.87	13.73	1.86
Total				**22.18**	**24.62**	**2.44**

The Corporation did not finalise the tenders within the validity period of 180 days and the contractors also did not extend the validity period. As a result, the tenders were re-invited (October 2008/January 2011) and the lowest cost of ₹ 24.62 crore quoted for three works were comparatively higher than the cost of ₹ 22.18 crore quoted against earlier tenders which not only resulted in avoidable extra expenditure of ₹ 2.44 crore but also delay in providing infrastructural facilities to industries.

Cancellation of tenders

3.1.12 The Corporation invited (November 2011) two tenders one for replacement of existing 450 mm diameter drainage disposal system with 500 mm diameter High Density Poly Ethylene (HDPE) pipeline at Ambarnath and another for providing, laying and joining 710 mm diameter HDPE main from Common Effluent Treatment Plant (CETP) phase-I, Dombivali industrial area to Thakurli Railway bridge. The Corporation received the lowest offer of ₹ 6.01 crore at 4.32 *per cent* below the estimated cost of ₹ 6.29 crore for work at Ambarnath and ₹ 6.11 crore at 8.10 *per cent* above the estimated cost of ₹ 5.65 crore for work at Dombivali. Both the tenders were cancelled in

August 2012 based on the allegation by one of the tenderers that the envelopes containing the financial bids were tampered and demanded forensic investigation although this tenderer was present at this financial bid opening and had not raised any objection at this stage. Though this allegation was rejected by the competent authority, the Corporation re-invited the tenders in August and December 2012 for both the works and the rates received were 20.80 and 33.30 *per cent* above the estimated costs. These two works at Ambernath and Dombivali were awarded (December 2012 /July 2013) to VUB Engineering Private Limited, Mumbai for ₹ 7.60 crore and SMC Infrastructure Private Limited, Thane for ₹ 7.53 crore respectively. Re-tendering of two works thus resulted in excess expenditure of ₹ 3 crore.[60]

The Management stated (November 2013) that if such after thought complaints are entertained then everybody might start levelling similar allegations and set bad precedence. Despite this the Corporation cancelled the original tenders and the re-tendering process led to increase in cost of these two works by ₹ 3 crore.

In another tender for replacement of water supply lines from Navada to Taloja ESR under Dombivali division, the lowest offer of ₹ 5.72 crore received in January 2008 was rejected (May 2008) stating that the offer was on the higher side *i.e.* 42 *per cent* above the estimated cost based on DSR for 2006-07. On re-tendering (January 2009), the lowest offer of ₹ 6.73 crore was finalised at 67 *per cent* above the estimated cost based on DSR 2006-07. The Corporation however, accepted the offer stating that the same was comparable with the DSR for 2008-09. This action was not correct as the subsequent tender was higher by ₹ 1.01 crore when compared to the same base DSR of 2006-07. Thus, due to cancellation of tender, the Corporation had not only incurred extra expenditure but delayed in awarding the work by 12 months. The Corporation should prescribe criteria for cancellation of tenders to ensure transparency.

Irregular payment

3.1.13 The work order for construction of KT Weir at Nevali on Bav river in Ratnagiri was issued in October 2008 to S.N. Thakkar Construction Private Limited (SNTCPL), Mumbai for ₹ 10.49 crore which was 24.67 *per cent* above the estimated cost. The tender provided for use of cement-concrete of M-15 grade at ₹ 4,100/M^3 based on DSR 2007-08. The work order was issued (October 2008) for execution of item with M-15 grade concrete. Subsequently, as suggested (November 2008) by Central Design Organisation (CDO), Nasik the CE proposed the change (March 2009) in grade of concrete from M-15 to M-20. The corresponding rate for M-20 grade was ₹ 4,600 M^3 as per DSR 2007-08. As such, the rate for M-20 grade concrete should have been regulated at ₹ 5,735/M^3 (4,600 *plus* 24.67 *per cent* above the estimated cost) against ₹ 6,727.50/M^3 paid by the Corporation. Thus, there was irregular

[60]Difference of two contracts-₹ 3 crore (re-tendered cost - ₹ 15.12 crore (-) cancelled tender cost ₹ 12.12 crore.

payment of ₹ 68.34 lakh (₹ 6,727.50 *less* ₹ 5,735/M^3 x quantity executed 6,885.378/M^3) to the contractor.

The Management stated during exit conference that the change was made as per suggestion of CDO. The reply is not correct as the Corporation should have taken the estimated cost of M-20 grade as per DSR for 2007-08 and added the quoted percentage over and above the estimated cost of the work.

Encroachment of land

3.1.14 The land in possession of the Corporation needs to be protected at different stages of development and allotment. In spite of the vast land resource under the control of the Corporation, it does not have a comprehensive protection mechanism in place to demarcate existing boundaries, identify unauthorised occupancy and remove encroachments speedily particularly in Urban areas. As of March 2013, 201.69 Ha of land in the industrial areas valuing ₹ 1,657.64 crore was encroached upon.

In one case, it was noticed that the Corporation invited tender in March 2006 for leasing of two plots (6/1 and 6/2) admeasuring 4,864 square metre each at Thane Trans Creek (TTC) Industrial area, Mahape. However, the plots could not be allotted as it was un-authorisedly occupied by Govardhan Construction Company since 1999. The total area occupied illegally by this company was 9,728 square metre. Therefore, alternate plots were allotted to the bidders. Further, the Corporation has not taken effective steps to evict the encroacher and dispose of the land valuing ₹ 56.33 crore[61] based on market rates for land in the area.

The Management stated during exit conference that final decision in this regard is yet to be taken.

Irregular reimbursement of royalty charges

3.1.15 Two contracts, one for development of fire station complex with all facilities with resurfacing and another for providing asphaltic treatment to roads in Additional Murbad industrial area (estimated cost ₹ 2.45 crore and ₹ 1.85 crore) were awarded to R.B. Sukhramani, Thane and Sourabh Construction, Murbad (August 2009) respectively. As per tender conditions, the Contractor was to produce royalty challan in original issued by the competent authority indicating the quarry from which the rubble/metal/murum was brought. The verification of records by audit at Tahasildar and Sub-Treasury Officer (STO), Murbad revealed that the payment against royalty challans of ₹ 9.20 lakh submitted (July and November 2011) by the Contractors (R. B. Sukhranmani ₹ 2.01 lakh and Sourabh Construction ₹ 7.19 lakh) was not reflected in the records of STO, Murbad. The Corporation however, reimbursed the royalty charges on the basis of photocopies of challans submitted by Contractors. Though, the fact was

[61]Plot 6/1 and 6/2-₹ 36,000 per square metre x 4,864 square metre *plus* plot No.6 - ₹ 79,800 per square metre x 4,864 square metre = ₹ 56.33 crore.

brought to the notice of the Corporation by audit (January 2012), matter was not taken up with respective revenue authorities for further investigation so far (November 2013).

The Management stated (November 2013) that the payment, if not received in the Treasury, would be adjusted from the security deposit available with the Corporation. The Corporation has also taken policy decision to recover charges at source and remit the same to Treasury. The Corporation has, however, not taken up the matter with the Revenue authorities (November 2013).

Allotment of land

3.1.16 The lay out of land is prepared by allocating area for industrial and supporting activities including amenities as prescribed in the DCR, as amended from time to time. The maximum area to be allotted for industrial activity was 80 *per cent* and the balance 20 *per cent* for supporting activities, *viz.*, commercial, amenity, open space *etc.*

3.1.17 The position of industrial plots carved out and allotted during five years ending March 2013 was as follows:

Cumulative position up to	Plots carved out		Plots allotted		Balance plots	
	No. of plots	Area (in Ha)	No. of plots	Area (in Ha)	No. of plots	Area (in Ha)
2008-09	58,921	28,276	51,935	25,811	6,986	2,465
2009-10	59,291	29,951	52,468	26,442	6,823	3,509
2010-11	61,959	30,512	54,543	28,022	7,416	2,490
2011-12	66,854	31,872	58,637	28,649	8,217	3,223
2012-13	69,603	35,983	58,660	31,235	7,943	4,748

As per the policy of the Corporation, the land was allotted on first come first serve basis at fixed rate as decided by the Corporation from time to time, except in developed areas where the balance land was to be allotted through tender. Allotments of land for expansion projects in developed/developing parts were however made at fixed rate. The Land Allotment Committees (LAC) were constituted[62] at HO level and RO level. The LAC at HO level was empowered to consider application for allotment of land for more than 30,000 square metre and LAC at RO level for area up to 30,000 square metre. The LAC considers the applications based on the viability of project, capability of promoters, nature of the industry and availability of land. Once the LAC approves the request with or without modification, the offer letters are issued latest by next day of the meeting to the prospective buyers for submission of application in the format prescribed by the Corporation along with 50 *per cent*

[62]LAC at HO headed by Joint CEO with other 13 officials of the Corporation. LAC at RO headed by Deputy CEO/Regional Officer with four officials of the Corporation and two from other departments.

of land premium as Earnest Money Deposit (EMD) within 15 days and the balance 50 *per cent* within 30 days of allotment. In this connection audit observed the following:

Delay in issue of offer letters

3.1.18 As per the prescribed procedure offer letters were to be issued latest by next day of the LAC meeting. However, we observed that the offer letters were not issued within the time prescribed by the Corporation. This resulted in delay in realisation of revenue besides delay in industrial development. Instances noticed by audit were as detailed below:

- Vacant land was available at Indapur Industrial Area (RO Pune) since 1998. LAC approved (January/March/April and June 2013) allotment of land admeasuring 79,100 square metre to 63 applicants who submitted their applications during May 2007 to March 2013. Even after approval of allotment of land by LAC, the offer letters were not yet issued (November 2013).

- In RO Kolhapur, LAC approved (June 2012) allotment of land admeasuring 96,600 square metre to 41 applicants who submitted their applications during March 2006 to November 2011 for allotment of land at Halkarni and Kagal Industrial Area. However, the offer letters were issued in March 2013. Further, offer letters in respect of allotment of 61,579 square metre of land at Gadhinglaj Industrial Area approved by the LAC in June 2012 to 26 applicants were yet to be issued (November 2013).

Thus, delay in allotment of land in above 130 cases caused late realisation of land premium of ₹ 4.43 crore and consequent loss of interest of ₹ 22.34 lakh worked out at conservative rate of eight *per cent* besides delay in industrial development.

The Management during exit conference stated that matter would be examined.

Allotment of land at pre-revised rate

3.1.19 As per the procedure circulated to field offices from time to time, the premium rate prevailing on the date of offer letter was applicable. The procedure also stated that if the condition is incorporated in the offer letter stating that if there is a revision in the rate after issue of offer letter but before allotment, the revised rate was to be charged.

We observed that the revision in lease premium was not communicated to field offices immediately. There were also allotments at the old rates even after communication of revised rates to the field offices. Audit noticed that there were allotments of land at old rates in three ROs (Mahape, Pune and Nasik) as explained below:

- The Board approved revision of rates on 30 November 2011 which was communicated to field offices on 6 January 2012. Meanwhile, allotments of plots were made at old rates. On test check of records at Mahape and Nasik Industrial Area it was noticed that 34 plots were allotted (November 2011-January 2012) at old rate after approval of revision by Board but belatedly communicated to field offices. Thus, delay in communication of revised rates resulted in short recovery of lease premium amounting to ₹ 6.27 crore in 34 cases **(Annexure-12)**.

The Management stated (November 2013) that the delay in communication of revised rate was due to time taken for confirmation of the decision in the next meeting. The reply was not convincing since such decisions involving financial implications should be communicated immediately. Further, in the instant case the revision of rates was communicated to field offices prior to confirmation of the decision in the next Board meeting. The reply of the management is therefore incorrect.

- The offer letters were issued (5 to 7 August 2008 and 26 to 28 December 2011) to 13 allottes (**Annexure-13)** with the condition that if the rates are revised before allotment of land, the same will be made applicable. The revision of rates on two occasions was approved by Board on 9 July 2008 and 30 November 2011 and communicated to field offices on 8 August 2008 and 6 January 2012 respectively. Though, allotments of land in above 13 cases were made after revision of rates, the Corporation recovered lease premium at pre-revised rates. The action of RO Pune (five cases) and RO Mahape (eight cases) resulted in under recovery of lease premium of ₹ 10.39 crore from the 13 allotments.

The Management stated (November 2013) that the offer letters were issued before revision of rates and thus revised rates were not applicable. The reply was not acceptable as laid down procedure prescribed the recovery at revised rate where allotments were made after revision of rates. The Corporation has to recover the differential amount of ₹ 16.66 crore.

3.1.20 The Corporation allotted (October 2010/December 2011) two plots in Pimpri Chinchwad Industrial area to Wonder Cars Private Limited, Pune and Silver Jubilee Motors Limited, Pune for the purpose of automobile repair and servicing. The plots were, however, allotted at industrial rate though the activity was of commercial nature. This resulted in short recovery of land premium of ₹ 13.02 crore[63].

The Management stated (November 2013) that the recovery of differential premium would be made from the allottees.

Allotment of additional land

3.1.21 On test check of six ROs selected for detailed Audit, it was noticed that allotment of land by Regional Officers (Nasik and Mahape) was in excess of

[63]Difference of Commercial rate and Industrial rate x area allotted (i) ₹ 7,700 x 10,000 square metre = ₹ 7.70 crore and (ii) ₹ 10,640 x 5,000 square metre = ₹ 5.32 crore.

area approved by the LAC in three cases[64] out of 17 cases tests checked. As against the demanded area of 23,400 square metre by three intending lessees, the area of 17,624 square metre was approved (March 2007-June 2011) by LAC but the ROs allotted 23,357 square metre. The reasons assigned by ROs for excess allotment of 5,733 square metre were not on record. The excess allotment was thus in violation of the decision taken by the LAC.

The Management stated (November 2013) that additional allotment to V.K.M. Foods Private Limited was approved by the Chairman and in another two cases the additional allotment was within the power of Regional Officer. No such delegation of powers were accorded under the Act/rules and therefore the excess allotments were a violation.

Transfer of plots

3.1.22 The Corporation allowed transfer of plots on recovery of differential premium/standard transfer charges. Land transfers were classified as formal (transfer in case of death, transfer from promoter to Company/Co-operative society, mere change in name *etc.*) and non formal (all other cases). Transfers between blood relatives, spouse *etc.* and change in management without transfer of interest were also in the nature of formal transfer. In formal cases only standard transfer fee was recoverable whereas in non formal transfers, additional premium at 10 *per cent* was recoverable.

As per procedure, the transfer of plots is treated as formal if the original allottee holds minimum 20 *per cent* share in the transferee Company. We observed that the Corporation considered (May 2010) the transfer of plot (8,000 square metre) by Anil Patel (Plot No.E5/1) Pune (Chakan Industrial Area, Phase-III) as formal though the original allottee held only five *per cent* share in the new company which resulted in under recovery of ₹ 35.88 lakh.

The Management stated during exit conference that the share retained by the transferor was less than 20 *per cent* and therefore transfer charges would be recovered.

Subletting

3.1.23 Subletting of the plots was allowed subject to payment of charges calculated at five *per cent* of land premium till 2009 and three *per cent* thereafter. The unauthorised subletting attracts penal provisions including recovery of subletting charges at five times of the normal rate.

We observed that the Corporation had not evolved a system to carry out periodical inspections to identify unauthorised use of plots including subletting. The Corporation also did not maintain proper records to monitor the subletting permissions granted and due dates for their renewal. The plot holders entered into agreements with third parties for subletting the property for period not in conformity with the period granted by the Corporation. All

[64] Madhavi Dangat and Ashok Ganpat in Nasik and V.K.M. Foods Private Limited in Mahape, Navi Mumbai.

these factors resulted in non recovery of subletting charges as seen from the following instances.

- Scrutiny of 18 subletting cases in TTC Industrial area, Mahape revealed that three[65] lessees had sublet their plots (area 7,271 square metre) for a period ranging from 44 to 60 months from March 2007 to December 2012 as against 12 to 36 months permitted by the Corporation. Though, the subletting period had already expired, the Corporation had not recovered subletting charges of ₹ 0.48 crore for the extended period till date (November 2013).

The Management while accepting the fact stated (November 2013) that the subletting charges would be recovered.

- In two[66] cases (TTC Industrial Area-RO, Mahape) the Corporation allowed (July 2011 to August 2012) subletting during July 2008 to December 2016 by recovering subletting charges of ₹ 1.65 crore for industrial use though the plots were sublet by lessees for storing and packing of chemical products for distribution (Karmyogi & Swastik). Since Warehousing activity was of commercial nature, subletting charges of ₹ 4.12 crore were recoverable. The action of the Corporation to consider the commercial activity as industrial resulted in short recovery of ₹ 2.47 crore from those two lessees.

The Management stated (November 2013) that the activity for which subletting allowed was of industrial nature. The reply is in contradiction as the subletting agreements clearly indicated that the purpose was for warehousing use and not for industrial use.

- Reliance Corporate Information Technology Park Limited, Navi Mumbai (RCITPL) approached (December 2008) the Corporation for subletting of 1,11,490 square metre area to 10 companies in TTC Industrial area, Mahape, New Mumbai. The Corporation (December 2010) granted permission subject to payment of subletting charges of ₹ 7.69 crore. However, RCITPL did not pay the charges and approached CEO for exemption. The CEO sought the opinion of Little & Co., Solicitors and Lawyers who opined that the Corporation was entitled to collect subletting charges. The Board however, waived (April 2011) subletting charges exclusively for RCITPL on the ground that the Corporation should implement encouraging and worthy policies in order to retain the projects in the State and directed that a new policy considering these aspects be framed. However, the revised policy was yet to be framed (November 2013). Till such time the amount of ₹ 7.69 crore stands recoverable as per extant instructions.

---

[65] Mahajan Hospital-₹ 0.28 crore, Indo Corporation Private Limited-₹ 0.18 crore and Shri Kamal G. Vora-₹ 0.02 crore.

[66] Karmayogi Dyeing Private Limited-₹ 2.14 crore and Swastik Processor-₹ 0.33 crore.

- The plot holders had also sublet the plots for erection of mobile towers on the premises. In fact the lessees should have taken permission of the Corporation and paid subletting charges. On physical verification of four[67] locations by Audit, it was noticed that seven towers were erected in full visibility and the fact that the Corporation was oblivious to the same indicated the non-existence of surveillance in the Corporation.

The Management accepted (November 2013) the fact and stated that the supervisors will visit the site for verification and recovery.

Non-recovery of additional premium

3.1.24 The plot holders were required to carry out construction activities within the prescribed period ranging from two to five years as per the terms and conditions of the agreement. The time limit could be extended on payment of additional premium at the rate of five *per cent* per annum except for Talegoan Floriculture Park (TFP), Pune for which the additional premium was fixed at 10 *per cent*. The terms and conditions of agreement further provided resumption of plots on which constructions were not carried out within the time/extended time limit. Besides, Section 42A of the Act empowers the Corporation to repossess the unutilised land in industrial areas and allot it to other industries. In this connection, we observed the following:

- There was no system to monitor the development of plots by the allottees within the specified time limit and to ensure that additional premium was recovered immediately after expiry of period allowed for construction. The lessees also did not approach the Corporation for extension of time. The extensions were granted as and when the lessees approached the Corporation for the same. There was no penal provision for not obtaining the extension in time. This resulted in belated recovery of additional premium. Penal provisions may be incorporated for not approaching the Corporation for extension immediately after expiry of period prescribed in the agreement.

- Scrutiny of records of RO, Pune indicated that the Corporation allotted 109 plots admeasuring 162.50 Ha during 2003-12 at TFP, Pune. As of March 2013, 95 plots admeasuring 151.73 Ha were due for Building Completion Certificate (BCC) out of which only 31 lessees (51.75 Ha) had obtained BCC and the remaining 64 lessees (99.98 Ha) were yet to produce the BCC (July 2013). The delay in construction/development ranged from two to seven years. However, no action was taken by the Corporation either to recover the additional premium at the rate of 10 *per cent* per annum from the lessees which worked out to ₹ 2.53 crore (May 2013) or to resume possession of the land.

The Management stated (November 2013) that the action had been taken in respect of 36 cases and action for recovery/resumption of plots in respect of remaining 28 cases would be taken as per policy of the Corporation.

[67] Dombivali, Mahape, Nanded and Pune.

Similarly, the Corporation allotted 155 plots (450.24 Ha) at three[68] IT parks in Pune, out of which 95 plots (347 Ha) were due for BCC but only 50 lessees (222.52 Ha) have obtained BCC. The delay in obtaining BCC ranged from one to eight years. No action was taken by the Corporation either to recover the additional lease premium of ₹ 36.06 crore (May 2013) or resume possession of the plots so far (November 2013).

The Management stated (November 2013) that the recovery of ₹ 23.63 crore was made from 16 plot holders. The recovery of ₹ 12.43 crore from the remaining 29 allottees was awaited (November 2013).

- The Corporation (May 2006) allotted 96,923 square metre of land to Tech Mahindra Limited at Rajiv Gandhi InfoTech Park (RGITP), Phase-III, Pune with a stipulation to develop the plot within three years from the date of allotment. The allottee did not obtain the BCC by due date *i.e.* June 2009. The Corporation had issued BCC on 28 January 2010 without collecting additional premium for the extended period which worked out to ₹ 1.11 crore.[69] The reasons for issuing BCC without recovery of additional premium were also not on record.

The Management stated (November 2013) that notice for recovery was issued to the lessee.

Allotment of land for residential use

3.1.25 The Corporation entered (May 2006) into a Memorandum of Understanding (MoU) with RECO Marathe Private Limited (subsidiary of Government of Singapore Investment Corporation Realty Private Limited) a strategic partner for development of integrated township on 56 Ha of land at Hinjewadi, Pune. As per terms of MoU, Special Purpose Vehicle (SPV-Pegasus Properties Private Limited) was formed with share holding by RECO (50 *per cent*), Vimal Kumar Jain and Avinash Bhosale (39 *per cent*) and MIDC (11 *per cent*). The Corporation allotted (February 2007) 56 Ha of land to SPV at fixed rate of ₹ 3,000 per square metre *plus* development charges at 10 *per cent*. The total Lease Premium (LP) of ₹ 184.80 crore was paid by the SPV. The Corporation executed Lease Deed (LD) with SPV on 30 August 2007. In this connection audit observed that:

- The condition (p)&(q) of the allotment order of 22 February 2007 stipulated that the residential land/units should be allotted/transferred only to persons working in IT/Bio Tech Parks in Corporation's industrial areas. However, the clause no.2(r) of the LD drawn up in August 2007 between Corporation and SPV permitted the lessee to transfer the constructed/ developed units in the residential-cum-commercial township by way of lease in favour of such customers/clients who are industrial units/

[68] Rajiv Gandhi Infotech Park, Hinjewadi Phase-I-53 plots, Phase-II-43 plots, Phase-III-59 plots.

[69] ₹ 2,000 per square metre x 96,923 square metre *plus* 15 *per cent* Road width charges x five *per cent.*

employees working in the industrial area of Corporation. The Government in 2009 issued Resolution modifying the Development Control Rules (DCR) and increased the Floor Space Index (FSI)[70] from one to two. The conditions regarding allotment of residential units were also modified as "as far as possible priority shall be given to officers/workers working in MIDC in Maharashtra at the time of sale of the flat". This amendment was incorporated in the LD by way of Deed of Rectification (30 August 2013). When the new condition was included in the LD, the sale of residential units were thrown open to the public. As a result, SPV was unduly benefitted by sale of residential units in the open market and the objective of providing accommodation to employees working in industrial areas of MIDC was defeated as they have to compete in the open market for acquiring accommodation. We also observed that out of 1,184 flats constructed, the SPV had already sold 757 flats in open market between 2010 and 2012 before the revision in the clause 2(r) was incorporated in the LD by way of Deed of Rectification (30 August 2013). This was highly irregular and in violation of conditions of original LD.

- As per the terms of MoU, SPV was liable to pay differential premium for use of area for commercial use. However, this condition was not incorporated in the LD. As per DCR, the lessee was allowed to use five *per cent* of total area for commercial purpose. Thus, the commercial area in the instant case worked out to 28,000 square metre. Based on LP rate of ₹ 12,000 per square metre effective from 1 June 2007 the differential premium for commercial use worked out to ₹ 27.72[71] crore. The Corporation had approved (up to January 2013) plan for total built up area admeasuring 4.89 lakh square metre by availing FSI of 0.97. However, the Corporation has not recovered any differential premium from SPV till date (November 2013).

The Management stated (November 2013) that area for commercial use was not applied for and approved by it. The reply was not correct since it was for the Corporation to decide the percentage of land to be used for commercial purpose. It was also noticed that Corporation had approved building plan containing area for commercial use.

Other individual cases noticed in the allotment of land

3.1.26 Instances noticed by audit are discussed below:

- The Corporation allotted 208.06 Ha of land in Industrial area at Ratnagiri to Sterlite Industries Limited (SIL) in August 1992. The SIL could not carry out the construction in view of the instructions (July 1993) of the District Collector, Ratnagiri to stop the construction activity in view of the public agitation. The plot was lying unutilised since then and Corporation had not taken any action to get the stay vacated and put the land to industrial use so

---

[70] FSI is the *ratio* of the total built up area to total area of the plot.

[71](₹ 12,000 *plus* 10 *per cent* = ₹ 13,200 - ₹ 3,300) = ₹ 9,900 per square metre x 28,000 square metre = ₹ 27.72 crore.

far (July 2013). The value of the idle land at the prevailing rate works out to ₹ 59.30 crore.[72]

The Management stated (November 2013) that the notice was issued (August 2013) for surrender of plot. It was further stated that the lessee has filed (September 2013) the case in the court. However the fact remained that the action was initiated after a period of 20 years on being pointed out in audit.

- The plot admeasuring 5,706 square metre at Kamothe in Navi Mumbai was allotted (June 2006) through auction to SAI Associates, Mumbai (SAI) for residential-cum-commercial use at a lease premium of ₹ 2.12 crore quoted by him. The plot allotted is under jurisdiction of City and Industrial Development Corporation of Maharashtra Limited (CIDCO) being Town Planning Authority for the area. The Corporation entered (January 2008) into tripartite agreement with CIDCO and SAI for development of the plot. It was observed that at the time of tripartite agreement, joint measurement of plot was carried out and total area measured was 6,748 square metre which is in the possession of SAI as per records of the Corporation. The lessee requested (November 2009) to allot the excess area as there was no separate access to this area (1,042 square metre). The value of excess land possessed by the lessee worked out to ₹ 38.76 lakh based on auction rate. However, no action was taken by the Corporation in this regard so far (November 2013). The Corporation stated that action would be taken in the matter.

Irregular change in use of land

3.1.27 The Corporation allotted 34 plots during 1991 to 2008 in Ratnagiri Industrial area for industrial purpose. However, the plot holders had constructed residential bungalows on 31 plots and commercial establishment on the remaining three plots. On being pointed out by Audit, the Corporation issued (October 2012) notices to the 21 plot holders. However, no further action was taken so far (November 2013).

The Management stated during exit conference that matter will be looked into.

Utilisation of land

3.1.28 Section 42A of MID Act, 1961 contemplated that the State Government may direct the Corporation to submit to it six monthly report containing number of plots allotted in each area, number of plots in possession of the Corporation, unutilised Floor Space Index (FSI)[73] in each plot, period of non-utilisation *etc.* Section 42A further provided that upon receipt of the report submitted by the Corporation, if the State Government is satisfied that any plot holder had not utilised the maximum FSI available within a period of five years or more from the date of handing over possession of plot and the unutilised portion was capable of sub-division so as to make it useful for

[72] 20,80,560 square metre x ₹ 285 per square metre = ₹ 59.30 crore.

[73] FSI is the *ratio* of the total builtup area to total area of the plot.

accommodating any other industry, the Government may acquire the unutilised portion of the land after following due process.

We noticed that the State Government had never called for such reports from the Corporation till date (November 2013). In the absence of reports on utilisation of land, the quantum of land remaining un-utilised by the allottees could not be ascertained.

The Management stated (November 2013) that the information on total land in possession, land allotted and balance land available for allotment were being sent to the State Government. However, fact remained that vital information on utilisation of land by allottees was not called for by the GoM.

An analysis of the land utilisation by 88 lessees (measuring 10,000 square metre and above each) aggregating 672.45 Ha (admissible FSI-one) in seven[74] industrial areas revealed that the utilisation of FSI was only of 67.71 Ha and the balance FSI of 604.74 Ha was yet to be utilised (September 2013). The average utilisation of FSI by these lessees was as low as 10.07 *per cent.* However, Corporation/Government has not taken any action under section 42A of the MID Act to resume the land and allot the same to other industries.

The criteria for assessing the requirement of area need to be reviewed in order to ensure allocation of the scarce resource for optimum utilisation.

Recovery of service charges

3.1.29 The Corporation provides water supply to the units in the industrial areas. The maintenance of infrastructure like roads, street light and fire station is also carried out by the Corporation. In order to meet the cost of services provided, the Corporation recovers Water Charges (WC), Service Charges (SC), environment charges, fire protection charges and Common Effluent Treatment Plant charges. The WC for the lessees who had not obtained BCC were being billed at 1.5 times of the normal rate. There was separate tariff for domestic, industrial consumers and for consumers using water as raw material. The rates were subject to revision periodically depending on the cost incurred for the service.

3.1.30 The income and expenditure for the water supply activity of the Corporation for the five years ended March 2013 was as follows:

(₹in crore)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	Total
Income	542.29	539.19	640.92	625.39	558.74	**2,906.53**
Expenditure	351.20	422.14	398.96	468.73	522.21	**2,163.24**
Surplus	191.09	117.05	241.96	156.66	36.53	**743.29**

As seen from the above, the water supply activity had generated surplus of ₹ 743.29 crore during the five years ended 2012-13.

[74] Ambernath, Baramati, Bhigwan, Degloor, Gangakhed, Hingoli and TTC 'C' Block Industrial Areas.

3.1.31 The Corporation had been procuring water from Brihanmumbai Municipal Corporation (BMC) and supplied the same to industrial units located inside Santacruz Electronic Export Processing Zone (SEEPZ), Mumbai, an industrial area owned by Government of India. The Municipal Corporation issued bills for the bulk supply to the Corporation at prevailing rate and Corporation issued bills (2011-12) to the industrial units by adding 15 *per cent* to the rate of BMC to cover its overhead charges.

We observed that the water supply involves distribution loss which was not factored in while arriving at the rate to be charged to the consumers while undertaking the activity on behalf of SEEPZ authority. The Corporation purchased water (15,99,180 cubic metre) at the rate of ₹ 40 per/cubic metre from BMC during 2011-12. The quantity billed to industrial units at the rate of ₹ 46 per cubic metre was 13,81,556 cubic metre. Thus, the total cost of purchase of water was ₹ 6.40 crore and amount realised was ₹ 6.36 crore leaving difference of ₹ 4 lakh *per annum* besides the overhead charges incurred by the Corporation on the water supply activity. The Corporation had also not fixed any norms for loss of water during distribution and recovery thereof. There was also no system for calibration of water metres at regular intervals.

The Management stated (November 2013) that the Corporation is carrying out water supply activities on behalf of SEEPZ by recovering supervision charges at 15 *per cent* over and above the cost of water and does not consider loss of water during distribution. The reply is not correct as the Corporation should have considered the distribution loss in view of the recurring cash loss in the activity.

Recovery of service and environment charges

3.1.32 The bills for SC were not raised unless the lessee was provided water connection. Similarly, the lessees who were allotted additional land for expansion purpose may not require separate water connection. Therefore, recovering of service and environmental charges should be linked with the allotment of plots. It was observed that there was no co-ordination between ROs dealing with land and DOs dealing with SC. Consequently, the data in Water Billing System (WBS) did not match with data of Land Management System (LMS) and SC remained un-recovered. On the test check of DOs at Ambernath and Pune, it was observed that the SC of ₹ 4.96 crore[75] in respect of 216 cases (land area of 32.81 lakh square metres) was not recovered till date (November 2013).

The Management stated (November 2013) that the efforts would be taken to recover the SC.

[75] Service charges-₹ 4.70 crore, Fire charges and Environment charges-₹ 0.26 crore.

Protection of environment

3.1.33 The Corporation decided (February 2000) to set up Common Hazardous Waste Treatment Storage and Disposal Facility (CHWTSDF) at three[76] places in the State on Build, Own, Operate and Transfer (BOOT) basis in order to maintain pollution free environment. The land was to be allotted for the project at nominal value of ₹ 1 per square metre. Projects were to be developed by private party and user fee was to be recovered from the industrial units availing the services. In this connection audit observed the following:

- The Corporation entered (13 August 2004) into an agreement with SMS Infrastructure Limited (SMS), Nagpur for setting up CHWTSDF on BOOT basis for which an area of 30 Ha each at Butibori (Nagpur) and Ranjangaon (Pune) was allotted (November-December 2005) at ₹ 1 per square metre to SMS. The terms and conditions of the agreement, *inter alia,* stipulated recovery of share of revenue was to be made on quarterly basis by the Corporation at five *per cent* of the turnover. The facility at Butibori and Ranjangaon became functional in January and April 2007 respectively. We observed that SMS had a turnover of ₹ 9.96 crore during 2007-08 to 2012-13 for project at Butibori, Nagpur and five *per cent* share of the turnover worked out to ₹ 49.80 lakh. The Corporation recovered only ₹ 32.38 lakh (up to March 2009) and remaining amount of ₹ 17.42 lakh was yet to be recovered (July 2013). Similarly, in respect of CHWTSDF at Ranjangaon (Pune), the turnover was ₹ 55.74 crore and share of revenue recoverable was ₹ 2.78 crore out of which ₹ 43.55 lakh was recovered (for the period up to September 2008) and remaining amount of ₹ 2.34 crore was not recovered. There was no mechanism in place to raise quarterly demand for Corporation's share of revenue.

It was further noticed that after finalisation of tender for the above two projects the Corporation released (November-December 2008) subsidy of ₹ 74.92 crore to SMS under the Central Subsidy-Assistance to States for Developing Export Infrastructure and Allied Activities (ASIDE)-with the stipulation that the benefit of the subsidy would be passed on to the end users of the facility by way of reduction in the SC. However, the Corporation had not ensured as to whether post tender subsidy of ₹ 74.92 crore was passed on to the end users. It is also pertinent to note that Corporation is the nodal agency appointed by the State for all the ASIDE schemes in the State.

The Management during exit conference stated that corrective action would be taken.

- The Corporation allotted (December 2001) land admeasuring 3.94 Ha for establishment of CHWTSDF at Taloja, Navi Mumbai to Mumbai Waste Management Limited (MWML) at nominal lease rent of ₹ 1 per square metre. The facility was to be established, maintained and operated by MWML. The agreement provided that the MWML was liable to pay SC to

[76] Butibori, Ranjangaon and Taloja.

the Corporation for providing infrastructural facilities to the project. We observed that the MWML did not pay such SC and the total amount recoverable from the MWML as of March 2013 was ₹ 2.14 crore (including delayed payment charges of ₹ 51 lakh).

Fund management

Financial position and working results

3.1.34 The Annual Accounts of the Corporation are prepared in the form prescribed under Rule 26(2) of Maharashtra Industrial Development Rules 1962. The financial position of the Corporation for the five years ending 31 March 2013 was as follows:

(₹in crore)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Liabilities Loans-Bonds	4.30	0.00	0.00	0.00	0.00
Deposits for lease of plots	6,298.78	7,772.30	9,326.93	11,271.76	12,844.45
Deposit works	4,000.24	4,286.73	5,247.53	5,793.09	6,333.94
Sundry creditors	119.78	115.63	103.81	94.62	99.64
Reserves and Surplus i) Sinking fund	61.75	61.75	0.00	0.00	0.00
ii) Other surplus	37.08	37.13	37.28	37.53	37.70
Total : A	**10,521.93**	**12,273.54**	**14,715.55**	**17,197.00**	**19,315.73**
Assets Net fixed assets	370.27	444.76	462.45	479.73	517.98
Industrial areas and estates	2,523.71	2,860.26	3,260.89	3,448.33	3,723.72
Industrial buildings and sheds	1,037.79	933.32	939.99	924.43	944.64
Investments	56.18	168.66	188.35	202.14	195.37
Current assets, loans and advances	6,533.98	7,866.54	9,863.87	12,142.37	13,934.02
Total : B	**10,521.93**	**12,273.54**	**14,715.55**	**17,197.00**	**19,315.73**
Capital employed[77]	**42.88**	**39.26**	**37.21**	**37.41**	**37.62**

We observed that the current assets, loans and advances included surplus funds ranging from ₹ 3,531 crore to ₹ 9,721 crore during 2008-2013 which were invested in term deposits of various scheduled/nationalised banks.

The Management stated (November 2013) that requirement of fund was being done on daily basis and surplus that remained thereafter was invested as per guidelines issued by GoM for investment of fund. It is pertinent to point out that the GoM had not issued any guidelines for utilisation of surplus funds till date (November 2013).

[77] Capital Employed represents the mean of the aggregate of opening and closing balances of loans from Government, other long term loans including bonds and free reserves.

Delay in repatriation of fund

3.1.35 The field offices of the Corporation maintained non operative accounts with banks and balance in excess of ₹ 5,000 was to be remitted to HO. Scrutiny of transfer of funds by two division offices (E&M Division, Ambernath and Civil Division, Ambernath) revealed that there were inordinate delay up to 61 days in transfer of funds. The excess fund retained by field offices was up to ₹ 2.44 crore thereby resulting in loss of interest of ₹ 13.80 lakh for the year 2012-13. The Corporation should utilise the facility of core and internet banking facilities to ensure transfer of non-operative balances to its account from the field offices.

The Management stated (November 2013) that the possibility of availing internet banking facility would be explored.

Internal control and Monitoring system

3.1.36 The Corporation plays an important role in the development of industries by creating infrastructure in industrial areas and estates in the State. For such an organisation, to succeed in operating economically, efficiently and effectively, there should be reliable and well documented Management Information Systems to achieve its objectives.

We observed that:

- The Corporation had not prescribed periodical returns to be submitted by ROs regarding total number of plots allotted, number of BCCs due, number of BCCs actually taken, in each industrial area so that reasons for shortfall if any, in BCCs could be analysed at HO level and corrective measures taken.

- The Corporation implemented the computerised LMS and WBS for land, water supply and other miscellaneous activities. However, the data base in LMS and WBS is incomplete, inaccurate and not matching with each other. LMS and WBS were in operation for more than 10 years. However, the Corporation had not analysed the reasons for the deficiencies in the system to ensure data integrity, completeness and accuracy.

- The reconciliation of area in possession and payments to SLAOs was not carried out nor monitored at corporate level.

The Management stated (November 2013) that the periodical returns regarding utilisation would be called for from field offices. It was also stated that the Corporation is implementing ERP and in the integrated system both data bases would be incorporated after verification. The monitoring of land acquisition transaction would be made at corporate level.

Internal Audit

3.1.37 The Internal Audit (IA) of the Corporation was being carried out by the Accounts and Finance Branch of the Corporation at each region. The audit of land transactions was included in the scope of IA since April 2010 and IA was completed for the period up to March 2012. We observed that IA reports were issued by the Joint CAO of the respective region to units audited and not submitted to CEO for information and corrective action. Analysis of outstanding IA paras indicated that there were 2,546 paras outstanding as on March 2013, which included paras dating back to 1997.

The Management stated that paras on financial losses/serious irregularities was being brought to the notice of CEO. However, the fact remains that the number of unsettled paras was large.

Acknowledgement

3.1.38 Audit acknowledges the co-operation and assistance extended by the Management at various stages of conducting of the performance audit.

The matter was reported to the Government (September 2013); their reply had not been received (December 2013).

Conclusion

- The objective of State Policy emphasising balanced development was not achieved. The investment by entrepreneurs in Western Maharashtra Region was 70 *per cent* of total investment in the State up to 2012-13 followed by 13 *per cent* in Konkan Region. The lowest investment was in Marathwada Region at two *per cent* followed by six and nine *per cent* in Vidharbha and Khandesh Regions respectively.

- The accounts with Special Land Acquisition Officers (SLAOs) were not settled/reconciled periodically and amount lying unsettled with SLAOs was ₹ 68.30 crore.

- There were delays in communication of revised rates to field offices. Even after communication, field offices allotted land at old rate. The loss of revenue in 47 cases was ₹ 16.66 crore. There was also a short recovery of lease premium of ₹ 13.02 crore due to allotment of land for industrial use though the activity was of commercial nature.

- The terms and conditions of the agreements with lessees were not strictly observed resulting in under recovery/waiver of subletting charges of ₹ 10.64 crore, transfer charges of ₹ 0.36 crore and non-recovery of additional premium of ₹ 16.17 crore noticed in test check.

- The condition for sale of flats exclusively to persons working in IT/Bio Tech parks was waived and SPV was allowed to sell flats in the open market.

- The Corporation had not ensured that the central subsidy of ₹ 74.92 crore paid to the operator of Common Hazardous Waste Storage and Disposal Facilities was passed on to the end users.

- The data base in Land Management System and Water Billing System was incomplete, inaccurate and not matching with each other.

Recommendations

- The GoM/Corporation may take effective steps to minimise the imbalance in industrial development of the regions in the State.

- The Corporation should carry out periodical reconciliation of accounts with SLAOs to ensure that the Corporation has taken over possession of land for which payment was made and claim for refunds if excess payments made.

- The Corporation may avoid delay in issue of offer letters for allotment of land and finalisation of tenders.

- The Corporation may ensure that the revised rates of land premium as approved by the Board are applied with immediate effect.

- The Corporation may improve the surveillance on utilisation of plots to ensure recovery of subletting charges, transfer fee, charges for change in use *etc.,* as per terms of agreement.

- The Corporation may assess the area used for commercial purpose by SPV and recover the differential lease premium.

- The Corporation should introduce periodical return on important developmental activities in the region so that bottlenecks, if any, could be attended to timely at Corporation/GoM level.

Chapter IV

Compliance Audit Paragraphs

Chapter IV

4. Compliance Audit Paragraphs

Important Audit findings emerging from test check of transactions of the State Government companies are included in this Chapter.

Government companies

Maharashtra Airport Development Company Limited

4.1 *Undue benefits to Developer*

The Company extended various undue benefits to Developer resulting in non recovery of ₹ 149.35 crore in three contracts.

Maharashtra Airport Development Company Limited (Company) was appointed (January 2002) by the Government of Maharashtra as a Nodal Agency and Special Planning Authority for Development of Multi-modal International Passenger and Cargo Hub Airport at Nagpur (MIHAN). The Company awarded (June 2006) the contract for development of Modern Township Project (MTP) on 31 acres of land (value: ₹ 31.64 crore) and another for construction of social infrastructure along with construction of 680 tenements for Project Affected People (PAPs) (July 2008) to Reatox Builders and Developers Private Limited, Bandra, Mumbai (Developer). In second contract, the consideration was in the form of Land (45 acre) to be allotted to the Developer. Besides these two contracts, the Company also allotted (May 2006) six acres of land on lease rent of ₹ 1.49 crore for seven years for ready mix concrete plant of the Developer. Audit reviewed (September 2012) all these three contracts and findings are discussed below:

Modern Township Project

4.1.1 The main objective of the project was to develop MTP on the land to be provided by the Company. On completion of development by private developer and upon registration of Co-operative Housing Societies/ Association of Apartments owners, the Company was to execute a deed of lease for a period of 99 years with respective Housing Societies/Association of Apartment owners.

The Company selected (September 2005) Developer who quoted the highest development fee of ₹ 72 lakh per acre for 31 acres in response to Request for Proposal (RFP) invited in June 2005. The scope of work included design, plan, finance, construction, operation, maintenance and marketing of tenements/ apartments/flats/shops in the project. The agreement was entered into in June 2006 and the development fee of ₹ 22.32 crore was to be paid in five installments during June 2006 to August 2008. The project was to be completed by August 2012. The Company handed over 31 acres of land in

2006 and 11.64 acres[78] of land (value: ₹ 9.32 crore) in March 2010 to the Developer. The Developer had completed construction of 358 flats and 1,470 flats were under different stages of construction and the Developer had leased out 552 constructed/under construction flats by 23 December 2011. Thereafter there was no progress of work.

We observed the following financial irregularities:

- The Board of Directors (BoD) accorded (September 2005) the approval for selection of Developer based on terms and conditions in the document of Expression of Interest *i.e.* RFP. The BoD also authorised the Vice-Chairman and Managing Director (VC&MD) to take all administrative and financial actions to implement the decision of the BoD. During the course of execution of the project, the Developer requested the Company (9 March 2010) to provide Counter Guarantee (CG) to Vijaya Bank for loan of ₹ 105 crore. However, as per terms of agreement, the Developer was responsible for arranging the funds for the project and there was no provision in the agreement for providing such CG. The then VC&MD accepted (March 2010) the request and acceptance was conveyed to the bank on the same day without the approval of the BoD. The Company executed a fresh agreement on 24 July 2010 incorporating provisions for CG to the Financial Institutions/Banks for loans as raised by the Developer. Thus, the decision of then VC&MD to provide CG without approval of BoD and in violation of terms of RFP and thus irregular.

The Developer availed the loan of ₹ 105 crore for the project on the basis of CG provided by the Company. However, the Developer defaulted in payment of the loan. In turn, Vijaya Bank invoked (February 2012) the CG and exercised its general lien on the Company's Term Deposits of ₹ 117 crore lying with the Bank. The Bank also took over possession (April 2012) of both the lands (31 acres *plus* 11.64 acres). The total outstanding liability of the Developer to the Bank as of March 2013 was ₹ 140.04 crore (including interest).

- As per terms of agreement, the Developer was liable to furnish Bank Guarantee (BG) of ₹ 13.39 crore towards due performance of his obligations and BG was to be continued to be effective till full and final payment of development fees. Though, the Developer did not pay the last installment of ₹ 4.46 crore in respect of 31 acres of land and ₹ 2.62 crore in respect of additional land of 11.64 acre, BGs were returned (May 2008) by the Company on the plea that outstanding development fee would be adjusted against the cost of LIG houses payable to the Developer. Thus, decision of the Company to return the BG was in violation of the agreement. As a result, development fee of ₹ 9.92 crore (including interest of ₹ 2.84 crore) remained to be recovered (August 2013) for which no security was available with the Company.

[78]To cover the deficit in construction potential due to reduction in height of buildings by Airport Authority of India.

As seen from the above, the Developer was extended various undue favours by the then VC&MD and the Company was to recover total dues of ₹ 126.92[79] crore from the Developer (May 2013) for which no security was available.

The Company issued (14 May 2012) notice for termination of the agreement and it was terminated on 16 July 2012. The Developer challenged the termination in the High Court (HC) which directed (May 2013) to take recourse to Dispute Resolution Mechanism provided in the agreement. As per the clause 19 of the agreement, the sole arbitrator for dispute resolution was the then VC&MD himself. Considering the objection of present management for his appointment as an arbitrator, the then VC&MD recused himself from the arbitration proceedings. The HC appointed (July 2013) a retired Judge of Supreme Court (SC) as an arbitrator. The arbitrator passed (November 2013) an order rejecting the plea of the Developer for the stay on termination of the agreement which was also upheld (November 2013) by the HC. The Developer has since filed a petition in the SC challenging the order of the HC (December 2013).

The BoD constituted (January 2014) a committee consisting of Additional Chief Secretary, General Administration Department (Civil Aviation), GoM, Managing Director, SICOM Limited and VC&MD of the Company for negotiations with Bank for settling outstanding liabilities and taking possession of the property and suggesting steps for completion of the project.

The Management stated (July 2013) that VC&MD was authorised to take all administrative and financial actions to implement the decision of the BoD of September 2005. It was further stated that the decision of BoD was comprehensive and it was perhaps the opinion of the administration of that time that separate approval of BoD for CG was not necessary. The reply is not correct as the decision of the BoD authorising VC&MD to take all decisions was only within the ambit of RFP and the decision of the then VC&MD to provide CG without approval of BoD was irregular. Further, the appointment of the then VC&MD, who was a signatory to the agreement, as Arbitrator did not appear to be in order as he was also a functionary of the Company.

As a result of the above, the Company could not vacate the lien held by the bank on its term deposits of ₹ 117 crore. Possession of land admeasuring 42.64 acres mortgaged to the bank by the Developer is also to be resumed after clearing the liabilities of ₹ 140.04 crore of the bank. Besides, development fee of ₹ 9.92 crore could not be recovered from the Developer.

Social infrastructure and tenements for PAPs

4.1.2 The contract for construction of social infrastructure and 680 tenements to be allotted to PAPs was awarded (July 2008) to the Developer. The estimated cost of the project was ₹ 73.17 crore and the project was to be implemented on the land provided by the Company. The project was to be

[79] Fixed deposit ₹ 117 crore + Outstanding development fee ₹ 9.92 crore.

completed within 12 months from the effective date (23 February 2009). As per terms of tender, the consideration was in the form of compensatory land (45 acres) to be allotted to the Developer in the area of MIHAN. The compensatory land was to be handed over to the Developer after rehabilitation of 90 *per cent* of total PAPs. In this connection, we observed the following:

- As per tender condition, the Developer was eligible for advance up to ₹ 20 crore with interest at 12 *per cent* per annum against BG equal to 1.12 times the amount of advance. The BoD increased (September 2010) the limit of advance from ₹ 20 crore up to ₹ 35 crore to enable timely completion of the project. The Company, however, did not obtain BG against the advances of ₹ 32.13 crore paid from time to time. Out of total advances, an amount of ₹ 20.86 crore (Advance: ₹ 15.75 crore, Interest: ₹ 3.14 crore and Project Management Consultancy Fee paid on behalf of Developer: ₹ 1.97 crore) was yet to be recovered (May 2013).

- The Company handed over (October 2011) compensatory land of 21.45 acre out of 45 acres (value ₹ 34.88 crore as per tender) before rehabilitation of 90 *per cent* of PAPs as stipulated in the agreement.

- The Developer completed the construction of 72.66 *per cent* of the social infrastructure and 94.37 *per cent* of PAP tenements (total value of completed work: ₹ 61.11 crore[80]) by December 2011 and no work progressed thereafter. The Company terminated (April 2013) the agreement and security deposit of ₹ 3 crore was also forfeited. The Company decided (March 2013) that the pending works would be got completed through other agencies. However, the purpose for which the tender was awarded was defeated as PAPs were not rehabilitated.

The Company issued (23 November 2012) notice for termination of the agreement and it was terminated on 2 April 2013.

The Management stated (July 2013) that the limit of advance was enhanced by the Company with approval of BoD and BG was not obtained as the advance was paid in stages. It was further stated that the Developer had invoked arbitration (July 2013) and the matter was subjudice. However, the fact remains that the Company did not safeguard its financial interest by obtaining BG against advance as per agreement.

Allotment of land for Ready Mix Plant

4.1.3 The Company had allotted (May 2006) land admeasuring five acres on lease for 33 years to the Developer for Ready Mix Concrete Plant (RMC). The fly ash generated by Captive Power Plant (CPP) was to be provided free of cost to RMC. However, location of CPP was changed and it was relocated five kilometres away from original location. The Developer then requested (July 2007) to allot six acres of land temporarily for seven years for RMC. The Company allotted (July 2007) six acres of land for seven years on

[80] 83.52 *per cent* of ₹ 73.17 crore.

proportionate upfront payment of lease rent of ₹ 1.49[81] crore. We observed that the Company recovered only ₹ 85.10 lakh.[82] The Company had also not executed an agreement with the Developer for allotment of this land. Thus, failure to recover the lease rent in advance as per the terms of allotment letter resulted in non recovery of ₹ 1.57 crore (including interest of ₹ 93.40 lakh) from the Developer for which no security was available with the Company.

The Management stated (July 2013) that the agreement was not executed as the allotment was temporary. It was further stated that the allotment was cancelled and possession of the land was taken from the developer. However, the fact remained that an amount of ₹ 1.57 crore was yet to be recovered (December 2013).

It could be seen from the above that the Company had extended various undue benefits in above three contracts and total outstanding dues aggregating to ₹ 149.35 crore[83] were recoverable from the Developer.

The matter was reported to the Government (June 2013); their reply had not been received (December 2013).

City and Industrial Development Corporation of Maharashtra Limited

4.2 *Implementation of Navi Mumbai Special Economic Zone*

Introduction

4.2.1 The Government of Maharashtra (GoM) decided (September 2002) to develop Navi Mumbai Special Economic Zone (NMSEZ) on the land (2,140 Hectare (Ha)) acquired by GoM/City and Industrial Development Corporation of Maharashtra Limited (CIDCO) at Dronagiri, Kalamboli and Ulwe in Navi Mumbai. NMSEZ envisaged creation of an exclusive physical enclave specially designed to act as a strong magnet to attract free flow of Foreign Direct Investment, hassle free export, production of goods and services, all culminating into new jobs for a larger number of people. CIDCO was appointed as Nodal Agency for implementation of NMSEZ to be developed through Public Private Participation (PPP). The High Power Committee (HPC) under the Chairmanship of Chief Secretary and Technical Committee under the Chairmanship of Managing Director of the CIDCO was to monitor the progress of NMSEZ.

4.2.2 Audit findings arising out of examination of GoM decisions on NMSEZ, execution of agreements and progress of NMSEZ are discussed below:

---

[81] Quoted rate ₹ 1.17 crore per acre ÷ 33 years x 7 years x 6 acres.

[82] ₹ 42.55 lakh in May 2007 and ₹ 42.55 lakh in October 2010.

[83] ₹ 126.92 crore + ₹ 20.86 crore + ₹ 1.57 crore.

Selection of strategic partner

4.2.3 CIDCO had invited (September 2003) Request for Proposal (RFP) for selection of strategic partner through global competitive bidding for development of NMSEZ on the earmarked area of 2,140 Ha. Out of this area, 50 Ha was to be used for residential purpose. In response, the consortium comprising SKIL Infrastructure Limited (SKIL), Hiranandani Constructions Private Limited (HCPL) and Avinash Bhosale Infrastructure Private Limited (ABIPL) had quoted the highest rate of ₹ 63.75 lakh per Ha for industrial use and ₹ 1 crore per Ha for residential use. SKIL was designated as Lead Consortium Member (LCM). The consortium companies jointly formed Dronagiri Infrastructure Private Limited (DIPL) to deal with NMSEZ. The CIDCO and DIPL in turn formed (2004) a Special Purpose Vehicle (SPV)-Navi Mumbai SEZ Private Limited with a shareholding of 26 and 74 *per cent* respectively. The Development Agreement (DA) and Shareholders Agreement (SA) were entered into in August 2004.

We observed that as per RFP, the prime responsibility of developing the NMSEZ vested with the LCM which was to contribute not less than 26 *per cent* of total equity in SPV. However, this condition was not incorporated in SA. As per the terms of SA, DIPL was allowed to transfer equity shares only after completion of Phase-I development. However, we observed that although development under Phase-I was not completed till date (October 2013), SKIL diluted its shareholding in SPV and its stake had reduced to 25.81 *per cent* as against minimum 26 *per cent* stated in RFP. Presently, the management of SPV was under the control of Reliance Group Investment and Holding Private Limited (RGIHPL).

Under recovery of development cost

4.2.4 As per policy of GoM, Project Affected Persons (PAPs) were eligible to get back developed plots of the area equal to 12.50 *per cent* of the total land acquired from them. The total land acquired by GoM/CIDCO in NMSEZ area was 2,140 Ha approximately out of which 1,842 Ha was handed over to SPV. As per terms of lease deeds (March 2006 to August 2008), SPV was liable to pay development cost to CIDCO at the rate of ₹ 623.46 per square metre of land developed for PAPs.

We observed that the land (1,842 Ha) handed over to SPV was inclusive of Holding Pond Area (HPA) admeasuring 144 Ha. The land under pond was developed by CIDCO as a part of infrastructure. However, while recovering development cost from SPV, the Company assessed PAP area (212 Ha) at the rate of 12.50 *per cent* of 1,698 Ha without considering HPA. PAP area worked out to 230 Ha considering HPA. Failure to consider this resulted in under recovery of ₹ 11.22 crore[84] towards development cost from SPV on short assessment of PAP land.

[84] Land area 18 Ha x 10,000 square metre x ₹ 623.46 per square metre = ₹ 11.22 crore.

Non-sharing of revenue

4.2.5 As per DA, SPV was required to pay proportion of revenue at the rate of 1.50 *per cent* of the Gross Revenue (GR) of NMSEZ to CIDCO for eight years commencing from the date when NMSEZ starts generating revenue; five *per cent* from ninth to 15th year and 7.50 *per cent* from 16th year onwards. GR included total revenue from all sources.

We observed that though project was not yet started (October 2013), the SPV was generating revenue mainly from interest on fixed deposits. The Company had raised (July/October 2008) demand for payment of proportionate revenue generated from interest on fixed deposits. In turn, SPV refused (July/December 2008) to share revenue on the grounds that revenue sharing would start from the date of commercial operation and gross revenue shall include only revenue generated from the commercial activities of the project. The argument of the SPV was not accepted (January 2009) by the Company. However, the Company did not take any action thereafter. The revenue sharing amount payable by SPV for the period from 2005-06 to 2011-12 worked out to ₹ 71.38 crore as detailed in **Annexure-14**.

DA also provided that in case SPV did not pay the revenue share, it shall be liable to pay the dues along with interest at the rate of 1.50 *per cent* per month from the due date of payment. Accordingly, the interest recoverable worked out to ₹ 52.06 crore **(Annexure-14)**. On being pointed out by Audit, the matter was referred to financial consultant in August 2013.

Non-recovery of penalty for delay

4.2.6 As per DA, NMSEZ was to be developed in two phases. Details of land handed over *vis-a-vis* date of achievement of development milestones were as under:

Sl. No.	Node	Area in Ha	Date of lease deed	Effective date	Milestone for development	Revised milestone for development
1.	Dronagiri	450	16 March 2006	27 September 2007	26 September 2010	27 September 2012
2.	Dronagiri	800	30 March 2007	27 September 2007	26 September 2012	27 September 2014
3.	Kalamboli	350	30 March 2007	27 September 2007	26 September 2013	27 September 2015
4.	Ulwe	80	20 August 2007	15 February 2008	14 February 2011	27 September 2013
5.	Ulwe	162	27 August 2008	24 February 2009	23 February 2012	27 September 2014
	Total	**1,842**				

If SPV fails to achieve the development milestones, CIDCO may grant extension to achieve such milestones on payment of damage charges at the rate of 0.25 *per cent* of the Phase-I asset value per week for the first four weeks, 0.50 *per cent* per week for the next four weeks and 0.75 *per cent* for every subsequent week subject to the maximum of seven *per cent*. The SPV stated (January 2010) that the global recession and slow down in economic growth had adversely affected the marketability of the NMSEZ project. The SPV also stated (January 2010) that it was deprived of various fiscal incentives in the absence of Maharashtra SEZ Act, therefore, date for development milestones be linked with date of enactment of the Maharashtra SEZ Act. The proposal for extension of milestones was approved by GoM (July 2010) by accepting the reasons assigned by the SPV. Thus, milestones for developmental activities was revised without recovery of damage charges which worked out to ₹ 103.02 crore. The work related to IT buildings-electrical and plumbing work, sub-station building-painting, slab and beam work for upstream bridge, road work and drain work were in progress (July 2013).

Exit policy

4.2.7 Some of the SEZs notified by Government of India under the Central SEZ Act, 2005, had either been de-notified or withdrawn on account of unfavourable market conditions as well as reduced incentives for SEZ projects. There was possibility of more SEZ projects opting for de-notification. Accordingly, the GoM appointed (July 2012) a Committee under Chairmanship of the Director of Town Planning, Maharashtra State to look into the matter so that Exit Policy (EP) could be introduced. Accordingly, the EP was approved (February 2013) by the State Government which *inter alia* stated that, upon de-notification, SEZs shall be eligible for development as Integrated Industrial Area (IIA). CIDCO was to frame Special Development Control Regulations (DCR) for such IIA with the approval of GoM. CIDCO approached (May 2013) the GoM for approval of Special DCR and decision of GoM was awaited (October 2013).

Monitoring

4.2.8 As per clause 3.1 of DA, SPV should furnish to CIDCO every six months, the implementation plan setting out, *inter alia*, the steps, procedures and process under taken and to be undertaken by the unit for achieving the milestone. However, SPV has not submitted such plan to the CIDCO till date (June 2013).

The matter was reported to the Government/Management (July 2013); their reply had not been received (December 2013).

Maharashtra State Electricity Distribution Company Limited

4.3 *High tension consumers with Extra High Voltage Load*

4.3.1 The supply of electricity by the Maharashtra State Electricity Distribution Company Limited (Company) to consumers are governed by Electricity Supply Code and other Conditions of Supply Regulations, 2005 (Supply Code) and Standards of Performance (SoP) of Distribution Licensees, period for Giving Supply and Determination of Compensation Regulations, 2005 (SoP Regulations) issued by Maharashtra Electricity Regulatory Commission (MERC). The SoP Regulations, intended to ensure overall system stability, reliability of supply and measures for reduction of losses stipulated that the consumers who had Contract Demand (CD) above 5,000

Kilovolt Ampere (KVA) were required to be supplied electricity at Extra High Voltage (EHV) level of 66 KV and above.

4.3.2 While the distribution network for supply of electricity below 66 KV level was to be executed by the Company, the network for supply at EHV level was to be executed by Maharashtra State Electricity Transmission Company Limited (MSETCL). However, neither did the SoP Regulations prescribe nor did the Company evolve a system to refer all such cases to MSETCL for independently exploring and arranging the network for power supply to the EHV consumers. Instead, the Company had been sanctioning and supplying power to High Tension (HT) consumers with CD exceeding 5,000 KVA at Low Voltage Level (LVL) (11/22/33 KV). Of 202 EHV consumers as on March 2013, in 133 cases the power supply was made at EHV level while the remaining 69 consumers were being supplied power at LVL. Scrutiny of records of 59 out of 69 such HT consumers revealed the following deficiencies.

Release of supply at lower voltage without detailed scrutiny

4.3.3 The Company requested (October 2005) MERC for levy of Voltage Surcharge (VS) at the rate of 15 *per cent* of billed energy in terms of units from the consumers who were supplied power at voltage level lower than that prescribed by MERC. The Company further requested to grant interim relief to continue levy of two *per cent* VS till final approval. MERC clarified (March/September 2010) that the electricity supply was to be released at LVL only under exceptional circumstances[85] and that too only as an interim solution. It was also clarified that cost of EHV Sub-station (SS) and the consumer's inability to afford the EHV SS could not be a ground for releasing supply at LVL. MERC admitted that the distribution losses, including transformation losses, would increase on account of supply at LVL. Accordingly, MERC allowed the Company to levy VS at two *per cent* of energy billed till detailed technical study was undertaken. However, no such technical study was undertaken by the Company till date (November 2013), in the absence of which the adequacy of loss recovered at two *per cent* could not be ensured in Audit.

The cause-wise analysis of supply at LVL to 45 HT consumers indicated that the reasons accepted by the Company in 27 cases related to land constraints and Right of Way (RoW) problems, in 10 cases though technically feasible, the consumers were not willing to construct EHV SS at their premises due to huge cost or time constraint and in the remaining eight cases there was no specific reasons assigned for not considering supply at EHV level.

The Management stated (January 2014) that levy of VS at the rate of two *per cent* was being done as per MERC orders. However, the reply was silent as to why technical study was not conducted till date (November 2013) to assess the adequacy of VS at the rate of two *per cent* as ordered by MERC.

[85] Space constraints or time required for construction of EHV SS, RoW/clearance problems and non-availability of prescribed voltage level infrastructure.

In this connection, we also observed that:

- The Company sanctioned (August 2008) additional load of 1,000 KVA (total CD 10,000 KVA) to Jailaxmi Casting and Alloys Private Limited (JCAPL), Paithan, District Aurangabad and supply of power was supplied temporarily from 33 KV and JCAPL was to set up an EHV SS in its premises by February 2010. JCAPL has not set up this SS till date (September 2013) and continues power at 10,000 KVA at 33 KV. It was also noticed that estimated cost for setting up an EHV station at consumer's premises worked out to ₹ 4.24 crore whereas the existing temporary arrangement cost ₹ 4.29 lakh only to it.

The Management stated (January 2014) that supply could not be shifted at EHV level due to RoW problems. It was further stated that the proposal to supply power to consumers having CD up to 10,000 KVA at 33 KV level was under consideration of MERC.

- The Company had not called for the detailed records from consumers to compare with norms, if any, for demonstrating the insufficiency of land as constraint as claimed by the consumers. In two cases[86], it was observed that the open space held by them was 2,33,907 and 22,650 square metres respectively as against 10,000 square meters required for setting up of EHV SS. The Company however released power supply at 22/33 KV level to these two consumers accepting land constraints as a reason.

The Management stated (January 2014) that the land available in the first case was earmarked for expansion of activity in future and in another case supply was sanctioned before SoP made applicable by MERC. The reply is incorrect as in the first case the land was available at the time of sanction and in the second case the additional load at EHV level was sanctioned in May 2006 after the SoP regulations came into effect from January 2005. As such the Company should have insisted setting up of EHV SS by the two consumers.

Loss due to non installation of meters

4.3.4 As per MERC order of March/September 2010, dedicated feeder[87] consumers were to be billed for the highest of the consumption recorded by meter installed at consumer's premises or at the SS. MERC also stated that it was to be ensured by the Company that both the meters were of same rating and class of accuracy. In respect of other HT consumers (non-dedicated feeder), MERC allowed levy of VS at two *per cent* of the total consumption. The supply code Regulations provided that unless a consumer opted to procure his own meter, the Company should provide the meter by recovering deposit from consumers towards cost of meter.

We observed that, the Company in violation of MERC orders, had been levying two *per cent* VS from 'dedicated feeder' consumers on the plea that

[86] New Bombay Ispat Udyog Private Limited and Sudarshan Chemical India Limited.
[87] Feeder exclusively for single consumer.

they had not installed the meter of same rating and class of accuracy at the SS. Accordingly, the Company recovered VS of ₹ 18.83 crore **(Annexure-15)** from 25 dedicated consumers in eight Circles during April 2010 to January 2013. Subsequently, eight dedicated consumers from three Circle offices, (Aurangabad, Jalna and Nagpur) installed (October 2010/June 2011) the prescribed meters at the SS and thereafter requested refund of VS recovered earlier on the ground that recovery was not as per order of MERC. It is pertinent to note that in response to petition filed by a dedicated feeder consumer, the MERC had ordered (October 2010) refund of VS levied by the Company because the responsibility of metering arrangements vested with the Company. The Company therefore refunded VS of ₹ 5.95 crore **(Annexure-15)** to eight consumers. Despite MERC order, the Company had not taken any step to ensure installation of meters at SS in respect of remaining dedicated consumers so far (September 2013) and lost the opportunity to bill the highest of the consumption recorded by meters installed at SS end or at consumer's premises.

The Management stated (January 2014) that the refund was made as per MERC's but was silent as to why the metering arrangement was not made at its SS.

Non-levy of voltage surcharge

4.3.5 SRJ Petty Steel Private Limited (SRJ PSPL) (CD-10,000 KVA), Jalna and its associate Dhanlaxmi Sponge Iron (CD-950 KVA) had taken separate HT connections from a single feeder. Similarly, Bhagyalaxmi Steel Alloys Private Limited (BSAPL) (CD-9,000 KVA) and its associate Bhagyalaxmi Rolling Mills Private Limited (CD-2,500 KVA) had also taken separate HT connections from a single feeder. Two consumers, namely SRJ PSPL, Jalna and BSAPL, were supplied power at LVL and were paying VS at the rate of two *per cent*. However, the Company decided (November 2010) not to recover VS as a special case based on the consumers' plea that the feeder was to be treated as dedicated as owner of both the connections was the same and refunded VS of ₹ 1.11 crore recovered during April 2010 to May/June 2011.

The Management stated (January 2014) that the above cases were considered on the basis of ownership. The reply is not correct as the MERC order of November 2010 defined dedicated feeder as "one feeder one connection". In the above cases, though the owners were one, but each owner had two separate HT connections. The refund of VS was incorrect.

Deviation in computation of LFI

4.3.6 The tariff for HT consumers determined from time to time mainly comprised of 'Demand Charges (DC)' and 'Energy Charges (EC)'. Consumer were entitled to a rebate of 0.75 *per cent* on the EC for every percentage point increase in load factor from 75 to 85 *per cent* and rebate of one *per cent* for load factor over 85 *per cent* subject to overall ceiling of 15 *per cent*. The total Load Factor Incentive (LFI) shall be limited to 15 *per cent* of EC. The Company recovers DC and pays LFI *vis-a-vis* recovery of penalty for low load factor based on the highest of the demand recorded by either of the meters; at consumers' premises or at SS of the Company. However, in eight[88] cases, the consumers approached (May 2011) the Company with a request to consider the demand recorded by the meters fixed at their premises for LFI on the plea that the demand registered in the meters installed at SS got distorted due to various reasons such as timing differences in recording of demand of two meters and errors due to telephone lines, EHV tower lines, line capacitors *etc.* The Company acceded (July 2011) to their request without prior approval from MERC for such deviation and without checking whether the claim of the consumers were correct or not. As per the information made available in two cases (Bhagwati Ferro Metal Limited and Vaishnav Casting Private Limited), the Company paid LFI of ₹ 3.16[89] crore for the period from July 2012 to February 2013 based on reading of meters installed at consumers' end. Thus, admissibility of LFI could not be ensured due to lack of proper metering arrangement at both the sides.

The Management stated (January 2014) that recorded KVA demand was not required for computation of LFI. The reply is not correct as LFI was not payable in case recorded demand during peak hours exceeded the CD. In the above cases, the recorded demand at the substation end was higher and exceeded the CD during peak hours. The consumers were thus not eligible for LFI.

Deficiency in monitoring the recorded demand

4.3.7 The tariff orders issued from time to time stipulated that the consumers were not entitled to LFI if (i) the actual demand recorded exceeded the CD or (ii) the load factor was less than 75 *per cent* during the billing period. It was further provided that in case any consumer exceeded the CD on more than three occasions in a calendar year, the Company may take action to enhance the CD.

In this connection we observed the following:

- In two cases[90], the Company on request by consumers reduced (November 2010 and October 2011) their existing CD of 9,900 and 9,750 KVA to 9,500 and 9,250 KVA respectively. In the former case, we observed that the maximum demand recorded during the three months prior to the date of reduction ranged from 9,632 to 9,843 KVA, whereas after reduction the demand ranged between 10,653 and 11,556 KVA up to January 2013. In another case, the maximum demand was more than CD of 9,250 KVA during 14 months prior to reduction and ranged between 9,450

[88] Jalna Circle: SRJ Pitty Steel Private Limited, Bhagyalaxmi Steel Alloys Private Limited, Om Sairam Steels Alloys Private Limited, Kalika Steel Alloys Private Limited and Meta Rolls Commodities Private Limited; Nasik Circle: Vaishnav Casting Private Limited and Bhagawati Ferro Metal Limited; and Pune Circle: Indrayani Ferrocast Limited.

[89] Bhagwati Ferro Metal Limited: LFI ₹ 2.98 crore + Unbilled demand charges ₹ 0.07 crore = ₹ 3.05 crore & Vaishnav Casting Private Limited: LFI ₹ 0.05 crore + Unbilled demand charges ₹ 0.06 crore = ₹ 0.11 crore.

[90] Shree Vaishnava Casting Private Limited and Meta Rolls & Commodities Private Limited.

and 9,817 KVA after reduction. The reduction was thus not in line with actual demand and had an impact on LFI determined on the basis of the CD irrespective of the actual recorded demand. Thus, the Company extended undue advantage of LFI to the extent of ₹ 6.62 crore by allowing reduction in CD of these two consumers during November 2010 to January 2013.

The Management while accepting the fact stated (January 2014) that the matter will be taken up in the Multi Year Tariff (MYT) petition with MERC. The reply was not convincing as the Company was silent as to why the reduction in load was allowed to consumers.

- In another two cases[91], the actual demand of the consumers connected through a common feeder had exceeded their CD on 20 and 33 occasions during the period from September 2010 to December 2012. The average demand registered by them ranged between 5,237 and 5,330 KVA as against their CD of 4,940 and 4,995 KVA respectively. However, the Company did not taken any action to enhance their CD to meet the actual requirement. Since 5,000 KVA demand was the threshold limit for supply of power at EHV level, the inaction of the Company also led to non-recovery of ₹ 1.07 crore towards VS at the rate of two *per cent*.

The Management stated (January 2014) that the notices were issued to consumers who exceeded the contract demand. However, consumers do not turn up and the Company has a limitation of physical disconnection due to lack of clear provisions in MERC orders. However, fact remained that threshold cases if remained un-regularised had adverse impact on the revenue of the Company.

Thus, by not monitoring the actual demand against the CD, the four consumers were benefited by ₹ 7.69 crore till date (September 2013).

The replies were endorsed by the State Government (January 2014).

4.4 *Avoidable payment of interest on Income Tax*

The Company wrongly computed depreciation while assessing its Income Tax liability resulting in avoidable payment of interest of ₹ 33.58 crore.

Section 43 of the Income Tax Act, 1961 (Act) provides that for Income Tax (IT) purpose the actual cost of an asset acquired shall not include any element of subsidy or grant or reimbursement from the Central Government or a State Government or any authority. Therefore, depreciation on asset net of subsidy/ grant was to be considered for assessing the IT liability.

We observed (February 2013) that the Company while computing income for assessing the IT liability claimed depreciation on the gross value of assets such as Buildings, Plant and Machinery, Furniture *etc.* without deduction of related subsidy/grants received. The IT Department while assessing

[91] Nilesh Steel & Alloys Private Limited and Gajalaxmi Steel Private Limited.

(28 December 2010) the income of the Company for the Assessment Year (AY) 2008-09 objected claiming of depreciation on gross value of assets and disallowed depreciation of ₹ 247.12 crore on the portion of subsidy/grants. The disallowance of excess depreciation had thus resulted in short payment of IT to the extent of ₹ 83.99 crore for AY 2008-09. Thus, the Company accordingly paid (March 2011) IT of ₹ 83.99 crore along with interest of ₹ 33.58 crore at the rate of 12 *per cent* per annum as per Section 234 of the Act.

The Management in its reply accepted (June 2013) that the Company had wrongly claimed higher depreciation which was an unintentional mistake and as a result IT of ₹ 83.99 crore along with interest of ₹ 33.58 crore was paid. The reply was endorsed by the State Government (January 2014).

4.5 *Undue benefits to HT consumers due to change of category*

The Company permitted change of category from continuous to non-continuous supply though applications for change were not submitted within the time prescribed by MERC thereby benefiting HT consumers by ₹ 10.57 crore.

MERC in its tariff order (20 June 2008) stipulated that only High Tension (HT) industries connected on express feeder and demanding continuous supply will be deemed as HT continuous industry and given continuous supply, while all other HT industrial consumers will be deemed as HT non-continuous industry. HT consumers connected on express feeder were given option to select continuous or non-continuous type of supply. It was further clarified (September 2008) that such consumers may exercise the option, within the first month of issue of the tariff order. In case such choice is not exercised within the specified period, the existing categorisation was to be continued. The tariff for continuous supply was comparatively higher than the tariff for non-continuous supply.

On test check of two Operation and Maintenance Circles,[92] we observed (February 2013) that the Company had permitted (2011-12 and 2012-13) 21 HT consumers, (Jalna: 19 and Nasik Rural: 2) change in the tariff from continuous to non-continuous even though their applications for change were received after expiry of one month from the date of issue of relevant tariff orders by MERC. The delay in submission of application was between 19 and 271 days. Thus, due to non-adherence to orders issued by MERC, these 21 HT consumers were benefited by ₹ 10.57 crore due to change of category (September 2011 to August 2012) till next tariff (31 October 2011/ 16 August 2012) as per **Annexure-16** enclosed. The Recovery Committee[93] while approving the change stated that the effect of tariff for the category applied was to be given immediately after one month from the date of receipt of application. The decision of the Committee was, however, not as per the

[92] Jalna and Nasik Rural Circle.

[93] Comprising of Managing Director, Director (Finance), Director (Operations), Executive Director (Commercial) and Chief Legal Advisor.

order of MERC which clearly stated that option for desired category was to be exercised within one month from the date of tariff order and not within one month from the date of application.

The Management in its reply (October 2013) which was endorsed by the Government stated (October 2013) that due to withdrawal of load shedding many HT consumers requested for change of category from continuous to non-continuous and the same was accepted in order to retain these consumers and seeking option from individual consumers within first month of the tariff order would be impracticable. The reply is not tenable as the Company permitted change of category of the consumers who had not submitted their applications within the time prescribed by MERC thereby benefiting HT consumers who requested for change belatedly.

4.6 *Loss of revenue*

Non-metering for external consumption by malls/multiplexes resulted in loss of potential revenue of ₹ 3.29 crore to the Company during June 2008 to February 2013.

The Company classified its consumers conducting business activity as malls, multiplexes, theatres *etc.* under HT-II Commercial tariff category. However, MERC had prescribed a separate category (*viz:* Low Tension (LT)-VIII) in May 2008 for use of electricity for the purpose of advertisements, hoardings and other conspicuous consumption such as external flood lights, displays, neon signs at departmental stores, malls, multiplexes, theatres, clubs and other such entertainment/leisure establishments. The tariff orders issued by MERC from time to time (May 2008 to August 2012) had prescribed significantly higher rates for LT-VIII category as compared to tariff for HT-II Commercial.

We observed (January 2013) that, there was no mechanism in the Company to install separate meters to measure electricity used by malls and multiplexes for external flood lights, hoardings, neon signs *etc.* The consumption for this purpose was billed as HT-II Commercial instead of LT-VIII category. Test check of records of three Circle[94] offices of the Company covering 40 malls/multiplexes revealed that entire consumption of malls and multiplexes was billed under HT-II Commercial category. The malls and multiplexes of these Circles consumed 41.82 crore units during the period from June 2008 to February 2013. In the absence of separate metering arrangement the consumption for external flood lights, neon signs and displays could not be assessed. However, even on a very conservative basis and considering one *per cent* of the total electricity consumed by malls/multiplexes for external flood lights, displays, neon signs, *etc.*, the revenue foregone worked out in audit amounted to ₹ 3.29[95] crore during June 2008 to February 2013.

[94] Pune, Thane and Vashi.

[95] Calculated at differential rate for LT-VIII and HT-II consumers.

The Management in its reply stated (June 2013) that malls/multiplexes were categorised under HT-II Commercial based on pre-dominant use of power supply. However, the reply is not correct as a separate category (LT-VIII) was prescribed by MERC for use of electricity for external flood lights, displays, neon signs *etc.* at malls and multiplexes. The action of the Company violated the provisions of tariff orders of MERC.

The matter was reported to the Government (May 2013); their reply had not been received (December 2013).

4.7 *Undue benefit to HT consumer*

The Company extended undue benefit of ₹ 1.91 crore to a consumer by applying concessional tariff from the date of connection instead of date of registration as IT Park.

As per Information Technology (IT) Policy 2009, the IT Park and Information Technology Enabled Services (ITES) units as defined in the policy were entitled to power supply at industrial rate and exempt from payment of electricity duty. The Company released (July 2010) power supply connection to Flagship Infrastructure Private Limited, Pune (FIPL) for development of private IT Park at Hinjewadi, Pune. The power supply was categorised as HT-II Commercial. The construction of IT Park was completed by FIPL in August 2011 and IT Park was registered with Directorate of Industries, Government of Maharashtra on 26 December 2011.

We observed (January 2013) that Ganeshkhind Urban Circle, Pune granted (March 2012) the benefit of the lower tariff (HT-I Industrial) to FIPL from the date of connection released (July 2010) and refunded ₹ 1.91 crore being the difference between HT-II Commercial and HT-I Industrial tariff during July 2010 to December 2011. Further, it was also seen that the decision for application of revision in bills for a period exceeding six months taken by Superintending Engineer (SE) was not within his delegated power. We also observed that in a similar case of Devi Construction Company Limited, Pune (Consumer No.170149072480) which developed IT Park in Pimpri, Pune, the Company clarified to the consumer that industrial tariff would be applicable from the date of permanent registration as IT Park and not earlier. Thus, the refund of ₹ 1.91 crore by SE, Pune was clearly an undue benefit to FIPL.

The Management in its reply accepted (August 2013) that the consumer (FIPL) was wrongly given refund of ₹ 1.91 crore and the amount was being recovered from the consumer in 10 equal installments from June 2013 to March 2014. The reply was endorsed by the State Government (January 2014). However, the reply did not elaborate about the action taken, if any, against erring official.

4.8 *Non-recovery of arrears of revenue*

The Company did not conduct periodical inspection of HT consumers and had to forego arrears of revenue of ₹ 69.01 lakh for the period beyond two years being time barred.

The Company recovers charges for supply of electricity as per the tariff fixed by MERC. The tariff order stipulates different rates for various categories of consumers. Timely and correct classification of consumers is vital and delay in classification of consumers in appropriate category may adversely affect the revenues of the Company as Section 56(2) of Electricity Act, 2003, restricts recovery of arrears up to maximum period of two years. The Company instructed its field offices from time to time to check all aspects of HT consumers *viz.* sanction of load and accuracy in billing, so as to cover all HT consumers once in a year.

We observed (January and February 2013) that despite laid down instructions, periodical inspection was not conducted by the field offices affecting the revenue of the Company as seen in the following two cases.

Case-1

The Company (Nagpur Rural Circle) had released (June 2008) additional load of 100 KVA to Sunder Industries, Nagpur. The Current Transformer (CTs) of 10/5 *ratio* was replaced by CTs of 15/5 *ratio* and the Multiplying Factor (MF) for assessing consumption of units was required to be changed from two to three. However, during replacement of new meter for facilitating Automatic Meter Reading, the Testing Division, Nagpur noticed (June 2012) after a period of four years that the energy bills were issued considering MF of two instead of three resulting in under billing to the extent of ₹ 53.18 lakh (June 2008 to May 2012). The Company could recover electricity charges of ₹ 32.83 lakh for two years prior to date of detection and remaining amount of ₹ 20.35 lakh pertaining to earlier period (June 2008 to May 2010) could not be recovered as Section 56(2) of Electricity Act, 2003, was applicable.

The Management while accepting the fact stated (October 2013) that the amount of ₹ 32.83 lakh was recovered based on the order of Electricity Ombudsman and the Company had filed the case in the High Court for recovery of remaining amount by challenging assessment made by Electricity Ombudsman. The reply of Management is not correct as arrears of revenue beyond two years cannot be recovered under Section 56(2) of Electricity Act, 2003, which restricts recovery of arrears up to maximum period of two years. The Management also stated that departmental enquiry has been initiated against the concerned officials. The reply was endorsed by the State Government (January 2014).

Case-2

Syntel International Private Limited (SIPL), Pune had taken two HT connections at Plot No.B1 and B2 in Talawade Technology Park, Pune with a contract demand of 900 and 2,750 KVA from 16 July 2008 and 15 May 2006 respectively. The consumer was supplied electricity through express feeder and it was to be categorised as HT continuous consumer and higher tariff was applicable. Site verification report (March 2012) by the officials of Ganeshkhind Circle, Pune indicated that the consumer was billed as per tariff for HT-I non-continuous from the date of release of supply instead of tariff for continuous supply. In this case also, the Company could not recover ₹ 48.66 lakh being differential energy charges for the period June 2008 to March 2010 being time barred.

Thus, despite instructions, the field offices failed to conduct periodical inspection of HT consumers and review bills resulting in non-recovery of ₹ 69.01 lakh (₹ 20.35 lakh *plus* ₹ 48.66 lakh).

The matter was reported to the Government/Management (June 2013); their reply had not been received (December 2013).

4.9 *Under billing due to delay in change in category*

The Company belatedly changed the category of consumers resulting in under billing of ₹ 0.27 crore to high tension consumers.

MERC tariff order dated 20 June 2008 introduced a new category (HT-II Commercial) from 01 June 2008 to cater to all Commercial consumers availing supply at HT voltages previously classified under HT-I Industrial category. The tariff for HT Commercial was higher than tariff for HT Industrial. It was therefore essential for Company to identify HT Commercial consumers immediately so that new tariff could be applied from June 2008. Accordingly, the Company issued circular (July 2008) instructing its field offices to review and carefully change the category of its existing HT Industrial consumers and bring those consumers under HT-II Commercial category.

We observed (February 2013) that out of eighteen All India Radio (AIR) Stations which the Company caters to, 11 circles classified AIR Stations under HT-II Commercial category with effect from June 2008 and July 2008 respectively. However, in seven circles,[96] AIR Stations were billed as per HT-I Industrial tariff until their category was changed as HT-II Commercial between April 2009 to September 2009. Thus, there was no uniformity in application of tariff by various circles and period of revenue forgone ranged between 10 to 15 months.

As a result there was under billing of ₹ 1.74 crore[97] in respect of seven HT-II Commercial consumers in seven circles.

[96] Akola, Dhule, Nagpur, Nasik, Osmanabad, Parbhani and Ratnagiri.

[97] Akola ₹ 0.06 crore, Dhule ₹ 0.04 crore, Nagpur ₹ 1.43 crore, Nasik ₹ 0.06 crore, Osmanabad ₹ 0.04 crore, Parbhani ₹ 0.03 crore and Ratnagiri ₹ 0.08 crore.

The Management in its reply accepted (August 2013) the audit contention and recovered ₹ 1.47 crore from AIR Stations at Osmanabad and Nagpur Circles. The reply was endorsed by the State Government (January 2014). However, an amount of ₹ 0.27 crore was yet to be recovered (August 2013).

Haffkine Bio-Pharmaceutical Corporation Limited

4.10 *Loss of revenue due to delay in Certification of Accounts*

The Company lost an opportunity to earn revenue of ₹ 6.43 crore as the tender of the Company for supply of Polio Vaccine was not accepted for want of certification of Annual Accounts.

Haffkine Bio-Pharmaceutical Corporation Limited (Company) participated (August 2010) in the tender floated by Rail India Technical and Economical Services Limited (RITES) for supply of Oral Polio Bivalent Vaccine (bOPV) in vials of 20 doses for 15 lakh vials each in two batches/schedules. The Company had quoted Ex-works basic price of ₹ 119.34 per vial against which actual cost worked out to ₹ 76.45 per vial with a margin (contribution) of ₹ 42.89 per vial.

As per the conditions of the bid documents, the bidders should have an annual turnover of at least ₹ 65.25 crore for supply against one schedule and for supply against two schedules the cumulative turnover should be ₹ 130.50 crore, for the past three fiscal years ended 2009-10. The turnover was required to be supported by audited financial statement of the bidder.

We observed (April 2013) that the audit of annual accounts of the Company was completed up to 2007-08. The Company, therefore, submitted audited annual accounts for 2007-08 and a single page annual turnover statement certified by Chartered Accountants for 2008-09 and 2009-10 showing turnover of ₹ 88.98 crore, ₹ 26.27 crore and ₹ 168.81 crore respectively. The Company was the L1 and RITES, considering the turnover of ₹ 88.98 crore for 2007-08, placed order of ₹ 18.28 crore for only one batch/schedule. However, the order for second batch/schedule was not placed on the plea that turnover was not supported by Audited Financial Accounts (2008-09 and 2009-10) as stipulated in tender condition.

Thus, owing to failure in preparation of annual accounts for 2008-09 and 2009-10 and getting them audited, the Company lost the order for second schedule thereby foregoing anticipated revenue of ₹ 6.43 crore.[98]

The Management stated (November 2013) that the accounts could not be finalised in time due to shortage of professional staff. The reply was not tenable as the accounts of the Companies for every financial year were required to be finalised within six months from the end of the relevant financial year under Section 166 and 210 of the Companies Act, 1956.

[98] Contribution of ₹ 42.89 per vial for 15 lakh vials = ₹ 6.43 crore.

The matter was reported to the Government (July 2013); their reply had not been received (December 2013).

Maharashtra State Power Generation Company Limited

4.11 *Undue benefits to supplier*

The Company incurred infructuous expenditure of ₹ 4.01 crore on procurement of fly ash pumps.

Maharashtra State Power Generation Company Limited (Company) decided (June 2010) to replace 30 year old fly ash pumps and motors in Ash Handling Plant/Booster Pump House at Thermal Power Station (TPS), Bhusawal to avoid frequent repairs and consequent loss of generation. Accordingly, the Company placed order (December 2010) for supply and commissioning of three pumps/motors and other allied electrical/civil works on Lakhavi and Eskay Engineers Private Limited (LEEPL), Navi Mumbai (L1) at a cost of ₹ 4.49 crore.

As per terms of contract, the equipment were guaranteed for 18 months from the date of commissioning or 24 months from the date of supply whichever was earlier. One pump (B1) was commissioned on 7 June 2011 and remaining two pumps (B2 and B3) were commissioned on 27 June 2011. However, the first defect was noticed in pumps B2 and B3 on 2 July 2011 and in pump B1 on 19 July 2011. Due to frequent failures, all pumps were completely removed from service from 13 March 2012 (B2 and B3) and 19 October 2012 (B1) as their total availability since commissioning was between 7.69 and 8.21 *per cent*.

We observed (February 2013) that the Company had collected Security Deposit (SD) of ₹ 3 lakh only from LEEPL instead of ₹ 44.95 lakh, being 10 *per cent* of contract value. As per tender condition, the Supplier who had Permanent Deposit (PD) of ₹ 3 lakh with each TPS of the Company was only eligible for exemption from payment of SD at 10 *per cent* of contract value. LEEPL had no experience of supply to any TPS and had no previous arrangement of PD. Hence, the exemption granted to LEEPL from payment of SD at 10 *per cent* of contract value was irregular. Further, the Company released balance payment of ₹ 21 lakh on 29 July 2011 to LEEPL though the pumps had fully stopped functioning from 19 July 2011 to 8 August 2011 (B1) and from 3 July 2011 to 22 August 2011 (B2 and B3). The Company thus extended undue benefits of ₹ 62.95 lakh[99] to the Supplier. The equipment were still lying unattended (April 2013) and old pumps were brought back into service on withdrawal of new pumps. The entire expenditure of ₹ 4.01 crore (total cost: ₹ 4.49 crore *less* bank guarantee/SD encashment of ₹ 0.48 crore) was thus rendered infructuous.

[99] Amount released after noticing defects ₹ 21 lakh + differential SD ₹ 41.95 lakh.

The Management in its reply (January 2014) which was also endorsed by the State Government (February 2014) stated that the Company has discontinued the practice of accepting PD and matter regarding supply of required material for re-commissioning of pumps is being taken up with the dealer. However, the reply did not elaborate the reasons for releasing balance payment in spite of observing defects. The purpose of procurement of pumps was defeated due to the defects and the Company also did not safeguard its financial interest.

4.12 *Avoidable payment of water charges*

The Company did not assess the requirement of water correctly and paid water charges of ₹ 2.06 crore for undrawn quantity.

The Company entered (March 2007) into an agreement with Water Resources Department (WRD), Government of Maharashtra for supply of 30 Million Cubic Metres (MCM) of water to Thermal Power Stations (TPS) at Koradi for a period of six years. As per the terms of agreement, the Company was to communicate yearly demand (1st November to 31st October) to WRD along with bifurcation of requirement for Industrial and Domestic use.

We observed (March 2013) that total consumption of water at Koradi TPS was 32.62 MCM and 25.48 MCM during 2009-10 (1st November 2009-31st October 2010) and 2010-11 (1st November 2010-31st October 2011) respectively as against sanctioned quota of 30 MCM each for these two years. The reduction in consumption during 2010-11 was on account of closure of four overaged power generating units (4 x 105 MW) on 06 January 2011. However, the Company communicated its requirement to WRD as 30 MCM for 2011-12 but had not reduced the requirement by taking into account the closure of the four units. As such, the actual consumption during 2011-12 was only 18.39 MCM (14.95 MCM for industrial use and 3.44 MCM for domestic use) and the Company had to pay ₹ 2.06 crore towards the cost of water (11.61 MCM) which was not drawn. Had the Company properly assessed the requirement of water, the payment of ₹ 2.06 crore towards water charges could have been avoided.

The Management stated (January 2014) that there were representations by local people/organisations against sudden closure of units thereby making it imperative to maintain status-quo of water consumption. The reply was endorsed by the State Government (January 2014). The reply was not acceptable as the Company bound by the terms of the agreement could increase/decrease its water requirement based on its need. The requirement of water for 2011-12 was wrongly estimated leading to a payment of ₹ 2.06 crore for water not drawn from WRD.

4.13 *Non-recovery of penalty*

The Company extended undue benefit to purchaser by foregoing its right to recover penalty of ₹ 1.57 crore.

The Company invited (February 2012) tender for disposal of discarded power generating Unit No.2 at Thermal Power Station, Paras through e-auction held on 21 March 2012. Siddhi Multi Trade Private Limited, Jaipur (Purchaser), had quoted the highest rate of ₹ 21.52 crore (excluding taxes and duties). The bidder was required to pay 100 *per cent* of purchase value within 30 calendar days from the date of e-auction. In case of delay, penalty at the rate of 0.1 *per cent* of the balance purchase value per day of default was payable. The sale proposal was approved by the Board of Directors (BoD) on 18 April 2012.

We observed (September 2013) that the Company issued sales intimation letter to the Purchaser on 9 May 2012 after 21 days from the date of approval by BoD and sale order was issued on 4 June 2012 after 25 days from sales intimation. The Company allowed 30 days for payment from the date of sale order instead of date of e-auction as stipulated in the terms of auction. The Purchaser paid entire purchase consideration of ₹ 21.52 crore on 7 July 2012 after a lapse of 77 days from the due date for payment (20 April 2012). Thus, due to non-adherence to the time schedule prescribed in the tender the Company had foregone its right to recover penalty which worked out to ₹ 1.57 crore[100] till 6 July 2012.

The Management in its reply (July 2013) which was also endorsed by the State Government (January 2014) stated that the sale amount was to be deposited by the Purchaser within 30 days from the date of sale order and accordingly recovery of ₹ 8.61 lakh would be made. It was further stated that sales order could not be issued in time due to dispute over taxes as the party was from outside State. The reply was not tenable as the tender condition clearly stipulated that 100 *per cent* payment of purchase consideration was to be made within 30 calendar days from e-auction and not from the date of sale order. Hence, allowing 30 days for payment from the date of sale order was not justified and it was also not as per conditions of e-auction.

[100] Penalty at the rate of 0.1 *per cent* per day for 77 days on ₹ 21.52 crore = ₹ 1.66 crore *less* recovery being proposed by the Company ₹ 0.09 crore.

Maharashtra State Road Development Corporation Limited

4.14 *Loss of revenue due to delay in finalisation of tender*

The Company granted extension to existing party at lower rates resulting in loss of revenue of ₹ 46.14 lakh during March 2009 to July 2010.

Maharashtra State Road Development Corporation Limited (Company) awarded (February 2006) a contract to Geet Publicity (Party) for display of advertisements on the kiosk on Electric Poles of four flyovers and on railing of J.J. Flyover for a lease rent of ₹ 1.01 crore per annum. The period of contract of three years expired in February 2009. In order to maximise its revenue, it was expected that the Company would take steps well in advance to invite tenders so that new rates could be effective immediately after expiry of the existing contract. The Company invited tenders in February 2009 for the above work for a period of three years. However, the contract did not materialise as the highest bidder did not respond to his offer. The Company, therefore, re-invited the tender in August 2009 with a validity period of 90 days.

We observed (November 2011) that the Company took 11 months to finalise the tender. The technical and financial bids were opened in September 2009 and October 2009 respectively and the highest offer of ₹ 1.61 crore for the first year with 15 *per cent* increase in subsequent years was received from Pioneer Publicity Corporation Private Limited (PPCPL). As the rates received were comparatively higher than existing one, it was necessary to finalise the contract at the earliest. However, the process for approval of offers by Board of Directors (BoD) itself took six months as the matter was deferred by the BoD in the meeting held on 24 November 2009 and was not included in the agenda of the subsequent Board meeting held on 10 February 2010. The offer was finally approved in April 2010. The Letter of Acceptance was issued to PPCPL on 28 May 2010 and the contract of a total value of ₹ 5.59 crore for a period of three years was made effective from 1 August 2010.

We further observed that the existing Party was given extension at the old rate of ₹ 1.01 crore per annum for the first two months (March-April 2009) and thereafter at ₹ 1.16 crore per annum from May 2009 and ₹ 1.33 crore per annum from March 2010 up to July 2010 though the existing Party had quoted higher rates of ₹ 1.35 crore and ₹ 1.61 crore per annum in February and August 2009. Thus, due to delay in finalisation of tender and granting of extension to Geet Publicity at lower rates, the Company suffered revenue loss of ₹ 46.14 lakh based on lease rent quoted by the same Party and actual rent received during March 2009 to July 2010.

The Management while accepting the delay in finalisation of tender stated (September 2013) that the delay caused in awarding contract was procedural and care would be taken to minimise such delay in future.

The matter was reported to the Government (May 2013); their reply had not been received (December 2013).

General

4.15 Corporate Governance in State Public Sector Companies

Introduction

4.15.1 Corporate Governance (CG) is a system of structuring, operating and controlling an organisation with a view to achieving long term strategic goals to satisfy the stakeholders (shareholders, employees, customers, Government and community) and comply with the legal and regulatory requirements. CG is a way of directing and controlling Companies. It is concerned with the morals, ethics, values, parameters, conduct and behavior of the Company and Management. It is the system by which companies are directed and controlled by the management in the best interest of the shareholders and other stakeholders ensuring greater transparency and better and timely financial reporting. The absence of good governance structures and lack of adherence to the governance principles increases the risk of corruption and misuse of entrusted power by the management in public sector.

The direction of CG initiatives has been dictated mainly by the Companies Act, 1956 and its subsequent amendments as far as Government companies in the State are concerned.

Provisions of Companies Act, 1956 with regard to Corporate Governance

4.15.2 The Companies Act, 1956 does not have any direct provisions regarding CG but different provisions prescribe certain practices that go in building a robust CG structure. Important amendments introduced in the year 2000 to Sections 217 and 292 of the Companies Act, 1956 set the tone for CG in the country. Some such provisions are indicated below:

- Section 217 (2AA) provides for Director's Responsibility Statement as part of the Board's Report indicating that the applicable Accounting Standards have been followed in the preparation of the accounts and reporting material departures there from, that the companies follow their accounting policies consistently and that all the accounting records are maintained as per the requirements of the Act.
- Section 292A provides for the constitution of Audit Committee as a Committee of the Board in every Public Limited company having a paid up capital of not less than ₹ 5 crore. The terms of reference of the Audit Committee include all matters related to financial reporting process, internal control and risk management system of the company, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

Scope and Methodology of Audit

4.15.3 As on March 2013, there were 87 State Government Public Sector Undertakings (SPSUs) in the State under the audit jurisdiction of the Comptroller and Auditor General of India. These included 61 Working Government companies, 22 Non-working Companies and four Statutory Corporations. There were no listed companies in the State as of March 2013. Audit has selected all 19[101] working Companies (listed in **Annexure-17)** having paid up capital not less than ₹ 10 crore for scrutiny for a period of five years ended March 2013.

The audit findings are detailed below:

Holding of Board meetings

4.15.4 Section 285 of the Companies Act, 1956, provides that the Board of Director (BoD) of a Company shall meet at least once in every three months and at least four such meetings shall be held in a year. The shortfalls in holding Board Meetings (BM) by the following Companies during five years up to 2012-13 was as under:

Sl. No.	Name of the Company	2008-09	2009-10	2010-11	2011-12	2012-13
		(Shortfall in number of BoD meetings)				
1.	Sant Rohidas Leather Industries and Charmakar Development Corporation Limited (SRLICDCL)	-	1	-	-	1
2.	Shivshashi Punarvasan Prakalp Limited (SPPL)	4	4	3	4	3
3.	Maharashtra Film, Stage and Cultural Developmental Corporation Limited (MFSCDCL)	1	-	1	-	-
4.	Maharashtra Small Scale Industries Development Corporation Limited (MSSIDCL)	1	-	1	-	-
5.	Shabari Adivasi Vitta Va Vikas Mahamandal Limited (SAVVVML)	2	-	2	2	1
6.	Maharashtra Tourism Development Corporation Limited (MTDCL)	-	1	1	1	1
7.	Maharashtra Airport Development Company Limited (MADCL)	1	-	-	-	-
8.	Annasaheb Patil Arthik Magas Vikas Mahamandal Limited (APAMVML)	-	-	-	-	3
9.	Maharashtra State Electric Power Trading Company Private Limited (MSEPTCPL)	-	-	-	1	-

Further, we observed that there was a time gap exceeding three to 36 months between BoD meetings. While SPPL conducted a BM after 36 months,[102] SAVVVML and APAMVML conducted a BM after 7 and 11 months respectively.

[101] SRLICDCL, MRIMVVVML, MPBCDCL, MSEDCL, MSPGCL, MAAAVML, FDCML, SPPL, MSRDCL, MFSCDCL, MSSIDCL, SAVVVML, MTDCL, MADCL, APAMVML, MSHCL, MIL, MSPCL and MSEPTCPL.

[102] SPPL - BM No.31 and 32 held on 10 September 2007 and 4 October 2010 respectively.

Arrears in finalisation of accounts

4.15.5 The accounts of companies for every financial year are required to be finalised within six months from the end of the relevant financial year as per Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956.

The position of arrears of accounts as of 30 September 2013 was as under:

Sl. No.	Name of the Company	Year of latest accounts finalised	Extent of arrears (in years)
1.	SRLICDCL	2005-06	7
2.	MPBCDCL	2008-09	4
3.	MAAAVM	2006-07	6
4.	SPPL	2007-08	5
5.	MSRDCL	2010-11	2
6.	MSSIDCL	2009-10	3
7.	SAVVVML	2008-09	4
8.	MTDCL	2009-10	3
9.	APAMVML	2010-11	2

It could be seen from the table above that in the nine working Companies, the annual accounts were in arrears for periods which ranged between two to seven years. It was stated that finalisation of annual accounts was delayed due to lack of staff, absence of computerised accounting *etc.* In the absence of finalisation of accounts, it could not be ensured as to whether the investments and expenditure incurred were properly accounted for and the purpose for which the amount was invested was achieved or not. Further, the financial health of these Companies could not be correlated.

Annual General Meeting (AGM)

4.15.6 Section 166 read with Section 210 of the Companies Act, 1956 provides that the AGM is to be held at the earliest of the following:

- 15 months from the date of last AGM;
- The last day of the calendar year; and
- Six months from the closing of the financial year.

The earliest of the above happens to be six months from the closing of the financial year. Audit observed that 10 Companies[103] held the AGMs belatedly, *i.e.*, beyond six months from the date of closure of financial years during 2008-13 and the delay ranged between two[104] to 42 months[105] as under:

Sl.No.	Period of delay	Name of Companies
1.	Delay up to one year	SRLICDCL, MPBCDCL, MSSIDCL, MSHCL, MIL and MSEPTCPL
2.	Delay from one to three years	SPPL, MTDCL and APAMVML
3.	Delay above three years	SAVVVMML

[103] SRLICDCL, MPBCDCL, SPPL, MSSIDCL, SAVVVML, MTDCL, APAMVML, MSHCL, MIL and MSEPTCPL.

[104] MIL.

[105] SAVVVML.

Delay in finalisation of accounts results in delay in holding of AGM and adoption of financial accounts.

Directors' responsibility statement [Section 217 (2AA)]

4.15.7 With a view to increase the accountability of Directors, a Company is required to include a Directors' Responsibility Statement (DRS) in the Report of the BoDs which should affirm that:

- Annual accounts have been prepared in accordance with applicable Accounting Standards (AS);
- Annual accounts are prepared on a "going concern basis;"
- Selection and application of Accounting Policies is consistent and prudent so as to exhibit a true and fair view of the state of affairs of the Company; and
- Proper and sufficient care has been taken for maintenance of adequate accounting records, safeguarding the assets and for preventing and detecting frauds and irregularities.

It was observed that three (MPBCDCL, MRIMVVVML and MAAAVM) out of 19 working Companies test checked did not include a DRS in the Report of the BoDs. Though, 16 Companies have given DRS stating that annual accounts have been prepared in accordance with applicable AS, however eight[106] companies have not followed the AS on various aspects.

Formation of Audit Committee

4.15.8 Section 292A of the Companies Act, 1956 requires every Public Limited Company having paid up capital of not less than ₹ 5 crore to constitute an Audit Committee at the Board level which should have discussions with the auditors periodically about internal control systems, review the half-yearly and annual financial statements before its submission to the Board and ensure compliance of internal control systems.

It was observed that only nine[107] out of 19 working Companies had formed Audit Committee as good governance practice. Further, SPPL conducted only two, while MSRDCL, SAVVVML and MADCL conducted four Audit Committee meetings each during the period of five years ending March 2013.

Non-filing of notice with RoC for increase in ASC

4.15.9 As per Section 97 of the Companies Act, 1956, the Company shall file notice (Form 5) of increase of Share Capital (SC) with Registrar of Companies (RoC) within 30 days of increase in Authorised Share Capital (ASC). ASC of

[106] SRLICDCL, MSRDCL, MFSCDCL, MTDCL, MADCL, APAMVML, MSHCL and MIL.

[107] MSEDCL, MSPGCL, SPPL, MSRDCL, MSSIDCL, SAVVVML, MADCL, MSHCL and MIL.

the following Companies was increased at different times. However delays were observed in filling notice (Form 5) with RoC as under.

Sl. No.	Name of the Company	Date of increase in ASC	Increased ASC (₹ in crore)	New ASC (₹ in crore)	Date of filing of notice with RoC	Delay in filing of notice with RoC up to March 2013 (In months)
1.	SRLICDCL	08.05.2009	23.21	73.21	Not filed so far (March 2013)	46
2.	MPBCDCL	01.09.2012	300.00	500.00	Not filed so far (March 2013)	07
3.	MRIMVVVML	21.11.2012	200.00	250.00	08 April 2013	04
4.	MSEDCL	31.12.2008	5,000.00	7,500.00	12 July 2009	06
5.	MAAAVML	01.01.2009	50.00	100.00	Not filed so far (March 2013)	51
		17.11.2009	70.00	170.00	Not filed so far (March 2013)	40
		21.06.2011	80.00	250.00	Not filed so far (March 2013)	21

Thus, it could be seen that there were delays ranging from four to 51 months in filing notice with RoC despite Companies raising their ASC.

Vacancy position of Managing Directors

4.15.10 Out of 19 working Companies, seven[108] Companies did not have whole time Managing Directors (MD) to look after the day to day affairs. During this period, the MD's charge was held by other Officials of the Company or officials from administrative department of State Government as an additional charge. It is observed that five[109] out of seven Companies which did not have whole time MD had arrears in accounts.

Sl. No.	Name of Company	Vacancy position of full time MD
1.	Sant Rohidas Leather Industries and Charmakar Development Corporation Limited (SRLICDCL)	June 2008 to June 2012
2.	Shivshashi Punarvasan Prakalp Limited (SPPL)	April 2008 to March 2013
3.	Shabari Adivasi Vitta Va Vikas Mahamandal Limited (SAVVVML)	April 2008 to March 2013
4.	Maharashtra Tourism Development Corporation Limited (MTDCL)	April 2008 to August 2010
5.	Annasaheb Patil Arthik Magas Vikas Mahamandal Limited (APAMVML)	October 2010 to March 2013
6.	Maharashtra State Powerlooms Corporation Limited (MSPCL)	April 2008 to March 2013
7.	Maharashtra State Electric Power Trading Company Private Limited (MSEPTCPL)	April 2008 to March 2013

As of March 2013, five Companies at Sl. No.2, 3, 5, 6 and 7 above did not have whole time MD.

[108] SRLICDCL, SPPL, SAVVVML, MTDCL, APAMVML, MSPCL and MSEPTCPL.

[109] SRLICDCL, SPPL, SAVVVML, MTDCL and APAMVML.

Appointment of Company Secretary

4.15.11 According to Section 383A of the Companies Act, 1956, the Companies having paid up capital of ₹ 5 crore and above shall have a whole time Company Secretary (CS). We observed that there were 13[110] out of 19 working Companies, which did not have whole time CS during 2008-09 to 2012-13.

Internal Audit

4.15.12 Internal Audit (IA) has been recognised as an aid to the top management for monitoring the financial performance and effectiveness of various programs, schemes and activities. IA also provides reasonable assurance that the operations are carried out effectively, efficiently, economically and the applicable laws and regulations are complied with to achieve organisational objectives.

However, we observed that four[111] working Companies did not have a separate IA wing to ensure reasonable assurance that the operations were carried out effectively, efficiently, economically and applicable laws and regulations are complied with to achieve organisational objectives.

- In view of the foregoing, the Companies should strengthen their CG mechanism by complying various provisions of the Companies Act.
- Administrative Ministries of the Companies may also monitor the compliance of provisions of the Companies Act, 1956.

The matter was reported to the Management (July 2013); and replies of twelve[112] Companies have been received (December 2013). The Finance Department of the GoM stated (January 2014) that they have instructed the all the concerned Departments to look into the matter regarding compliance of Companies Act, 1956.

Follow-up action on Audit Reports

4.16 *Explanatory Notes outstanding*

4.16.1 Audit Reports of the Comptroller and Auditor General of India represent culmination of the process of scrutiny, starting with initial inspection of accounts and records maintained in the various offices and departments of Government. It is, therefore, necessary that they elicit appropriate and timely response from the Executive. Finance Department of the State Government issues instructions every year to all administrative departments to submit explanatory notes to paragraphs and performance audits included in the Audit

[110] SRLICDCL, MRIMVVVML, MPBCDCL, MSEDCL, MAAAVML, SPPL, MFSCDCL, SAVVVML, MTDCL, APAMVML, MSHCL, MSPCL and MSEPTCPL.

[111] MRIMVVVML, SAVVVMML, MSPCL and MSEPTCPL.

[112] MPBCDCL, MSEDCL, MSPGCL, FDCM, SPPL, MSRDCL, MFSCDCL, MSSIDCL, SAVVVML, MSHCL, MSPCL and MSEPTCPL.

Reports within a period of three months of their presentation to the Legislature, in the prescribed format, without waiting for any notice or call from the Committee on Public Undertakings (COPU).

Details of Audit Report wise paragraphs/performance audits for which replies were awaited as on 30 September 2013 were as under:

Audit Report	Date of placement of Audit Report to the State Legislature	Number of			Replies awaited		
		Performance audits	Paras	Total	Performance audits	Paras	Total
2005-06	17 April 2007	3	19	**22**	1	--	**1**
2006-07	30 December 2008	6	28	**34**	--	--	--
2007-08	23 December 2009	3	21	**24**	--	--	--
2008-09	23 April 2010	2	21	**23**	--	2	**2**
2009-10	21 April 2011	2	21	**23**	1	6	**7**
2010-11	17 April 2012	2	20	**22**	--	14	**14**
2011-12	18 April 2013	2	21	**23**	1	13	**14**
Total		**20**	**151**	**171**	**3**	**35**	**38**

From the above it could be seen that out of 171 paragraphs/performance audits, replies to 38 paragraphs/performance audits pertaining to the Audit Report for the year 2005-06 to 2011-12 were awaited (September 2013).

Compliance to Reports of the Committee on Public Undertakings outstanding

4.16.2 Action Taken Notes (ATNs) to 126 recommendations contained in 16 Reports of the COPU presented to the State Legislature between April 1996 and September 2013 had not been received up to September 2013 as indicated below:

Year of COPU Report	Total no. of Reports involved	No. of recommendations where ATNs were not received
1996-97	1	6
1997-98	1	13
2005-06	1	5
2007-08	2	16
2008-09	1	7
2010-11	7	34
2012-13	3	45
Total	**16**	**126**

Response to inspection reports, draft paragraphs and performance audits

4.16.3 Audit observations not settled on the spot are communicated to the heads of PSUs and the concerned administrative departments of the State Government through Inspection Reports. The heads of PSUs are required to furnish replies to the Inspection Reports through the respective heads of departments within a period of four weeks. Inspection Reports issued up to 31 March 2013 pertaining to 69 PSUs disclosed that 1,690 paragraphs relating to 392 Inspection Reports remained outstanding at the end of September 2013. The department-wise break-up of Inspection Reports and Audit observations outstanding as on 30 September 2013 is given in **Annexure-18**.

Similarly, draft paragraphs and performance audits on the working of PSUs are forwarded to the Additional Chief Secretary/Principal Secretary/Secretary of the administrative department concerned seeking confirmation of facts and figures and their comments thereon within a period of six weeks. It was, however, observed that out of 15 draft paragraphs and three draft performance audit reports forwarded to various departments between January to September 2013 and included in the Audit Report (PSUs), six draft paragraphs and two draft performance audit reports as detailed in **Annexure-19**, were not replied to by the State Government (February 2014).

It is recommended that Government take early action to respond to all Audit observations and to recover losses/excess payments.

Punam Pandey

MUMBAI **(PUNAM PANDEY)**
The 4 APR 2014 **Principal Accountant General (Audit)-III, Maharashtra**

Countersigned

NEW DELHI **(SHASHI KANT SHARMA)**
The 7 APR 2014 **Comptroller and Auditor General of India**

ANNEXURES

Annexure-1

Statement showing particulars of up to date paid-up capital, loans outstanding and manpower as on 31 March 2013 in respect of Government companies and Statutory corporations

(Referred to in paragraphs 1.1,1.2,1.3,1.11,1.12,1.19 and 1.37)

(Figures in column 5 (a) to 6 (c) are ₹in crore)

Sl. No.	Sector and Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital[$]				Loans[**] outstanding at the close of 2012-13				Debt equity *ratio* for 2012-13 (Previous year) 6(c)/5(d)	Manpower (No. of employees as on 31.3.2013)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
A. Working Government Companies													
AGRICULTURE & ALLIED													
1.	Forest Development Corporation of Maharashtra Limited	Revenue and Forests	2/1974	322.40	--	--	322.40	30.00	--	--	30.00	0.09:1 (0.09:1)	1,342
2.	Maharashtra Agro Industries Development Corporation Limited	Agriculture, Animal Husbandry , Dairy Development and Fisheries	12/1965	3.00	2.50	--	5.50	--	--	200.00	200.00	36.36:1 (36.36:1)	754
3.	Maharashtra Insecticides Limited	Agriculture, Animal Husbandry, Dairy Development and Fisheries	05/1984	--	--	1.00	1.00	--	--	--	--	-- --	57
4.	Maharashtra State Farming Corporation Limited	Revenue and Forest	03/1963	2.75	--	--	2.75	128.85	--	--	128.85	46.85:1 (45.19:1)	351
5.	Maharashtra State Seeds Corporation Limited	Agriculture	04/1976	2.05	--	2.13	4.18	5.00	--	--	5.00	1.20:1 (1.20:1)	608
6.	Punyashloka Ahilyadevi Maharashtra Mendi Va Sheli Vikas Mahamandal Limited	Animal Husbandry and Dairy Development	08/1978	3.55	2.12	--	5.67	--	--	--	--	-- --	280
7.	The Maharashtra Fisheries Development Corporation Limited	Fisheries, Animal Husbandry and Dairy Development	02/1973	4.04	--	--	4.04	1.10	--	--	1.10	0.27:1 (0.27:1)	36
Sector- wise total				**337.79**	**4.62**	**3.13**	**345.54**	**164.95**	**--**	**200.00**	**364.95**	**1.06:1 (1.05:1)**	**3,428**

Sl. No.	Sector and Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2012-13				Debt equity ratio for 2012-13 (Previous year) 6(c)/5(d)	Manpower (No. of employees as on 31.3.2013)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
FINANCE													
8.	Annasaheb Patil Arthik Magas Vikas Mahamandal Maryadit ♠	Employment and self-employment	11/1998	58.85	--	--	58.85	--	--	--	--	-- --	1
9.	Lokshahir Annabhau Sathe Development Corporation Limited ♠	Social Justice and Special Assistance	07/1985	218.01	0.34	--	218.35	7.01	--	25.97	32.98	0.15:1 (0.29:1)	156
10.	Maharashtra Co-operative Development Corporation Limited	Co-operation and Textile	08/2001	7.99	--	1.40	9.39	101.70	--	--	101.70	10.83:1 --	Ω
11.	Maharashtra Film, Stage and Cultural Development Corporation Limited	Cultural Affairs	09/1977	12.30	--	--	12.30	--	--	--	--	-- (0.05:1)	139
12.	Maharashtra Patbandhare Vittiya Company Limited	Planning	12/2002	0.06	--	--	0.06	--	--	690.13	690.13	11,502.17:1 (11,502.17:1)	@
13.	Maharashtra Rajya Itar Magas Vargiya Vitta Ani Vikas Mahamandal Limited	Social Justice and Special Assistance	04/1999	119.45	--	--	119.45	--	--	57.01	57.01	0.48:1 (0.79:1)	104
14.	Maharashtra Small Scale Industries Development Corporation Limited	Industries, Energy and Labour	10/1962	14.50	--	--	14.50	--	--	--	--	-- --	144
15.	Maharashtra State Handicapped Finance and Development Corporation	Social Justice and Special Assistance	03/2002	30.43	--	--	30.43	--	--	32.54	32.54	1.07:1 (0.97:1)	10
16.	Maharashtra State Handlooms Corporation Limited	Co-operation, Marketing and Textiles	10/1971	84.45	1.90	--	86.35	20.08	--	--	20.08	0.23:1 (0.24:1)	34
17.	Maharashtra Vikrikar Rokhe Pradhikaran Limited	Industries, Energy and Labour	06/2001	--	--	0.05	0.05	--	--	--	--	-- --	@
18.	Mahatma Phule Backward Class Development Corporation Limited ♠	Social Justice, Cultural Affairs	07/1978	273.18	64.07	--	337.25	0.40	--	74.21	74.61	0.22:1 (0.03:1)	328

Sl. No.	Sector and Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2012-13				Debt equity ratio for 2012-13 (Previous year) 6(c)/5(d)	Manpower (No. of employees as on 31.3.2013)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
19.	Maulana Azad Alpasankyak Arthik Vikas Mahamandal Limited ♠	Minority Development	10/2000	166.31	--	--	166.31	--	--	27.68	27.68	0.17:1 --	5
20.	Sant Rohidas Leather Industries & Charmakar Development Corporation Limited	Social Justice, Cultural Affairs	05/1974	221.21	--	--	221.21	--	--	37.74	37.74	0.17:1 --	138
21.	Shabari Adivasi Vitta Va Vikas Mahamandal Maryadit	Tribal Development	01/1999	63.73	3.52	--	67.25	--	--	29.40	29.40	0.44:1 --	11
22.	Shamrao Peje Kokan Itar Magasvarg Aarthik Vikas Mahamandal Limited	Social Justice and Special Assistance	06/2010	10.00	--	--	10.00	--	--	1.42	1.42	0.14:1 --	Ω
23.	Vasantrao Naik Vimukta Jatis & Nomadic Tribes Development Corporation Limited	Social Justice and Special Assistance	02/1984	163.28	--	--	163.28	1.02	--	--	1.02	0.01:1 (0.01:1)	68
Sector- wise total				**1,443.75**	**69.83**	**1.45**	**1,515.03**	**130.21**	**--**	**976.10**	**1,106.31**	**0.73:1 (0.69:1)**	**1,138**
INFRASTRUCTURE													
24.	City & Industrial Development Corporation of Maharashtra Limited ♠	Urban Development	03/1970	3.95	--	--	3.95	4.00	--	17.84	21.84	5.53:1 (20.22:1)	1,611
25.	Development Corporation of Konkan Limited	Industries, Energy and Labour	12/1970	8.81	--	--	8.81	5.92	--	--	5.92	0.67:1 (0.73:1)	13
26.	Maharashtra Airport Development Company Limited	General Administration (Civil Aviation)	08/2002	--	--	17.05	17.05	--	--	380.27	380.27	22.30:1 (13.38:1)	21
27.	Maharashtra Industrial Gas Transmission Company Limited ♠	Industries, Energy and Labour	01/2007	--	--	0.05	0.05	--	--	--	--	-- --	@
28.	Maharashtra State Police Housing and Welfare Corporation Limited	Home	03/1974	7.96	--	--	7.96	--	--	--	--	-- --	30

Sl. No.	Sector and Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital$				Loans** outstanding at the close of 2012-13				Debt equity ratio for 2012-13 (Previous year) 6(c)/5(d)	Manpower (No. of employees as on 31.3.2013)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
29.	Maharashtra State Road Development Corporation Limited ♠	Public Works Department	08/1996	773.56	--	--	773.56	--	--	3,116.96	3,116.96	4.03:1 (10.39:1)	79
30.	Maharashtra Urban Infrastructure Development Company Limited	Urban Development	08/2002	0.25	--	0.24	0.49	--	--	--	--	-- --	Ω
31.	Maharashtra Urban Infrastructure Fund Trustee Company Limited	Urban Development	08/2002	0.05	--	0.05	0.10	--	--	--	--	-- --	Ω
32.	Mihan India Limited	General Administration (Civil Aviation)	06/2009	--	--	15.10	15.10	--	--	--	--	--	6
33.	Shivshahi Punarvasan Prakalp Limited ♠	Housing	09/1998	115.00	--	--	115.00	--	--	--	--	-- --	Ω
34.	Western Maharashtra Development Corporation Limited	Industries, Energy and Labour	12/1970	3.06	--	--	3.06	26.51	--	--	26.51	8.66:1 (8.66:1)	63
Sector- wise total				912.64	--	32.49	945.13	36.43	--	3,515.07	3,551.50	3.76:1 (3.60:1)	1,823
MANUFACTURING													
35.	Haffkine Ajintha Pharmaceuticals Limited	Medical Education and Drugs	04/1977	--	--	0.18	0.18	--	--	10.82	10.82	60.11:1 (56.33:1)	44
36.	Haffkine Bio-Pharmaceutical Corporation Limited ♠	Medical Education and Drugs	04/1974	8.71	--	--	8.71	3.99	--	--	3.99	0.46:1 --	467
37.	Mahaguj Collieries Limited	Industries, Energy and Labour	11/2006	--	--	0.05	0.05	--	--	52.02	52.02	1,040.40:1 (467.20:1)	Ω
38.	Maharashtra Petrochemicals Corporation Limited	Industries, Energy and Labour	04/1981	8.96	--	--	8.96	--	--	--	--	-- --	5
39.	Maharashtra State Mining Corporation Limited	Industries, Energy and Labour	11/1973	2.07	--	--	2.07	4.57	--	--	4.57	2.21:1 (2.21:1)	56
40.	Maharashtra State Powerlooms Corporation Limited	Co-operative, Textiles and Marketing	02/1972	12.77	--	--	12.77	0.20	--	--	0.20	0.02:1 (0.02:1)	41

Sl. No.	Sector and Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2012-13				Debt equity ratio for 2012-13 (Previous year) 6(c)/5(d)	Manpower (No. of employees as on 31.3.2013)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
41.	Maha Tamil Collieries Limited	Industries, Energy and Labour	08/2009	--	--	0.05	0.05	--	--	7.65	7.65	153.00:1 (253.00:1)	8
42.	MSMC Adkoli Natural Resources Limited ♠	Industries, Energy and Labour	02/2010	--	--	0.45	0.45	--	--	--	--	--	@
43.	MSMC Warora Collieries Limited	Industries, Energy and Labour	07/2010	--	--	0.01	0.01	--	--	2.98	2.98	298.00:1 --	Ω
Sector- wise total				**32.51**	**--**	**0.74**	**33.25**	**8.76**	**--**	**73.47**	**82.23**	**2.47:1 (1.67:1)**	**621**
POWER													
44.	Aurangabad Power Company Limited ♠	Industries, Energy and Labour	06/2007	--	--	0.05	0.05	--	--	--	--	-- --	Ω
45.	Dhopave Coastal Power Limited	Industries, Energy and Labour	03/2007	--	--	0.05	0.05	--	--	14.84	14.84	296.80:1 (325.40:1)	Ω
46.	Dhule Thermal Power Company Limited	Industries, Energy and Labour	08/2007	--	--	0.05	0.05	--	--	0.12	0.12	2.40:1 (2.20:1)	Ω
47.	Latur Power Company Limited	Industries, Energy and Labour	04/2011	--	--	5.00	5.00	--	--	0.03	0.03	0.01:1 --	Ω
48.	M.S.E.B. Holding Company Limited	Industries, Energy and Labour	05/2005	15,101.44	--	--	15,101.44	6,578.01	--	--	6,578.01	0.44:1 (0.27:1)	10
49.	Maharashtra Power Development Corporation Limited ♠	Industries, Energy and Labour	12/1997	--	--	0.45	0.45	--	--	1,016.71	1,016.71	2,259.36:1 (2,259.36:1)	Ω
50.	Maharashtra State Electric Power Trading Company Private Limited	Industries, Energy and Labour	11/2007	--	--	10.01	10.01	--	--	--	--	-- --	@
51.	Maharashtra State Electricity Distribution Company Limited	Industries, Energy and Labour	05/2005	0.05	--	5,316.93	5,316.98	445.42	--	13,371.23	13,816.65	2.60:1 (2.16 :1)	58,220
52.	Maharashtra State Electricity Transmission Company Limited	Industries, Energy and Labour	05/2005	--	--	2,696.04	2,696.04	--	--	8,369.56	8,369.56	3.10:1 (2.72:1)	12,552

Sl. No.	Sector and Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2012-13				Debt equity ratio for 2012-13 (Previous year) 6(c)/5(d)	Manpower (No. of employees as on 31.3.2013)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
53.	Maharashtra State Power Generation Company Limited	Industries, Energy and Labour	05/2005	0.05	--	6,936.93	6,936.98	94.94	--	22,932.95	23,027.89	3.32:1 (3.27:1)	13,234
Sector- wise total				**15,101.54**	**--**	**14,965.51**	**30,067.05**	**7,118.37**	**--**	**45,705.44**	**52,823.81**	**1.76:1 (1.61:1)**	**84,016**
SERVICE													
54.	Maharashtra Tourism Development Corporation Limited	Home (Tourism & Cultural)	01/1975	15.39	--	--	15.39	4.40	--	--	4.40	0.29:1 (0.29:1)	350
55.	Mahatourism Corporation Limited ♠	Home (Tourism & Cultural)	05/2009	--	--	0.05	0.05	--	--	--	--	-- --	@
56.	Mumbai Metro Rail Corporation Limited	Transport	04/2008	--	--	0.05	0.05	--	--	--	--	-- --	Ω
57.	Nagpur Mass Transport Company Private Limited	Transport	06/2008	--	--	2.00	2.00	--	--	--	--	-- --	Ω
Sector- wise total				**15.39**	**--**	**2.10**	**17.49**	**4.40**	**--**	**--**	**4.40**	**0.25:1 (0.25:1)**	**350**
MISCELLANEOUS													
58.	Krupanidhi Limited ♠	Trade and Commerce	12/1964	0.01	--	--	0.01	--	--	--	--	-- --	@
59.	Maharashtra Ex-Servicemen Corporation Limited ♠	General Administration	03/2002	4.95	--	--	4.95	--	--	2.90	2.90	0.59:1 --	6,294
60.	Mahila Arthik Vikas Mahamandal	Women and Child Development	02/1975	2.27	0.47	0.01	2.75	--	--	--	--	-- --	93
61.	Nagpur Flying Club Pvt. Ltd. ♠	Civil Aviation	03/2007	0.85	--	--	0.85	--	--	--	--	-- --	7
Sector- wise total				**8.08**	**0.47**	**0.01**	**8.56**	**--**	**--**	**2.90**	**2.90**	**0.34:1 (0.34:1)**	**6,394**
Total	**A:(All sector wise working Government companies)**			**17,851.70**	**74.92**	**15,005.43**	**32,932.05**	**7,463.12**	**--**	**50,472.98**	**57,936.10**	**1.76:1 (1.62:1)**	**97,770**

Sl. No.	Sector and Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2012-13				Debt equity ratio for 2012-13 (Previous year) 6(c)/5(d)	Manpower (No. of employees as on 31.3.2013)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
B. Working Statutory corporations													
AGRICULTURE & ALLIED													
1.	Maharashtra State Warehousing Corporation ♠	Co-operation, Marketing and Textile	08/1957	4.36	--	4.35	8.71	--	--	26.51	26.51	3.04:1 (2.06:1)	910
Sector- wise total				**4.36**	**--**	**4.35**	**8.71**	**--**	**--**	**26.51**	**26.51**	**3.04:1 (2.06:1)**	**910**
FINANCE													
2.	Maharashtra State Financial Corporation	Industries, Energy and Labour (Industries)	08/1962	34.28	--	28.36	62.64	--	--	486.48	486.48	7.77:1 (6.38:1)	79
Sector- wise total				**34.28**	**--**	**28.36**	**62.64**	**--**	**--**	**486.48**	**486.48**	**7.77:1 (6.38:1)**	**79**
INFRASTRUCTURE													
3.	Maharashtra Industrial Development Corporation ♠	Industries, Energy and Labour	08/1962	--	--	--	--	--	--	--	--	-- --	3,294
Sector- wise total				**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**-- --**	**3,294**
SERVICE													
4.	Maharashtra State Road Transport Corporation	Home (Transport)	7/1961	2,184.13	56.77	--	2,240.90	200.00	--	--	200.00	0.09:1 --	1,00,059
Sector- wise total				**2,184.13**	**56.77**	**--**	**2,240.90**	**200.00**	**--**	**--**	**200.00**	**0.09:1 --**	**1,00,059**
Total B: (All sector wise working Statutory corporations)				**2,222.77**	**56.77**	**32.71**	**2,312.25**	**200.00**	**--**	**512.99**	**712.99**	**0.31:1 (0.23:1)**	**1,04,342**
Grand Total (A + B)				**20,074.47**	**131.69**	**15,038.14**	**35,244.30**	**7,663.12**	**--**	**50,985.97**	**58,649.09**	**1.66:1 (1.54:1)**	**2,02,112**

Sl. No.	Sector and Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital$				Loans** outstanding at the close of 2012-13				Debt equity ratio for 2012-13 (Previous year) 6(c)/5(d)	Manpower (No. of employees as on 31.3.2013)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
C. Non working Government companies													
AGRICULTURE & ALLIED													
1.	Dairy Development Corporation of Marathwada Limited	Industries, Energy and Labour	03/1974	0.20	--	0.18	0.38	--	--	2.64	2.64	6.95:1 (6.95:1)	Ω
2.	Ellora Milk Products Limited	Industries, Energy and Labour	02/1985	--	--	0.05	0.05	--	--	1.35	1.35	27.00:1 (27.00:1)	Ω
3.	Irrigation Development Corporation of Maharashtra Limited	Irrigation	11/1973	19.93	--	--	19.93	--	--	--	--	-- --	Ω
4.	MAFCO Limited	Finance	12/1970	5.04	--	--	5.04	--	--	--	--	-- --	Ω
5	Parbhani Krishi Go-samvardhan Limited	Industries, Energy and Labour	03/1977	--	--	0.19	0.19	--	--	1.13	1.13	5.95:1 (5.95:1)	Ω
6.	Vidarbha Quality Seeds Limited	Industries	02/1973	--	--	0.10	0.10	--	--	0.28	0.28	2.80:1 (2.80:1)	Ω
Sector- wise total				**25.17**	**--**	**0.52**	**25.69**	**--**	**--**	**5.40**	**5.40**	**0.21:1 (0.21:1)**	**--**
FINANCE													
7.	Kolhapur Chitranagri Mahamandal Limited ♠	Cultural Affairs	03/1985	3.24	--	--	3.24	0.13	--	--	0.13	0.04:1 (0.04:1)	@
Sector- wise total				**3.24**	--	--	**3.24**	**0.13**	--	--	**0.13**	**0.04:1 (0.04:1)**	--
INFRASTRUCTURE													
8.	Development Corporation of Vidarbha Limited	Industries	12/1970	7.17	--	--	7.17	8.37	--	--	8.37	1.17:1 (1.17:1)	Ω
9.	Maharashtra Land Development Corporation Limited	Irrigation (Water Resources)	07/1973	3.00	1.00	--	4.00	46.90	--	--	46.90	11.73:1 (12.05:1)	Ω

Sl. No.	Sector and Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital$				Loans** outstanding at the close of 2012-13				Debt equity ratio for 2012-13 (Previous year) 6(c)/5(d)	Manpower (No. of employees as on 31.3.2013)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
10.	Maharashtra Rural Development Corporation Limited ♠	Rural Development and Water Conservation	09/1982	0.05	--	--	0.05	--	--	--	--	-- --	@
11.	Maharashtra State Housing Corporation Limited	Housing	10/1974	0.01	--	--	0.01	--	--	--	--	-- --	Ω
12.	Marathwada Development Corporation Limited	Industries, Energy and Labour	08/1967	10.17	--	--	10.17	48.24	--	--	48.24	4.74:1 (4.75:1)	Ω
Sector- wise total				**20.40**	**1.00**	**--**	**21.40**	**103.51**	**--**	**--**	**103.51**	**4.84:1 (4.90:1)**	**--**
MANUFACTURING													
13.	Godavari Garments Limited	Industries, Energy and Labour	03/1977	--	--	0.24	0.24	--	--	7.10	7.10	29.58:1 (29.58:1)	Ω
14.	Kinwat Roofing Tiles Limited	Industries, Energy and Labour	03/1977	--	--	0.19	0.19	--	--	0.74	0.74	3.89:1 (3.89:1)	Ω
15.	Maharashtra Electronics Corporation Limited ♠	Industries, Energy and Labour	01/1978	9.69	--	--	9.69	57.72	--	17.78	75.50	7.79:1 (7.79:1)	Ω
16.	Maharashtra State Textile Corporation Limited	Co-operation and Textile	09/1966	236.16	--	--	236.16	173.91	--	--	173.91	0.74:1 (0.74:1)	Ω
17.	Marathwada Ceramic Complex Limited	Industries, Energy and Labour	12/1977	--	--	0.68	0.68	--	--	6.25	6.25	9.19:1 (9.19:1)	Ω
18.	Sahyadri Glass Works Limited ♠	Industries	11/1974	--	--	0.45	0.45	--	--	--	--	-- --	Ω
19.	The Gondwana Paints and Minerals Limited	Industries	07/1946	--	--	0.10	0.10	--	--	1.28	1.28	12.80:1 (12.80:1)	Ω
20.	The Pratap Spinning, Weaving and Manufacturing Company Limited	Co-operation and Textile	08/1906	--	--	23.17	23.17	--	--	24.12	24.12	1.04:1 (1.04:1)	Ω
Sector- wise total				**245.85**	**--**	**24.83**	**270.68**	**231.63**	**--**	**57.27**	**288.90**	**1.07:1 (1.07:1)**	**--**

Sl. No.	Sector and Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital$				Loans** outstanding at the close of 2012-13				Debt equity ratio for 2012-13 (Previous year) 6(c)/5(d)	Manpower (No. of employees as on 31.3.2013)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
MISCELLANEOUS													
21.	Leather Industries Corporation of Marathwada Limited	Industries, Energy and Labour	03/1974	--	--	0.64	0.64	--	--	5.60	5.60	8.75:1 (8.75:1)	Ω
22.	Vidarbha Tanneries Limited	Industries	05/1979	--	--	0.10	0.10	--	--	1.01	1.01	10.10:1 (10.10:1)	Ω
Sector- wise total				**--**	**--**	**0.74**	**0.74**	**--**	**--**	**6.61**	**6.61**	**8.93:1 (8.93:1)**	**--**
Total C: (All sector wise non working Government companies)				**294.66**	**1.00**	**26.09**	**321.75**	**335.27**	**--**	**69.28**	**404.55**	**1.26:1 (1.26:1)**	**--**
Grand Total (A + B + C)				**20,369.13**	**132.69**	**15,064.23**	**35,566.05**	**7,998.39**	**--**	**51,055.25**	**59,053.64**	**1.66:1 (1.53:1)**	**2,02,112**

Above includes Section 619-B companies at Sl. No. A-5,17,26,32,37,41,47,49 and 57.

$ Paid-up capital includes share application money.

** Loans outstanding at the close of 2012-13 represent long-term loans only.

♠ Information not furnished for the year 2012-13, hence previous years figures have been considered for debt-equity *ratio*.

@ Information regarding no. of employees not furnished by PSUs.

Ω This indicates 'nil' Manpower.

Annexure-2

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

(Referred to in paragraphs 1.1,1.21,1.22,1.23,1.26,1.33,1.34,1.35,1.37,1.38,1.39,1.40,1.41 and 1.48)

(Figures in column 5 (a) to11 are ₹ in crore)

Sl. No.	Sector and Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital⊙	Accumulated Profit (+) / Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5(a)	5 (b)	5 ©	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A. Working Government Companies														
AGRICULTURE & ALLIED														
1.	Forest Development Corporation of Maharashtra Limited♣	2011-12	2012-13	92.08	--	0.09	91.99	160.10	--	322.35	459.38	781.73	91.99	11.77
2.	Maharashtra Agro Industries Development Corporation Limited♣	2011-12	2013-14	28.14	1.42	0.84	25.88	954.73	(-)3.57	5.50	91.01	96.65	27.30	28.25
3.	Maharashtra Insecticides Limited♣	2011-12	2012-13	0.55	--	0.21	0.34	11.58	--	1.00	9.78	11.75	0.34	2.89
4.	Maharashtra State Farming Corporation Limited	2010-11 (July to June)	2012-13	(-)6.08	7.53	0.27	(-)13.88	--	--	2.75	(-)173.20	1,061.92	(-)6.35	--Σ
5.	Maharashtra State Seeds Corporation Limited♣	2011-12	2012-13	26.19	3.08	1.12	21.99	426.25	--	4.18	103.36	112.54	25.07	22.28
6.	Punyashloka Ahilyadevi Maharashtra Mendi Va Sheli Vikas Mahamandal Limited	2008-09	2013-14	0.17	--	0.10	0.07	3.39	(-)0.02	4.73	(-)0.64	12.87	0.07	0.54
7.	Maharashtra Fisheries Development Corporation Limited ф	2006-07	2012-13	(-)0.02	0.14	0.15	(-)0.31	0.79	--	2.43	(-)5.70	(-)0.30	(-)0.17	--Σ
Sector- wise total				**141.03**	**12.17**	**2.78**	**126.08**	**1,556.84**	**--**	**342.94**	**483.99**	**2,077.16**	**138.25**	**6.66**

Sl. No.	Sector and Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital⊛	Accumulated Profit (+) / Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5(a)	5 (b)	5 ©	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
FINANCE														
8.	Annasaheb Patil Arthik Magas Vikas Mahamandal Maryadit	2009-10	2012-13	2.25	--	0.03	2.22	3.35	--	50.00	6.49	56.74	2.22	3.91
		2010-11	2012-13	2.40	--	0.03	2.37	3.43	--	50.00	8.85	59.10	2.37	4.01
9.	Lokshahir Annabhau Sathe Development Corporation Limited	2004-05	2012-13	1.52	--	0.05	1.47	1.33	(-)0.20	36.35	2.48	55.91	1.47	2.63
		2005-06	2012-13	1.49	1.21	0.05	0.23	2.00	(-)0.29	49.68	2.71	72.83	1.44	1.98
10.	Maharashtra Co-operative Development Corporation Limited ɸ	2005-06	2008-09	14.70	14.15	0.05	0.50	17.26	--	6.47	(-)1.90	2.10	14.65	697.62
11.	Maharashtra Film, Stage and Cultural Development Corporation Limited♣	2011-12	2012-13	26.40	0.32	2.06	24.02	33.04	(-)0.51	12.30	45.09	57.95	24.34	42.00
12.	Maharashtra Patbandhare Vittiya Company Limited (•)	2009-10	2013-14	0.007	--	0.007	--	68.69	--	0.06	(-)0.006	700.17	--	--Ψ
13.	Maharashtra Rajya Itar Magas Vargiya Vitta Ani Vikas Mahamandal Limited♣	2009-10	2012-13	6.30	2.04	0.23	4.03	2.68	0.55	49.88	35.94	157.04	6.07	3.87
		2010-11	2012-13	3.82	2.18	0.11	1.53	2.83	--	55.24	37.48	163.95	3.71	2.26
		2011-12	2013-14	7.35	1.66	0.08	5.61	5.34	--	50.00	43.09	135.53	7.27	5.36
14.	Maharashtra Small Scale Industries Development Corporation Limited ɸ	2009-10	2012-13	2.16	0.11	0.21	1.84	354.01	(-)41.95	14.50	7.03	38.56	1.95	5.06
15.	Maharashtra State Handicapped Finance and Development Corporation ɸ	2009-10	2012-13	1.74	0.82	0.02	0.90	1.58	--	6.43	3.74	45.59	1.72	3.77
16.	Maharashtra State Handlooms Corporation Limited♣	2012-13	2013-14	1.05	2.41	0.03	(-)1.39	14.48	--	86.35	(-)114.16	7.36	1.02	13.86

Sl. No.	Sector and Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital⊗	Accumulated Profit (+) / Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5(a)	5 (b)	5 ©	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
17.	Maharashtra Vikrikar Rokhe Pradhikaran Limited (•)	2010-11	2013-14	5.48	5.48	0.004	--	--	--	0.05	0.40	39.50	5.48	13.87
18.	Mahatma Phule Backward Class Development Corporation Limited	2006-07	2012-13	7.32	0.76	0.09	6.47	5.42	--	172.41	17.14	230.71	7.23	3.13
		2007-08	2012-13	(-)66.46	4.37	0.10	(-)70.93	6.09	--	183.91	(-)53.83	187.64	(-)66.56	--Σ
		2008-09	2012-13	4.24	1.65	0.14	2.45	1.26	--	183.91	(-)51.41	200.01	4.10	2.05
19.	Maulana Azad Alpasankyak Arthik Vikas Mahamandal Limited ф	2006-07	2010-11	0.96	0.40	0.02	0.54	0.54	1.06	39.60	2.03	56.47	0.94	1.66
20.	Sant Rohidas Leather Industries and Charmakar Development Corporation Limited	2000-01	2013-14	0.61	--	0.06	0.55	2.00	--	20.21	2.90	23.11	0.55	2.38
		2001-02	2013-14	0.39	--	0.07	0.32	0.44	--	21.21	3.06	24.27	0.32	1.32
		2002-03	2013-14	0.07	0.08	0.06	(-)0.07	0.50	--	23.21	2.90	32.20	0.01	0.03
		2003-04	2013-14	0.37	0.21	0.10	0.06	0.64	--	23.21	2.83	32.21	0.27	0.84
		2004-05	2013-14	0.36	0.34	0.07	(-)0.05	0.78	--	28.21	2.78	44.35	0.29	0.65
		2005-06	2013-14	(-)0.41	0.36	0.06	(-)0.83	0.71	--	43.21	1.93	53.44	(-)0.47	--Σ
21.	Shabari Adivasi Vitta Va Vikas Mahamandal Maryadit	2008-09	2012-13	2.98	0.71	0.09	2.18	2.26	(-)24.52	28.29	7.37	57.99	2.89	4.98
22.	Shamrao Peje Kokan Itar Magasvarg Aarthik Vikas Mahamandal Limited.♣	2010-11	2013-14	(-)0.26	0.0006	0.0002	(-)0.26	0.005	--	0.05	(-)0.26	0.64	(-)0.26	--Σ
		2011-12	2013-14	(-)0.55	0.03	0.0002	(-)0.58	0.06	--	0.05	(-)0.84	1.35	(-)0.55	--Σ
23.	Vasantrao Naik Vimukta Jatis & Nomadic Tribes Development Corporation Limited	2006-07	2013-14	3.59	0.54	0.03	3.02	2.88	(-)5.28	54.55	5.16	80.01	3.56	4.45
		2007-08	2013-14	2.00	0.74	0.04	1.22	3.10	(-)5.44	59.55	6.38	88.20	1.96	2.22
		2008-09	2013-14	0.53	0.83	0.07	(-)0.37	1.28	--	91.55	6.00	118.44	0.46	0.39
		2009-10	2013-14	2.45	0.87	0.07	1.51	2.12	(-)5.28	104.35	7.51	132.75	2.38	1.79
		2010-11	2013-14	2.59	0.26	0.07	2.26	2.20	(-)5.28	112.35	9.76	135. 92	2.52	1.85
Sector –wise total				**72.59**	**29.57**	**2.92**	**40.10**	**506.86**	**–**	**683.25**	**(-)36.32**	**1,663.87**	**69.67**	**4.19**

Sl. No.	Sector and Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital⊛	Accumulated Profit (+) / Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5(a)	5 (b)	5 ©	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
INFRASTRUCTURE														
24.	City & Industrial Development Corporation of Maharashtra Limited	2009-10	2013-14	14.99	10.59	0.16	4.24	12.24	0.70	3.95	66.62	251.14	14.83	5.91
25.	Development Corporation of Konkan Limited	2004-05	2012-13	(-)0.63	--	0.01	(-)0.64	0.45	(-)9.48	8.81	(-)12.16	2.57	(-)0.64	--Σ
		2005-06	2013-14	(-)0.40	--	0.01	(-)0.41	0.56	(-)9.78	8.81	(-)12.57	2.16	(-)0.41	--Σ
26.	Maharashtra Airport Development Company Limited♣	2012-13	2013-14	18.70	4.10	4.82	9.78	150.90	--	17.05	76.76	739.66	13.88	1.88
27.	Maharashtra Industrial Gas Transmission Company Limited ф ¥	FAA												
28.	Maharashtra State Police Housing and Welfare Corporation Limited♣	2012-13	2013-14	0.29	--	0.29	--(+)	--	--	7.96	--	--	--	--
29.	Maharashtra State Road Development Corporation Limited	2010-11	2013-14	422.40	386.92	292.97	(-)257.49	497.63	--	773.56	(-)3,097.00	1,370.90	129.43	9.44
30.	Maharashtra Urban Infrastructure Development Company Limited♣	2011-12	2012-13	1.31	--	0.03	1.28	1.71	--	0.49	2.13	2.62	1.28	48.85
		2012-13	2013-14	1.49	0.02	0.02	1.45	1.82	--	0.49	3.12	3.61	1.47	40.72
31.	Maharashtra Urban Infrastructure Fund Trustee Company Limited♣	2011-12	2012-13	0.005	--	--	0.005	--	--	0.10	0.005	0.11	0.005	4.55
		2012-13	2013-14	0.007	--	--	0.007	--	--	0.10	0.01	0.11	0.007	6.36
32.	Mihan India Limited♣	2011-12	2013-14	6.35	--	0.18	6.17	36.00	0.02	15.10	3.50	18.60	6.17	33.17

Sl. No.	Sector and Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/Loss (-): Net Profit/ Loss before Interest & Depreciation	Net Profit (+)/Loss (-): Interest	Net Profit (+)/Loss (-): Depreciation	Net Profit (+)/Loss (-): Net Profit/ Loss	Turnover	Impact of Accounts Comments#	Paid up Capital⊚	Accumulated Profit (+) / Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
(1)	(2)	(3)	(4)	5(a)	5 (b)	5 ©	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
33.	Shivshahi Punarvasan Prakalp Limited ф	2007-08	2010-11	86.69	--	0.16	86.53	136.80	(-)3.86	115.00	25.05	140.81	86.53	61.45
34.	Western Maharashtra Development Corporation Limited♣	2011-12	2012-13	1.26	0.39	0.07	0.80	4.34	(-)14.51	3.06	(-)17.72	11.85	1.19	10.04
Sector- wise total				**551.78**	**402.02**	**298.68**	**(-)148.92**	**840.29**	**--**	**945.08**	**(-)2,952.23**	**2,538.84**	**253.10**	**9.97**
MANUFACTURING														
35.	Haffkine Ajintha Pharmaceuticals Limited♣	2011-12	2012-13	(-)1.54	--	0.58	(-)2.12	5.25	--	0.18	0.06	0.24	(-)2.12	--Σ
36.	Haffkine Bio-Pharmaceutical Corporation Limited	2010-11	2013-14	10.18	0.004	1.83	8.35	95.85	(-)0.16	8.71	24.71	37.92	8.35	22.03
37.	Mahaguj Collieries Limited ф ¥	2011-12	2012-13	--	--	--	--	--	--	0.05	--	0.13	--	--Σ
38.	Maharashtra Petrochemicals Corporation Limited♣	2011-12	2012-13	0.57	--	0.04	0.53	--	--	8.96	10.70	19.66	0.53	2.70
39.	Maharashtra State Mining Corporation Limited♣	2012-13	2013-14	12.47	--	0.43	12.04	2.69	(-)2.41	2.07	31.98	38.62	12.04	31.18
40.	Maharashtra State Powerlooms Corporation Limited ф	2010-11	2012-13	0.21	0.04	0.04	0.13	26.44	(-)1.99	12.68	(-)13.88	(-)0.86	0.17	--Σ
41.	Maha Tamil Collieries Limited♣	2012-13	2013-14	1.47	--	0.05	1.42	--	--	0.05	1.66	1.71	1.42	83.04
42.	MSMC Adkoli Natural Resources Limited ф ¥	2010-11	2011-12	--	--	--	--	--	--	0.45	--	(-)0.01	--	--Σ
43.	MSMC Warora Collieries Limited ф ¥	FAA												
Sector- wise total				**23.36**	**0.04**	**2.97**	**20.35**	**130.23**	**--**	**33.15**	**55.23**	**97.41**	**20.39**	**20.94**

Sl. No.	Sector and Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital⊛	Accumulated Profit (+) / Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5(a)	5 (b)	5 ©	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
POWER														
44.	Aurangabad Power Company Limited♣	2011-12	2012-13	0.004	--	--	0.004	--	--	0.05	0.002	0.05	0.004	8.00
45.	Dhopave Coastal Power Limited ɸ¥	2010-11	2011-12	--	--	--	--	--		0.05	--	0.11	--	--Σ
46.	Dhule Thermal Power Company Limited♣	2011-12	2012-13	0.0001	--	--	0.0001	--	--	0.05	(-)0.10	0.06	0.0001	0.17
47.	Latur Power Company Limited♣	2012-13	2013-14	0.40	--	--	0.40	--	--	5.00	0.48	5.48	0.40	7.30
48.	MSEB Holding Company Limited♣ ⊕	2011-12	2012-13	38.49	229.42	1.90	(-)192.83	--	--	13,826.47	(-)3,653.34	16,221.37	36.59	0.23
49.	Maharashtra Power Development Corporation Limited ɸΩ	2011-12	2012-13	(-)0.12	--	0.001	(-)0.12	--	(-)2.19	0.45	(-)1,012.31	4.91	(-)0.12	--Σ
50.	Maharashtra State Electric Power Trading Company (P) Limited♣Δ	2011-12	2012-13	1.19	--	0.0001	1.19	--	--	10.01	2.60	12.61	1.19	9.44
		2012-13	2013-14	1.02	--	0.0001	1.02	--	--	10.01	3.29	13.30	1.02	7.67
51.	Maharashtra State Electricity Distribution Company Limited ɸ	2011-12	2012-13	2,314.85	1,552.03	764.57	(-)1.75	39,554.51	14.71	5,316.98	(-)4,649.14	22,486.80	1,550.28	6.89
52.	Maharashtra State Electricity Transmission Company Limited ɸ	2011-12	2012-13	1,710.28	405.63	422.07	882.58	2,314.74	0.74	2,696.04	1,028.19	12,779.54	1,288.21	10.08
53.	Maharashtra State Power Generation Company Limited♣	2011-12	2012-13	1,441.12	837.13	403.89	200.10	12,773.10	--	5,718.64	1,172.51	20,256.89	1,037.23	5.12
		2012-13	2013-14	2,831.04	1,346.31	556.97	927.76	16,423.86	--	6,936.98	1,660.49	28,696.28	2,274.07	7.92
Sector- wise total				**6,895.97**	**3,533.39**	**1,745.51**	**1,617.06**	**58,293.11**	--	**28,792.08**	**(-)6,622.44**	**80,207.90**	**5,150.45**	**6.42**

Sl. No.	Sector and Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital©	Accumulated Profit (+) / Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5(a)	5 (b)	5 ©	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
SERVICE														
54.	Maharashtra Tourism Development Corporation Limited	2006-07	2012-13	6.23	0.16	0.78	5.29	18.13	(-)1.26	15.39	1.61	21.40	5.45	25.47
		2007-08	2012-13	5.97	0.16	0.95	4.86	23.20	(-)5.97	15.39	4.03	23.82	5.02	21.07
		2008-09	2012-13	6.52	0.16	0.99	5.37	24.83	--	15.39	6.90	26.69	5.53	20.72
		2009-10	2013-14	10.69	0.16	0.89	9.64	23.92	--	15.39	12.12	31.91	9.80	30.71
55.	Mahatourism Corporation Limited♣	2012-13	2013-14	0.001	--	0.001	--	0.01	--	0.05	(-)0.05	---	--	--Σ
56.	Mumbai Metro Rail Corporation Limited♣	2011-12	2013-14	(-)0.18	--	--	(-)0.18	--	--	0.05	(-)0.19	17.12	(-)0.18	--Σ
57.	Nagpur Mass Transport Company Private Limited♣	2012-13	2013-14	0.08	--	--	0.08	--	--	2.00	(-)0.09	1.91	0.08	4.19
Sector- wise total				**10.59**	**0.16**	**0.89**	**9.54**	**23.93**	**–**	**17.49**	**11.79**	**50.94**	**9.70**	**19.04**
MISCELLANEOUS														
58.	Krupanidhi Limited ф ♦	2009-10	2011-12	0.001	--	0.001	--	--	--	0.01	--	(-)0.02	--Ψ	--Σ
59.	Maharashtra Ex-Servicemen Corporation Limited	2009-10	2012-13	4.65	0.25	0.12	4.28	70.38	--	4.95	16.79	24.11	4.53	18.79
		2010-11	2013-14	5.71	0.22	0.21	5.28	89.30	--	4.95	22.08	31.02	5.50	17.73
60.	Mahila Arthik Vikas Mahamandal ф	2010-11	2012-13	0.42	--	0.07	0.35	--	(-)0.92	2.60	1.31	26.54	0.35	1.32
61.	Nagpur Flying Club Private Limited♣	2011-12	2012-13	0.35	--	0.05	0.30	0.29	--	0.85	1.07	1.92	0.30	15.63
		2012-13	2013-14	0.19	--	0.05	0.14	1.40	0.07	0.85	1.20	2.05	0.14	6.83
Sector- wise total				**6.32**	**0.22**	**0.33**	**5.77**	**90.70**	**–**	**8.41**	**24.59**	**59.59**	**5.99**	**10.05**
Total A (All sector wise working Government companies)				**7,701.64**	**3,977.57**	**2,054.08**	**1,669.98**	**61,441.96**	**–**	**30,822.40**	**(-)9,035.38**	**86,695.71**	**5,647.56**	**6.51**

Sl. No.	Sector and Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital®	Accumulated Profit (+) / Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5(a)	5 (b)	5 ©	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
B. Working Statutory corporations														
AGRICULTURE & ALLIED														
1.	Maharashtra State Warehousing Corporation	2011-12	2012-13	46.02	--	5.38	40.64	153.84	(-)1.77	8.71	0.0009	251.67	40.64	16.15
Sector- wise total				**46.02**	**--**	**5.38**	**40.64**	**153.84**		**8.71**	**0.0009**	**251.67**	**40.64**	**16.15**
FINANCE														
2.	Maharashtra State Financial Corporation	2011-12	2012-13	24.84	3.17	0.13	21.54	18.20	(-)0.88	62.64	(-)589.35	(-)112.22	24.71	--Σ
Sector- wise total				**24.84**	**3.17**	**0.13**	**21.54**	**18.20**		**62.64**	**(-)589.35**	**(-)112.22**	**24.71**	**--Σ**
INFRASTRUCTURE														
3.	Maharashtra Industrial Development Corporation	2011-12	2012-13	13.33	--	13.08	0.25	286.29	(-)7.37	--	37.53	37.41	0.25	0.67
Sector- wise total				**13.33**	**--**	**13.08**	**0.25**	**286.29**	**--**	**--**	**37.53**	**37.41**	**0.25**	**0.67**
SERVICE														
4.	Maharashtra State Road Transport Corporation	2011-12	2012-13	440.39	24.50	351.92	63.97	5,482.61	--	1,778.53	(-)292.85	1,732.88	88.47	5.11
Sector- wise total				**440.39**	**24.50**	**351.92**	**63.97**	**5,482.61**		**1,778.53**	**(-)292.85**	**1,732.88**	**88.47**	**5.11**
Total B (All sector wise working Statutory corporations)				**524.58**	**27.67**	**370.51**	**126.40**	**5,940.94**		**1,849.88**	**(-)844.67**	**1,909.74**	**154.07**	**8.07**
Grand Total (A + B)				**8,226.22**	**4,005.24**	**2,424.59**	**1,796.38**	**67,382.90**		**32,672.28**	**(-)9,880.05**	**88,605.45**	**5,801.63**	**6.55**
C. Non working Government companies														
AGRICULTURE & ALLIED														
1.	Dairy Development Corporation of Marathwada Limited♣	2011-12	2012-13	--	--	0.0006	(-)0.0006	--	(-)0.08	0.38	(-)3.08	0.09	(-)0.0006	--Σ
2.	Ellora Milk Products Limited♣	2011-12	2012-13	0.0002	--	0.0009	(-)0.0007	--	--	0.05	(-)1.52	(-)0.12	(-)0.0007	--Σ

Sl. No.	Sector and Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital⊗	Accumulated Profit (+) / Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5(a)	5 (b)	5 ©	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
3.	Irrigation Development Corporation of Maharashtra Limitedф	2010-11	2010-11	--	--	--	--	--	--	19.93	(-)19.93	--	--	--Σ
4.	MAFCO Limited ф	2011-12	2012-13	14.66	0.50	0.12	14.04	--	--	5.04	0.90	5.45	14.54	266.79
5.	Parbhani Krishi Gosanvardhan Limited♣	2011-12	2012-13	1.47	--	0.0008	1.47	--	--	0.19	(-)0.82	(-)0.63	1.47	--Σ
6.	Vidarbha Quality Seeds Limited♣	2012-13	2013-14	(-)0.0006	--	--	(-)0.0006	--	(-)0.04	0.10	(-)0.39	(-)0.29	(-)0.0006	--Σ
Sector- wise total				**16.13**	**0.50**	**0.12**	**15.51**	**--**	**--**	**25.69**	**(-)24.84**	**4.50**	**16.01**	**355.74**
FINANCE														
7.	Kolhapur Chitranagri Mahamandal Limited ф	1997-98	2005-06	(-)0.05	--	0.12	(-)0.17	--	--	2.89	(-)1.47	1.63	(-)0.17	--Σ
Sector- wise total				**(-)0.05**		**0.12**	**(-)0.17**	**--**	**--**	**2.89**	**(-)1.47**	**1.63**	**(-)0.17**	
INFRASTRUCTURE														
8.	Development Corporation of Vidarbha Limited♣	2011-12	2012-13	(-)0.39	--	0.0007	(-)0.39	--	--	7.17	(-)14.43	1.11	(-)0.39	--Σ
9.	Maharashtra Land Development Corporation Limited♣	2011-12	2013-14	--	--	0.0001	(-)0.0001	--	--	4.00	(-)20.01	(-)16.01	(-)0.0001	--Σ
10.	Maharashtra Rural Development Corporation Limited	2005-06	2013-14	(-)0.0003	--	--	(-)0.0003	--	--	0.05	(-)0.05	0.00	(-)0.0003	--Σ
		2006-07	2013-14	(-)0.0003	--	--	(-)0.0003	--	--	0.05	(-)0.05	0.00	(-)0.0003	--Σ
		2007-08	2013-14	(-)0.0003	--	--	(-)0.0003	--	--	0.05	(-)0.05	0.00	(-)0.0003	--Σ
		2008-09	2013-14	(-)0.0003	--	--	(-)0.0003	--	--	0.05	(-)0.05	0.00	(-)0.0003	--Σ
		2009-10	2013-14	(-)0.0003	--	--	(-)0.0003	--	--	0.05	(-)0.05	0.00	(-)0.0003	--Σ
		2010-11	2013-14	(-)0.0003	--	--	(-)0.0003	--	--	0.05	(-)0.05	0.00	(-)0.0003	--Σ
		2011-12	2013-14	(-)0.0003	--	--	(-)0.0003	--	--	0.05	(-)0.05	0.00	(-)0.0003	--Σ

Sl. No.	Sector and Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/Loss (-)				Turnover	Impact of Accounts Comments[#]	Paid up Capital⊙	Accumulated Profit (+) / Loss (-)	Capital employed[@]	Return on capital employed[$]	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5(a)	5 (b)	5 ©	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
11.	Maharashtra State Housing Corporation Limited♣	2011-12	2013-14	0.03	--	--	0.03	0.99	--	0.01	0.51	0.52	0.03	5.77
12.	Marathwada Development Corporation Limited♣	2011-12	2012-13	0.05	--	0.005	0.04	--	--	10.17	(-)12.75	48.01	0.04	0.08
Sector- wise total				**(-)0.31**	**--**	**0.01**	**(-)0.32**	**0.99**	**--**	**21.40**	**(-)46.73**	**33.63**	**(-)0.32**	**--**
MANUFACTURING														
13.	Godavari Garments Limited♣	2011-12	2012-13	0.001	--	--	0.001	--	--	0.24	(-)8.17	(-)0.20	0.001	--Σ
14.	Kinwat Roofing Tiles Limited♣	2011-12	2012-13	--	--	--	--	--	--	0.19	(-)1.22	(-)0.29	--	--Σ
15.	Maharashtra Electronics Corporation Limited♣	2011-12	2012-13	--	18.35	0.05	(-)18.40	--	(-)10.49	9.69	(-)262.85	(-)190.65	(-)0.05	--Σ
		2012-13	2013-14	0.10	19.03	0.06	(-)18.99	--	(-)10.49	9.69	(-)281.84	(-)104.41	0.04	--Σ
16.	Maharashtra State Textile Corporation Limited♣	2012-13	2013-14	(-)0.30	37.19	0.04	(-)37.53	--	--	236.16	(-)885.41	(-)649.25	(-)0.34	--Σ
17.	Marathwada Ceramic Complex Limited♣	2011-12	2013-14	--	--	--	--	--	--	0.68	(-)7.45	(-)0.47	--	--Σ
18.	Sahyadri Glass Works Limited ф	1993-94	1995-96	(-)0.35	0.04	0.02	(-)0.41	--	--	0.45	(-)9.22	(-)2.48	(-)0.37	--Σ
19.	The Gondwana Paints and Minerals Limited♣	2012-13	2013-14	(-)0.0005	--	--	(-)0.0005	--	(-)0.09	0.10	(-)1.34	(-)1.24	(-)0.0005	--Σ
20.	The Pratap Spinning, Weaving and Manufacturing Company Limited♣	2012-13	2013-14	(-)0.006	--	0.0001	(-)0.006	--	--	23.17	(-)63.86	(-)40.69	(-)0.006	--Σ
Sector- wise total				**(-)0.56**	**56.26**	**0.12**	**(-)56.94**	**--**	**--**	**270.68**	**(-)1,258.51**	**(-)799.03**	**(-)0.68**	**--**
MISCELLANEOUS														
21.	Leather Industries Corporation of Marathwada Limited♣	2011-12	2012-13	--	--	--	--	--	--	0.64	(-)6.71	0.09	0.00	--Σ

Sl. No.	Sector and Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital⊛	Accumulated Profit (+) / Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5(a)	5 (b)	5 ©	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
22.	Vidarbha Tanneries Limited♣	2012-13	2013-14	(-)0.0005	--	--	(-)0.0005	--	(-)0.06	0.10	(-)1.17	(-)0.05	(-)0.0005	--Σ
Sector- wise total				**(-)0.0005**	**--**	**--**	**(-)0.0005**	**--**	**--**	**0.74**	**(-)7.88**	**0.04**	**(-)0.0005**	**--**
Total C (All sector wise non working Government Companies)				**15.21**	**56.76**	**0.37**	**(-)41.92**	**0.99**	**--**	**321.40**	**(-)1,339.43**	**(-)759.23**	**14.84**	**--**
Grand Total (A + B+C)				**8,241.43**	**4,062.00**	**2,424.96**	**1,754.46**	**67,383.89**	**--**	**32,993.68**	**(-)11,219.48**	**87,846.22**	**5,816.47**	**6.62**

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

⊛ Paid up capital includes share application money.

@ Capital employed represents shareholders funds *plus* long term borrowings.

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

Σ Percentage of Return on Capital Employed was Negative.

ф Did not finalise even a single account and Capital employed represent net fixed assets (including capital works-in-progress) *plus* working capital except in case of finance Companies/Corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balance of paid up capital, free reserves, bonds, deposits and borrowings (including refinance) at Sl. No.A-7,10,14,15,19,27,33,37,40,42,43, 45,49,51, 52,58 and 60, C-3,4,7 and 18.

(•) Expenditure in respect of companies at Sl.No.A-12 and A-17 is recouped from Government hence the figure under profit/loss is 'Nil'.

Ψ Return on capital employed not applicable.

¥ Company at Sl. No.A-27,37,42,43 and 45 has not started commercial activity and has not prepared profit/loss account.

(+) Excess of expenditure over income capitalised (Sl. No. A-28).

⊕ Company at Sl. No.A-48 has been vested with the Assets & Liabilities of all its subsidiaries on unbundling of M.S.E. Board in 2005-06 and does not have any turnover of its own.

Ω Company at Sl. No.A-49 was formed with the objective of investment mainly in Dabhol Power Company Limited and hence the company does not have any turnover of its own.

Δ Companies at Sl. No.A-50 had not started commercial activities. Hence their turnover figures are 'Nil' however the figures of net profit/loss shown in column 5(d) are on account of non-operational income and expenditure.

♦ Deficit is recoverable from share holders hence there is no loss/accumulated loss (Sl. No.A-58).

♣ This has been done as per Revised Schedule VI of Companies Act 1956.

Annexure-3

Statement showing equity and loans received out of budget and grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2013

(Referred to in paragraphs 1.13,1.14,1.15,1.16 and 1.17)

(₹in crore)

Sl. No.	Sector and Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
A. Working Government Companies													
AGRICULTURE & ALLIED													
1.	Forest Development Corporation of Maharashtra Limited	0.05	--	0.61	0.12	0.72	1.45	--	--	--	--	--	--
2.	Maharashtra Agro Industries Development Corporation Limited	--	--	--	--	--	--	150.00	150.00	--	--	--	--
3.	Maharashtra State Farming Corporation Limited.	--	4.59	--	--	--	--	--	--	--	--	--	--
4.	Maharashtra State Seeds Corporation Limited	--	--	15.00	--	--	15.00	--	--	--	--	--	--
5.	Punyashloka Ahilyadevi Maharashtra Mendi Va Sheli Vikas Mahamandal Limited	0.94	--	9.61	6.84	--	16.45	--	--	--	--	--	--
6.	The Maharashtra Fisheries Development Corporation Limited	--	--	12.12	0.50	--	12.62	--	--	--	--	--	--
Sector wise total		**0.99**	**4.59**	**37.34**	**7.46**	**0.72**	**45.52**	**150.00**	**150.00**	**--**	**--**	**--**	**--**

Sl. No.	Sector and Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
FINANCE													
7.	Maharashtra Patbandhare Vittiya Company Limited	--	--	--	54.41	--	54.41	--	--	--	--	--	--
8.	Maharashtra Rajya Itar Magas Vargiya Vitta Ani Vikas Mahamandal Limited	12.00	--	--	7.17	--	7.17	--	50.00	--	--	--	--
9.	Maharashtra State Handicapped Finance and Development Corporation	7.20	--	--	0.77	0.45	1.22	--	--	--	--	--	--
10.	Maharashtra State Handlooms Corporation Limited	2.70	--	--	--	--	--	--	--	--	--	--	--
11.	Maharashtra Vikrikar Rokhe Pradhikaran Limited	--	--	--	--	7.86	7.86	--	--	--	--	--	--
12.	Sant Rohidas Leather Industries & Charmakar Development Corporation Limited	60.00	--	--	19.16	--	19.16	--	15.00	--	--	--	--
13.	Shabari Adivasi Vitta Va Vikas Mahamandal Maryadit	8.00	--	--	3.09	--	3.09	--	--	--	--	--	--
14.	Shamrao Peje Kokan Itar Magasvarg Aarthik Vikas Mahamandal Limited	9.95	--	--	--	--	--	--	--	--	--	--	--

Sl. No.	Sector and Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
15.	Vasantrao Naik Vimukta Jatis & Nomadic Tribes Development Corporation Limited	32.00	--	--	4.55	--	4.55	2.00	20.95	--	--	--	--
Sector- wise total		**131.85**	--	--	**89.15**	**8.31**	**97.46**	**2.00**	**85.95**	--	--	--	--
INFRASTRUCTURE													
16.	Maharashtra Airport Development Company Limited	--	--	--	271.06	--	271.06	--	--	--	--	--	--
17.	Maharashtra State Police Housing and Welfare Corporation Limited	--	--	--	238.04	49.41	287.45	--	--	--	--	--	--
18.	Western Maharashtra Development Corporation Limited	--	--	--	--	--	--	--	--	--	--	0.27	0.27
Sector- wise total		--	--	--	**509.10**	**49.41**	**558.51**	--	--	--	--	**0.27**	**0.27**
POWER													
19.	M.S.E.B. Holding Company Limited	1,274.97	1,859.03	--	222.26	--	222.26	--	--	--	--	--	--
20.	Maharashtra State Electricity Distribution Company Limited	--	37.37	--	5,085.73	--	5,085.73	--	399.87	--	--	--	--
21.	Maharashtra State Electricity Transmission Company Limited	--	--	--	--	--	--	--	116.48	--	--	--	--
22.	Maharashtra State Power Generation Company Limited	--	--	--	1.66	--	1.66	--	531.17	--	--	--	--
Sector- wise total		**1,274.97**	**1,896.40**	--	**5,309.65**	--	**5,309.65**	--	**1,047.52**	--	--	--	--

Sl. No.	Sector and Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
SERVICE													
23.	Maharashtra Tourism Development Corporation Limited	--	--	1.04	32.11	--	33.15	--	--	--	--	--	--
Sector- wise total		**--**	**--**	**1.04**	**32.11**	**--**	**33.15**	**--**	**--**	**--**	**--**	**--**	**--**
MISCELLANEOUS													
24.	Mahila Arthik Vikas Mahamandal	0.15	--	--	25.60	--	25.60	--	--	--	--	--	--
Sector- wise total		**0.15**	**--**	**--**	**25.60**	**--**	**25.60**	**--**	**--**	**--**	**--**	**--**	**--**
Total:A (All sector wise working Government companies)		**1,407.96**	**1,900.99**	**38.38**	**5,973.07**	**58.44**	**6,069.89**	**152.00**	**1,283.47**	**--**	**--**	**0.27**	**0.27**
B. Working Statutory corporations													
FINANCE													
1.	Maharashtra State Financial Corporation	--	--	--	--	--	--	--	--	0.24	--	--	0.24
Sector- wise total		**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**0.24**	**--**	**--**	**0.24**
SERVICE													
2.	Maharashtra State Road Transport Corporation	405.60	200.00	2.71	102.95	1.92	107.58	--	--	--	--	--	--
Sector- wise total		**405.60**	**200.00**	**2.71**	**102.95**	**1.92**	**107.58**	**--**	**--**	**--**	**--**	**--**	**--**
Total : B (All sector wise working Statutory corporations)		**405.60**	**200.00**	**2.71**	**102.95**	**1.92**	**107.58**	**--**	**--**	**0.24**	**--**	**--**	**0.24**
	Total (A+B)	**1,813.56**	**2,100.99**	**41.09**	**6,076.02**	**60.36**	**6,177.47**	**152.00**	**1,283.47**	**0.24**	**--**	**0.27**	**0.51**

@ Figures indicate total guarantees outstanding at the end of the year.

Annexure-4
Statement showing investment made by State Government in Public Sector Undertakings whose accounts were in arrears
(Referred to in paragraph 1.24)

(₹in crore)

Sl. No.	Sector and Name of the PSU	Year up to which accounts finalised	Paid up capital as per latest finalised accounts	Arrear years in which investment received	Investment made by State Government during the years in which accounts were in arrears		
					Equity	Loan	Grants/ Subsidy
A : Working Government Companies							
AGRICULTURE & ALLIED							
1.	Forest Development Corporation of Maharashtra Limited	2011-12	322.35	2012-13	0.05	--	0.12
2.	Maharashtra State Farming Corporation Limited	2010-11	2.75	2011-12 to 2012-13	--	4.59	--
3.	Punyashloka Ahilyadevi Maharashtra Mendi Va Sheli Vikas Mahamandal Limited	2007-08	4.73	2008-09 to 2012-13	0.94	--	33.39
FINANCE							
4.	Maharashtra Co-operative Development Corporation Limited	2005-06	6.47	2006-07 to 2012-13	1.52	101.70	--
5.	Maharashtra Patbandhare Vittiya Company Limited	2008-09	0.06	2009-10 to 2012-13	--	--	378.14
6.	Maharashtra Rajya Itar Magas Vargiya Vitta Ani Vikas Mahamandal Limited	2011-12	50.00	2012-13	69.45	--	7.17
7.	Maharashtra State Handicapped Finance and Development Corporation	2009-10	6.43	2010-11 to 2012-13	24.00	--	2.56
8.	Maharashtra State Handlooms Corporation Limited.	2011-12	84.45	2012-13	2.70	--	--
9.	Sant Rohidas Leather Industries and Charmakar Development Corporation of Maharashtra Limited	2005-06	43.21	2006-07 to 2012-13	178.00	--	55.49
10.	Shabari Adiwasi Vitta Va Vikas Mahamandal Maryadit	2008-09	28.29	2009-10 to 2012-13	35.44	--	12.56
11.	Shamrao Peje Kokan Itar Magasvarg Aarthik Vikas Mahamandal Limited	2011-12	0.05	2012-13	9.95	--	--
12.	Vasantrao Naik Vimukta Jatis and Nomadic Tribes Development Corporation Limited	2010-11	112.35	2011-12 to 2012-13	50.93	--	8.89

Sl. No.	Sector and Name of the PSU	Year up to which accounts finalised	Paid up capital as per latest finalised accounts	Arrear years in which investment received	Investment made by State Government during the years in which accounts were in arrears		
					Equity	Loan	Grants/ Subsidy
INFRASTRUCTURE							
13.	Maharashtra Airport Development Company Limited	2011-12	17.05	2012-13	--	--	271.06
POWER							
14.	M.S.E.B. Holding Company Limited	2011-12	13,826.47	2012-13	1,274.97	--	222.26
15.	Maharashtra State Electricity Distribution Company Limited	2011-12	5,316.98	2012-13	--	37.37	5,085.73
SERVICE							
16.	Maharashtra Tourism Development Corporation Limited	2008-09	15.39	2009-10 to 2012-13	--	--	245.50
MISCELLANEOUS							
17.	Mahila Arthik Vikas Mahamandal	2010-11	2.60	2011-12 to 2012-13	0.15	--	70.69
Total A : (Working Government Companies)			**19,839.63**		**1,648.10**	**143.66**	**6,393.56**
B : Working Statutory Corporation							
SERVICE							
1.	Maharashtra State Road Transport Corporation	2011-12	1,778.53	2012-13	405.60	200.00	102.95
Total B : (Working Statutory Corporation)			**1,778.53**		**405.60**	**200.00**	**102.95**
Grand Total : (A+B)			**21,618.16**		**2,053.70**	**343.66**	**6,496.51**

Annexure-5

Statement showing financial position of working Statutory corporations

(Referred to in paragraph 1.33)

(₹in crore)

1. Maharashtra State Warehousing Corporation			
Particulars	**2009-10**	**2010-11**	**2011-12**
A. Liabilities			
Paid-up capital	8.71	8.71	8.71
Reserves and surplus	170.66	181.46	212.19
Borrowings			
- (Government)	--	--	--
- (Others)	4.65	17.89	26.51
Trade dues and current liabilities (including provision)	87.90	78.54	138.72
Total - A	**271.92**	**286.60**	**386.13**
B. Assets			
Gross block	186.29	207.62	222.44
Less: Depreciation	46.10	51.39	56.77
Net fixed assets	140.19	156.23	165.67
Capital works-in-progress	13.59	9.63	43.88
Investments	0.01	0.01	0.01
Current assets, loans and advances	118.13	120.73	176.57
Profit and loss account	--	--	--
Total - B	**271.92**	**286.60**	**386.13**
C. Capital employed[♁]	**187.10**	**212.64**	**251.67**

[♁] Capital employed represents net fixed assets (including capital works-in-progress) *plus* working capital excluding provision for gratuity.

Annexure-5

(₹in crore)

2. Maharashtra State Financial Corporation			
Particulars	**2009-10**	**2010-11**	**2011-12**
A. Liabilities			
Paid-up capital	62.64	62.64	62.64
Share application money	--	--	--
Reserve fund and other reserves and surplus	46.22	46.22	46.22
Borrowings:			
(i) Bonds and debentures	85.36	49.53	--
(ii) Fixed Deposits	--	--	--
(iii) Industrial Development Bank of India and Small Industries Development Bank of India and Mumbai Metropolitan Region Development Authority	350.17	350.17	350.17
(iv) Reserve Bank of India	--	--	--
(v) Loan towards share capital			
(a) State Government	2.06	2.06	2.06
(b) Industrial Development Bank of India	2.05	2.05	2.05
(vi) Others (including State Government)	73.23	100.87	136.49
Other Liabilities and provisions	17.79	50.79	67.41
Total - A	**639.52**	**664.33**	**667.04**
B. Assets			
Cash and bank balances	17.53	3.09	2.78
Investments	1.28	23.90	49.87
Loans and advances	6.26	2.88	--
Net fixed assets	0.91	0.89	0.84
Other assets	27.75	22.68	24.20
Profit and loss account	585.79	610.89	589.35
Total - B	**639.52**	**664.33**	**667.04**
C. Capital employed$	**(-)29.33**	**(-)67.75**	**(-)112.22**

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

(₹in crore)

3. Maharashtra Industrial Development Corporation			
Particulars	**2009-10**	**2010-11**	**2011-12**
A. Liabilities			
Loans - Issue of Bonds	0.00	0.00	0.00
Reserves and surplus/funds•	98.88	37.28	37.53
Deposits	12,059.03	14,574.46	17,064.85
Current liabilities and provisions	115.63	103.81	94.62
Total - A	**12,273.54**	**14,715.55**	**17,197.00**
B. Assets			
Gross fixed assets	625.81	657.85	690.88
Less: Depreciation	181.05	195.40	211.15
Net fixed assets	444.76	462.45	479.73
Other assets	3,793.58	4,200.88	4,372.76
Investments	168.66	188.35	202.14
Current assets, loans and advances	7,866.54	9,863.87	12,142.37
Total – B	**12,273.54**	**14,715.55**	**17,197.00**
C. Capital employed$^{\Omega}$	**39.26**	**37.21**	**37.41**

•The above includes free reserves and surplus of ₹ 37.13 crore, ₹ 37.28 crore and ₹ 37.53 crore for the year 2009-10, 2010-11 and 2011-12.

$^{\Omega}$Capital employed represents the mean of the aggregate of opening and closing balances of long term loans (including bonds), Development Rebate Reserves and other free reserves and surplus (excluding Sinking and Assets Replacement Fund).

(₹in crore)

4. Maharashtra State Road Transport Corporation			
Particulars	**2009-10**	**2010-11**	**2011-12**
A. Liabilities			
Capital (including capital loan and equity capital)	1,579.20	1,778.53	1,778.53
Borrowings:			
Government	--	--	--
Others (including deposits)	53.90	45.76	42.51
Funds/Reserves and surplus*	198.86	208.27	214.36
Trade dues and other current liabilities (including provisions)	779.94	769.70	790.82
Total	**2,611.90**	**2,802.26**	**2,826.22**
B. Assets			
Gross block	2,396.97	2,509.16	2,838.69
Less: Depreciation	1,798.43	1,862.66	2,051.92
Net fixed assets	598.54	646.50	786.77
Capital works-in-progress (including cost of chassis)	35.74	40.19	52.00
Investments	222.74	27.66	9.68
Current assets, loans and advances	1,368.78	1731.09	1,684.92
Accumulated losses	386.10	356.82	292.85
Total	**2,611.90**	**2,802.26**	**2,826.22**
C. Capital employed$	**1,237.04**	**1,648.09**	**1,732.88**

*Excluding depreciation funds and including reserves and surplus and capital grant.

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

Annexure-6

Statement showing working results of working Statutory corporations

(Referred to in paragraph No.1.33)

(₹in crore)

1. Maharashtra State Warehousing Corporation				
Sl. No.	**Particulars**	**2009-10**	**2010-11**	**2011-12**
1.	Income			
	(a) Warehousing charges	121.42	115.67	153.84
	(b) Other income	4.57	40.33	5.87
	Total - 1	**125.99**	**156.00**	**159.71**
2.	Expenses			
	(a) Establishment charges	28.14	29.85	35.48
	(b) Other expenses	62.94	61.19	84.29
	Total - 2	**91.08**	**91.04**	**119.77**
3.	**Profit (+)/loss (-) before tax♦**	**(+)34.91**	**(+)64.96**	**(+)39.94**
4.	Provision for tax	15.76	13.33	6.84
5.	Prior period adjustments	(+)0.35	(+)1.24	(+)0.70
6.	Other appropriations	17.15	10.82	31.13
7.	Amount available for dividend	2.34	2.51	2.67
8.	Dividend for the year#	2.34	2.51	2.67
9.	Total return on capital employed	35.26	26.65	40.64
10.	Percentage of return on capital employed	18.84	12.53	16.15

♦ This profit is before prior period adjustment.

Including tax on dividend.

Annexure-6

(₹in crore)

2. Maharashtra State Financial Corporation				
Sl. No.	**Particulars**	**2009-10**	**2010-11**	**2011-12**
1.	Income			
	(a) Interest on loans	13.71	10.33	18.20
	(b) Other income	3.62	27.43	31.96
	Total - 1	**17.33**	**37.76**	**50.16**
2.	Expenses			
	(a) Interest on long term and short term loans	13.88	7.69	3.17
	(b) Provision for non performing assets	--	--	--
	(c) Other expenses	6.98	11.67	13.64
	Total - 2	**20.86**	**19.36**	**16.81**
3.	Profit (Loss) before tax (1-2) ♦	**(3.53)**	**18.40**	**33.35**
4.	Prior Period Adjustment	**31.80**	**43.49**	**11.81**
5.	Provision for tax	--≈	--≈	--≈
6.	Profit (Loss) after tax	28.27	(25.09)	21.54
7.	Other appropriations	--	--	--
8.	Amount available for dividend	--	--	--
9.	Dividend paid/payable	--	--	--
10.	Total return on capital employed	42.15	(17.40)	24.71
11.	Percentage of return on capital employed	--♣	--♣	--♣

♦ This loss is before prior period adjustment.

≈ This indicates 'nil' amount.

♣ Negative return.

(₹in crore)

3. Maharashtra Industrial Development Corporation				
Sl. No.	**Particulars**	**2009-10**	**2010-11**	**2011-12**
1.	Income	320.32	286.95	343.47
2.	Expenditure	320.27	286.80	343.22
3.	Surplus	0.05	0.15	0.25
4.	Interest charged to income and expenditure account	4.82	5.57	0.00
5.	Return on capital employed (3 + 4)	4.87	5.72	0.25
6.	Percentage of return on capital employed	12.40	15.37	0.67

(₹in crore)

4. Maharashtra State Road Transport Corporation				
	Particulars	**2009-10**	**2010-11**	**2011-12**
	Operating :-			
(a)	Revenue	4,274.16	4,840.86	5,482.61
(b)	Expenditure	4,261.11	4,919.64	5,514.58
(c)	Surplus (+)/deficit (-)	(+)13.05	(-)78.78	(-)31.97
	Non-operating :-			
(a)	Revenue	96.00	138.81	117.64
(b)	Expenditure	38.27	19.03	26.51
(c)	Surplus (+)/deficit (-)	(+)57.73	(+)119.78	(+)91.13
	Total :-			
(a)	Revenue	**4,370.16**	**4,979.67**	**5,600.25**
(b)	Expenditure@	**4,299.38**	**4,938.67**	**5,541.09**
(c)	Net profit (+)/loss (-)	71.03	(+)29.29	(+)63.97
	Interest on capital and loans	37.00	18.43	24.50
	Total return on capital employed*	108.03	47.72	88.47
	Percentage of return on capital employed	8.73	2.90	5.11

@Including prior period adjustments.

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

Annexure-7
Glossary of terms used in performance audit report in Maharashtra State Electricity Distribution Company Limited
(Referred to in paragraph 2.1.1)

Sl. No.	Term	What it refers to.
1	Auxiliary consumption	The power consumed by the plants and equipments employed in generation of power in the plant.
2	Backing Down Operation or Capacity Restriction or Reserve Shut Down Operation	In the event of supply of power in excess of demand or consumption or vice versa the transmission voltage/frequency level undergoes a drastic change beyond permissible limits. For maintaining the transmission grid within operating parameters, specific instructions are issued to the generating power stations to reduce their generation level in case of lesser demand and to the distribution licensees to shut down certain part of their distribution system for specified period of time in the event of excess demand. Such instructions are known as backing down operation.
3	Capacity Building	Adding a power generation plant of a specified capacity termed in Mega Watt.
4	Capacity Charges	Indicates element of fixed charges included as capacity charges in the composite tariff rate.
5	Case 1 Bidding	The bidding process where location technology or fuel is not specified by the purchaser but left to the option of the bidder.
6	Case 2 bidding	The tariff based bidding process for hydro projects, load centre projects or other location specific projects with specific fuel allocation intended to set up by the IPP.
7	Competitive Bidding Guidelines (CBG)	The guidelines issued for determination of tariff by bidding process for procurement of power by distribution licensees issued (January 2005) by Ministry of Power, Government of India.
8	Commercial Operation Date	The date on which power generation plant is put to commercial operation after completing successful trial run operation for achieving stabilisation of different elements of plants.
9	Contracted Capacity or Contracted Quantity	It is the extent of the capacity of the plant expressed in MW terms contracted for supplies under the PPA during the given period of time. Whereas the contracted the quantity is the measure of power expressed in MUs determined with reference to the contracted capacity generated during a period of one hour. For convenience one MW generated during one hour is equal to 1,000 units or 1,000 KWH.
10	Comprehensive tariff	All inclusive rate without distinctive break-up into capacity and energy charges generally quoted for by the bidders in short term contracts.
11	Demand	Drawl of energy by the consumers from the distribution system at a given point of time.
12	Escalated Energy Charge	It is the escalable element of energy charges contractually agreed to in the PPA to be enhanced with reference to the indices over the period of time.
13	Firm Round the clock Power	As the term suggests it is the power generation planned with reference to the available capacity of the plant to be determined one day in advance to the scheduled generation and to be supplied during 24 hours on any day during the contractual period.

Sl. No.	Term	What it refers to.
14	Firm power	The power produced by generators by planning the schedule with reference to the anticipated demand.
15	Gross Rated Capacity	Designed capacity of the power generation plant to generate power for meeting both sale and its own auxiliary consumption.
16	Infirm Power	Quantum of power generated during the trial operation or start up of the power generation plant till it achieves stabilisation at desired level after which the generation could be planned to match the given demand. Alternatively it is the quantum of power generated by default and not by design or desire.
17	Installed Capacity or Generation Capacity	Rated or Designed Capacity of generating power station to ideally generate maximum level of power or electrical energy specified in terms of MW.
18	Letter of Support (LoS)	Letter of Support is a letter issued by the Energy Department, Government of Maharashtra to prospective IPPs enabling them to get all support from other relevant department for hassle free implementation of projects.
19	Levellised tariff	Levellised tariff is the discounted rate arrived at for evaluation of tariff based on rates quoted by the bidders for contracted period of 25 years
20	Mega Watt	Measure of electrical Energy termed as Watt. One Mega Watt is equal to one thousand Kilo Watt or ten lakh Watt.
21	Million Units(MU)	Measure of electrical Energy or Power consumed during a given period of time. One unit is equal to one thousand Watt Hour or one Kilo Watt Hour (KWH) and one million unit is equal to ten lakh KWH.
22	Net Rated Capacity	Designed capacity of power generation plant to generate power for sale after meeting its own auxiliary consumption.
23	Normative Availability	Capacity of the power generation plant normally made available for the generation of power in the ordinary course of business.
24	Open access	A term used to indicate the authorised accessibility of Transmission lines of State Utility to the IPPs for selling their generated power to third parties or distribution licensees.
25	Peak Demand or Peak Hour Demand	Maximum drawl of electrical energy or power by the consumers in the distribution system at a given point of time during a period of one year.
26	Power Deficit	Quantum of power demand not met with supplies at given point of time.
27	Renewable Energy	Source of generation of Electrical energy that does not deplete on its usage or that can be produced. Example wind, solar, water Bagasse etc. The Coal, gas, oil, etc. are the fossil fuel that does not regenerate after their usage unlike a renewable source.
28	Renewable Energy Certificate	It is the certificate issued by the appropriate authority to the persons generating power from renewable energy sources for each one thousand units or KWH of power generated by them. Such certificate can be traded through the power exchanges likewise the shares traded through stock exchanges.

Sl. No.	Term	What it refers to.
29	Request for Qualification	Inviting the prospective bidders to submit their expression of interest by giving details of their technical and technological capabilities, past experience etc., with a view to establish a desired project or plant in infrastructural development.
30	Scheduled Delivery Date	Scheduled Commencement of supply of power mutually agreed under the PPA.
31	Scheduled Availability	Extent of the capacity of a power plant scheduled for generation of power with reference to the anticipated demand. Generally the schedule is decided by SLDC one day ahead for each 15 minutes block of next day.
32	Spinning Reserve	Spinning Reserve is the extra generating capacity that is available by increasing the power output of generators that are already connected to the power system operator within a short interval of time to meet demand in case a generator goes down or there is another disruption to the supply
33	Stage 1 and Stage 2	Nomenclature to indicate the First and Second Tendering process initiated by the Company.
34	Synchronisation Date	This refers to the date on which all the plants and equipments, involved in the generation of power are synchronised with each other to achieve the generation of power to the extent of the designed capacity of the plant.
35	Transmission Constraint	Difficulties faced in operating transmission lines in the transmission of power beyond certain load due to demand -supply dynamics or transformer capabilities at the sub-stations or maintenance shut down etc.

Annexure-8
Statement showing the projects for which Memorandum of Understanding signed by the Government of Maharashtra on 4 April 2005
(Referred to in paragraph 2.1.8)

Sl. No.	Name of IPP	Place	Capacity
1	JSW Energy Limited	Jaigad, Ratnagiri	1,200 MW (4 x 300 MW)
2	Tata Power Company Limited	Alibaug, Raigad	1,600 MW (2 x 800 MW)
		Trombay	250 MW (1 x 250 MW unit 8)
		Trombay	250 MW (1 x 250 MW unit 9)
3	Reliance Energy Limited (Maharashtra Energy Generation Limited), Mumbai	Alibaug, Raigad	4,000 MW
4	Ispat Energy Limited	Masurkhurd, Raigad	1,000 MW (Ph-I) 250 MW (Ph-II) 750 MW
5	Central India Power Company Limited	Pipri, Chandrapur	668 MW (2 x 334 MW Ph-I)
6	GMR Maharashtra Energy Limited	Umbharghar Dapoli	1,200 MW (3 x 400 MW)
7	Spectrum Technology	-	500 MW
8	Essar Power		1,500 MW
	Total		**12,168 MW**

Annexure-9

Statement showing the Projects/Independent Power Producers for whom letter of support is issued by Government of Maharashtra as on 31 July 2010

(Referred to in paragraph 2.1.8)

Sl.No.	Name of Company	Place	Capacity (MW)
1	Nagpur Energy & Infrastructure Limited	Bhadrawati, Chandrapur	1,000
2	Emco Energy Limited	Varora, Chandrapur	600 (2 x 300)
3	Finolex Infrastructure Limited	Ratnagiri	1,050
4	Dhariwal Infrastructure (P) Limited	Tadali Growth, Chandrapur	600 (2 x 300)
5	Sunflag Iron & Steel Co. Limited	Warthi, Bhandara	750
6	Murli Industries	Waroda, Nagpur	660
7	India Bulls Power Limited (Letter of support issued on 17 December 2007)	Nandgaonpeth, Amravati	2,670 Stage-I (5 x 270) Stage –II (2 x 660)
8	India Bulls Realtech Limited (SEZ)	Sinnar, Nasik	2,670 Stage-I (5 x 270) Stage-II (2 x 660)
9	Adani Power Maharashtra Limited (APML) (Letter of support issued on 17 February 2010)	Tiroda, Gondia	3,300 (5 x 660)
10	Urban Energy Generation Private Limited (Letter of support issued on 19 January 2010)	Uran, Raigad (Natural Gas based)	2,000
11	Urban Energy Generation Private Limited (Letter of support issued on 4 June 2008)	Roha, Raigad (Natural Gas based)	2,100
12	Urban Energy Generation Private Limited (Letter of support issued on 12 March 2008)	Panvel, Raigad (Natural Gas based)	2,100
13	Prithvi Energy Limited (Letter of support issued on 22 March 2010)	Korpana, Chandrapur	1,320 (2 x 660)
14	Prithvi Khanij Sampada Private Limited (Letter of support issued on 22 March 2010)	Tumsar, Bhandara	1,320 (2 x 660)
15	Indorama Synthetics (India) Limited (Letter of support issued on 14 January 2010)	Wani, Yeotmal	1,320 (2 x 660)
16	D.B.Projects Private Limited (Letter of support issued on 21 August 2009)	Mohadi, Bhandara	1,320 (2 x 660)
17	Gupta Energy Private Limited	Usegaon, Chandrapur	660 (Phase-I: 2 x 60 and Phase-II: 2 x 270)
18	Astarc Power Private Limited (Letter of support issued on 31 March 2010)	Umred, Nagpur	1,320 (2 x 660)
19	Dolby Mining & Power Private Limited (Letter of support issued on 31 August 2009)	Saoner, Nagpur	1,320 (2 x 660)
20	Videocon (Letter of support issued on 18 January 2010)	Not identified	1,200 (2 x 600)
21	Ideal Energy Projects Limited (Letter of support issued on 11 May 2010)	Umred, Nagpur	540 (2 x 270)
22	Jinbhuvish Power Generation Private Limited (Letter of support issued on 11 May 2010)	Mahagaon, Yeotmal	500 (2 x 250)
23	Synergy Li Power Resources India Private Limited	Guhagar, Ratnagiri	2,000
24	Wardha Power Private Limited	Varora, Chandrapur	540
25	Lanco Vidarbha Thermal Power Limited	Mandwa, Yavatmal	1,320
26	Jinbhuvish Power Generation (MP) Private Limited	Kolura, Yavatmal	1,320
27	Bhandara Thermal Power Corporation Limited	Mohadi, Bhandara	2,640
28	Bharat Forge Limited	Vaijapur, Aurangabad	1,080
29	Shirpur Power Private Limited	Dhule	300
30	Pioneer Limited	Mangaon, Raigad	111
	Total		**39,631 MW**

Annexure-10

Statement showing the projects wise total financial assistance available, actually availed and shortfall in availment in respect of 30 projects taken during XI FYP in Maharashtra State Electricity Distribution Company Limited.

(Referred to in paragraph 2.2.7)

Sl. No.	District	Total No. of electrified villages covered in the DPR	Total no of Un-electrified villages covered in the DPR	Un-electrified BPL RHHs proposed in DPR	Cost approved by MoP	Financial assistance available excluding BPL subsidy	Financial assistance not availed
					(₹ in crore)		
1	2	3	4	5	6	7	8 (7-6)
1	Ahmednagar	1,397	0	94,911	46.46	55.88	9.42
2	Akola	862	0	75,138	21.72	34.48	12.76
3	Amravati	1,671	0	87,064	35.1	66.84	31.74
4	Aurangabad	1,302	0	58,553	24.4	52.08	27.68
5	Beed	1,353	0	55,552	20.17	54.12	33.95
6	Bhandra	742	0	68,961	21.46	29.68	8.22
7	Buldhana	1,297	0	1,10,120	44.18	51.88	7.70
8	Chandrapur	1,522	0	42,943	22.56	60.88	38.32
9	Gadchiroli	1,523	0	39,217	15.64	60.92	45.28
10	Hingoli	672	0	15,133	8.35	26.88	18.53
11	Jalgoan	1,490	0	1,02,786	33.52	59.60	26.08
12	Jalna	966	0	43,020	16.03	38.64	22.61
13	Kolhapur	1,193	0	7,461	13.16	47.72	34.56
14	Latur	937	0	57,686	27.58	37.48	9.90
15	Nagpur	1,614	0	60,000	37.31	64.56	27.25
16	Nandurbar	749	0	94,939	30.72	29.96	-0.76
17	Nasik	1,923	0	93,097	43.69	76.92	33.23
18	Osmanabad	735	0	44,005	17.38	29.40	12.02
19	Parbhani	832	0	55,467	17.7	33.28	15.58
20	Pune	1,844	0	52,984	39.69	73.76	34.07
21	Raigad	1,852	0	27,979	27.39	74.08	46.69
22	Ratnagiri	1,539	0	26,869	17.41	61.56	44.15
23	Sangli	729	0	43,431	16.45	29.16	12.71
24	Satara	1,731	0	20,404	19.98	69.24	49.26
25	Sindhudurg	687	0	5,846	15.15	27.48	12.33
26	Thane (Kalyan)	564	0	29,398	24.15	22.56	-1.59
27	Thane (Vasai)	952	6	44,633	16.24	38.62	22.38
28	Wardha	1,004	0	43,997	20.01	40.16	20.15
29	Washim	702	0	33,934	10.23	28.08	17.85
30	Yavatmal	1,856	0	78,705	25.81	74.24	48.43
	Total	**36,240**	**6**	**16,14,233**	**729.64**	**1,450.14**	**720.50**

Note: The additional Project for Solapur was excluded.

(Source: Rural Electricity Plan of GoM and Sanction letters issued by REC)

Annexure-11

Statement showing project wise number of BPL RHHs electrified under Rajiv Gandhi Grameen Vidyutikaran Yojana who were in arrears of energy bills as of November 2013

(Referred to in paragraph 2.2.18)

Sl. No.	Project	Permanently Disconnected		Live		Total Arrears	Security deposit	Shortfall
		Number of consumers	Arrears (₹ in lakh)	Number of consumers	Arrears (₹ in lakh)	(₹ in lakh)		
1.	Akola	0	0	694	1.43	1.43	0.10	1.33
2.	Amravati	3,775	53.61	29,583	102.11	155.72	5.00	150.72
3.	Aurangabad	3,048	138.22	31,055	209.67	347.89	5.12	342.77
4.	Bhandara	527	7.81	7,565	27.27	35.08	1.21	33.87
5.	Chandrapur	770	3.67	15,470	5.22	8.89	2.44	6.45
6.	Dhule	2,566	14.84	17,244	14.60	29.44	2.97	26.47
7.	Gadchiroli	3,110	54.15	16,333	78.84	132.99	2.92	130.07
8.	Jalgaon	5,416	161.18	23,636	193.13	354.31	4.36	349.95
9.	Kolhapur	111	1.66	2,102	6.69	8.35	0.33	8.02
10.	Latur	1,251	11.15	16,361	31.42	42.57	2.64	39.93
11.	Nagpur	261	1.69	3,930	2.17	3.86	0.63	3.23
12.	Osmanabad	1,440	135.53	13,148	219.07	354.60	2.19	352.41
13.	Raigad	1,911	43.08	8,131	18.56	61.64	1.51	60.13
14.	Ratnagiri	308	3.42	1,749	5.90	9.32	0.31	9.01
15.	Sangli	402	2.15	7,853	2.17	4.32	1.24	3.08
16.	Wardha	310	0.81	5,597	1.14	1.95	0.89	1.06
17.	Yavatmal	9,133	215.51	54,619	221.04	436.55	9.56	426.99
	Total	**34,339**	**848.48**	**2,55,070**	**1,140.43**	**1,988.91**	**43.42**	**1,945.49**

Annexure-12

Statement showing the short recovery of lease premium on account of allotment of 34 plots at pre-revised rate

(Referred to in paragraph 3.1.19)

Sl. No.	Name of Party	Date of offer	Plot No.	Area (M^2)	Date of Allotment	Old rate per M^2 (₹)	New rate per M^2 (₹)	Short recovery (₹ in lakh)
1	Shetkari PVC Pipe Industries	14.12.2011	A-72-2	2,308	19.03.2012	650	865	4.96
2	Vardhman Packaging Industries	14.12.2011	B-10-2/1	4,056	13.03.2012	650	865	8.72
3	Ambintion Engineering	14.12.2011	B-10-2/6	1,494	13.03.2012	650	865	3.21
4	Govardhane Engineering	14.12.2011	B-153-2	980	13.03.2012	650	865	2.11
5	Sairaj Packaging	15.12.2011	B-153-3	980	13.03.2012	650	865	2.11
6	Akar Shrink Pack	14.12.2011	B-153-4	980	13.03.2012	650	865	2.11
7	Saptshrungi Industries	16.12.2011	E-13-7/2	3,149	15.03.2012	650	865	6.77
8	Saptshrungi Industries	16.12.2011	E-13-7/3	3,200	15.03.2012	650	865	6.88
9	Auto Fits Packaging Private Limited	19.12.2011	E-13-7/4	6,084	10.04.2012	650	865	13.08
10	N R Steel Works	14.12.2011	E-25-3	3,140	14.03.2012	650	865	6.75
11	Ashish Industries	14.12.2011	G-21	3,960	19.03.2012	650	865	8.51
12	Crown Closures Private Limited	19.12.2011	H-2	6,538	19.03.2012	650	865	14.06
13	Kordial Modular Systems Private Limited	16.12.2011	H-11	4,315	19.03.2012	650	865	9.28
14	Citizen International	16.12.2011	H-22	4,498	03.04.2012	650	865	9.67
15	Sai Engineering Works	16.12.2011	J-2	1,072.50	13.03.2012	650	865	2.31
16	Meena Industries	14.12.2011	J-3	997.50	14.03.2012	650	865	2.14
17	Sarthak Engineers	15.12.2011	J-4	945	14.03.2012	650	865	2.03
18	Snehlata Baliram Thakare	30.12.2011	J-5	12,213	13.03.2012	650	865	26.26
19	Super Scaffolders	14.12.2011	J-6-3	1,995	NA	650	865	4.29
20	Dhanvi Technocast	21.12.2011	J-6-4	1,995	13.03.2012	650	865	4.29
21	Gupta Fabrication	16.12.2011	J-10	1,000	13.03.2012	650	865	2.15
22	Praful Engineering Works	16.12.2012	J-11	1,000	13.03.2012	650	865	2.15
23	Patil	14.12.2011	J-13	1,000	13.03.2012	650	865	2.15
24	Priyanka Desale	14.12.2011	J-14	1,000	13.03.2012	650	865	2.15
25	Om Industries	14.12.2011	J-20	1,000	14.03.2012	650	865	2.15
26	C M Enterprises	14.12.2011	J-21	1,000	14.03.2012	650	865	2.15
27	Shree Enterprises	15.12.2011	J-24	1,000	14.03.2012	650	865	2.15
28	Mookambika Industries	21.12.2011	J-35	581.25	13.03.2012	650	865	1.25
29	Vima Aromatic Products	14.12.2011	J-36	656.25	19.03.2012	650	865	1.41
30	Om Industries	21.12.2011	J-39	1,136	13.03.2012	650	865	2.44
31	Mlt Pack Services	14.12.2011	K-3	834	26.03.2012	650	865	1.79
32	Lancer Value Private Limited	07.12.2011	A-173/3	4,000	07.05.2012	12,000	15,960	158.40
33	West Coast Polychem Private Limited	21.12.2011	A-824/4	1,500	04.06.2012	12,000	15,960	59.40
34	Newa Reality Infrastructure	20.12.2011	Gen.30/1	6,255	27.02.2012	12,000	15,960	247.70
						Total		**626.98**

Annexure-13

Statement showing the short recovery of lease premium on account of allotment of 13 plots at pre-revised rate

(Referred to in paragraph 3.1.19)

Sl. No.	Name of Party	Date of offer	Plot No.	Area (M^2)	Date of allotment	Old rate per M^2 (₹)	New rate per M^2 (₹)	Short recovery (₹ in lakh)
				Regional Office, Mahape				
1	Shreenath Packing Industries	26.12.2011	A-824/3	800	04.06.2012	12,000	15,960	31.68
2	Hams Machinery (I) Private Limited	26.12.2011	B-33	800	11.05.2012	12,000	15,960	31.68
3	Sahib Equipment Private Limited	26.12.2011	C-536	800	11.05.2012	12,000	15,960	31.68
4	Beetachem Industries	26.12.2011	A-824/7	1,000	18.01.2013	12,000	15,960	39.60
5	Raigad Chemicals Private Limited	26.12.2011	A-824/6	1,000	18.01.2013	12,000	15,960	39.60
6	Amruta Industries	26.12.2011	A-824/5	600	01.11.2012	12,000	15,960	23.76
7	Sun-up (India) Packing Machinery Co. Private Limited	26.12.2011	R-960/2	500	21.05.2012	12,000	15,960	19.80
8	Nidip Chemicals Private Limited	28.12.2011	C-537	800	11.05.2012	12,000	15,960	31.68
				Regional Office-II, Pune				
9	Endurance Technologies Private Limited	07.08.2008	A-12	32,405	04.09.2008	1,500	2,070	184.71
10	Raj Infrastructures Developers	07.08.2008	G-8	56,000	14.01.2009	1,380	2,070	386.40
11	A.G. Patel	07.08.2008	E-5/1	8,000	13.01.2008	1,380	2,070	55.20
12	Venus Engineers	07.08.2008	A-33	4,000	18.08.2008	1,260	1,890	25.20
				Regional Office-I, Pune				
13	Aman Mehatani	05.08.2008	G-6	20,000	22.09.2008	1,380	2,070	138.00
						Total		**1,038.99**

Annexure-14
Statement showing the details of Gross Revenue and its interest not claimed by City and Industrial Development Corporation of Maharashtra Limited
(Referred to paragraph No.4.2.5)

(₹in crore)

Year	Gross Revenue	1.50 *per cent* of Gross Revenue	Period of arrears (years and months) (till May 2013)	Loss of interest at the rate of 18 *per cent* per annum
2005-06[1]	7.66	0.11	(7 and 2)	0.14
2006-07[2]	36.66	0.55	(6 and 2)	0.61
2007-08	2,337.84	35.07	(5 and 2)	32.62
2008-09	816.90	12.25	(4 and 2)	9.19
2009-10	583.12	8.75	(3 and 2)	4.99
2010-11	531.62	7.97	(2 and 2)	3.11
2011-12	445.22	6.68	(1 and 2)	1.40
Total		**71.38**		**52.06**

[1] Profit and loss account not prepared, information based on details of gross receipts from Project Development Expenses.

Annexure-15

Statement showing the Maharashtra State Electricity Distribution Company Limited recovered voltage surcharge from 25 dedicated consumers from eight Circles during April 2010 to January 2013

(Referred to paragraph No.4.3.4)

Sl. No.	Name of consumer	Consumer No.	Period	Contract demand (KVA)	Amount of voltage surcharge at the rate of two *per cent* (₹ in crore)	Refund (₹ in crore)
	Nasik Rural Circle					
1.	MITC Rolling Mills (P) Limited	73039016990	April 2010 to August 2011	9700	0.83	---
2.	Bhagwati Steel Cast Limited	75949010317	April 2010 to January 2013	6300	0.27	---
3.	General Manager Hindustan	73029005025	April 2010 to January 2013	8000	0.71	---
4.	Shri Vaishnav Casting (P) Limited	73039020570	September 2010 to January 2013	9500	0.64	---
5.	Polygenta Technologies Limited	57469020390	April 2010 to January 2013	8000	0.41	---
					2.86	---
	Ganeshkhind (Urban) Circle					
6.	Administrator, PCMC	170149005865	May 2010 to December 2012	6500	0.87	---
7.	Force Motors	170149001568	May 2010 to December 2012	6248	0.56	---
8.	SKF Bearing India Limited	170149001550	May 2010 to December 2012	5983	0.97	---
9.	Tata Motors Limited	170149001401	May 2010 to December 2012	15841	2.18	---
10.	Infosys Limited (SEZ)	170149070440	February 2012 to December 2012	7000	0.27	---
11.	Puduingi Pulp and Paper Mills	170149001771	May 2010 to December 2012	10412	1.42	---
					6.27	---
	Pune (Rural) Circle					
12.	Ahmednagar Forgings Limited	176089030570	December 2011 to December 2012	7750	0.32	----
13.	Indrayani Ferrocase (P) Limited	170149024740	May 2010 to August 2011	9900	0.88	---
14.	Mercedez Benz India (P) Limited	176029043740	September 2012 to December 2012	7000	0.04	---
15.	Shriniwas Engineering Autocomp (P) Limited	181029042400	May 2010 to December 2012	9000	0.97	---
					2.21	----
	Rasthapeth (Urban) Circle					
16.	Tata Communications Limited	170019035310	July 2012 to December 2012	6020	0.11	---
					0.11	---

Sl. No.	Name of consumer	Consumer No.	Period	Contract demand (KVA)	Amount of voltage surcharge at the rate of two *per cent* (₹ in crore)	Refund (₹ in crore)
	Nagpur (Urban) Circle					
17.	Graphite India Limited	49069000877	April 2010 to February 2013.	14603	1.43	---
					1.43	---
	Jalna O&M Circle Office					
18.	Jalna Siddhi Vinayak Alloys Private Limited	510019008180	April 2010 to August 2010, September 2010 to Mar 2011 and May 2011		0.78	0.78
19.	Kalika Steel Alloys (P) Limited	510019008330	April 2010 to August 2010, September 2010 to May 2011	15500	1.21	1.21
20.	Om Sairam Steels Alloys (P) Limited	510019008370	April 2010 to August 2010, September 2010 to May 2011	10000	0.80	0.80
21.	Saptashrungi Alloys (P) Limited	510019008550	April 2010 to August 2010, September 2010 to May 2011	8550	0.86	0.86
22.	Meta Rolls Commodities (P) Limited	510019008570	April 2010 to August 2010, September 2010 to May 2011	9250	1.04	1.04
					4.69	**4.69**
	Aurangabad Rural Circle					
23.	R.L. Steel	493149040240	April 2010 to October 2010	24900	0.73	0.73
24.	Jailaxmi Casting & Alloys (P) Limited	493159040950	April 2010 to August 2010	10000	0.29	0.29
					1.02	**1.02**
	Nagpur Rural Circle					
25.	Spentex Industries Limited	420819006880	April 2010 to October 2010	6150	0.24	0.24
					0.24	**0.24**
				Grand Total :	**18.83**	**5.95**

Sl.No.18 to 25 pertains to Refund

Annexure-16

Statement showing the loss of revenue due to change of tariff from Continuous to Non-Continuous in Maharashtra State Electricity Distribution Company Limited

(Referred to paragraph No.4.5)

Sl. No.	Name of consumer	Name of Circle	Previous tariff order date	Delay in application	Monthly bill from which tariff changed	Loss due to change of tariff	
						Period	Amount (₹ in lakh)
1	Geetai Steel Private Limited	Jalna	31.10.2011	32	February 2012	February 2012 to August 2012	170.48
2	Roopam Steel Alloys Private Limited	Jalna	31.10.2011	19	January 2012	January 2012 to August 2012	27.32
3	SRJ Pitty Steel Private Limited	Jalna	02.12.2010	260	November 2011	November 2011	30.32
4	Jalna Siddhi Vinayak Alloys Private Limited	Jalna	02.12.2010	236	October 2011	October to November 2011	56.04
5	Kalika Steel Alloys Private Limited	Jalna	02.12.2010	236	October 2011	October to November 2011	91.78
6	Om Sairam Steels Alloys Private Limited	Jalna	02.12.2010	236	October 2011	October to November 2011	99.22
7	Saptashrungi Alloys Private Limited	Jalna	02.12.2010	236	October 2011	October to November 2011	49.51
8	Meta Rolls Commodities Private Limited	Jalna	02.12.2010	236	October 2011	October to November 2011	54.90
9	Bhagyalaxmi Steel Alloys Private Limited	Jalna	02.12.2010	236	October 2011	October to November 2011	52.50
10	Maa Saraswati Rerolling Mill Private Limited	Jalna	02.12.2010	173	September 2011	September to November 2011	4.61
11	Shivshakti Rerolling Mill Private Limited	Jalna	02.12.2010	178	September 2011	September to November 2011	7.16
12	Matsyodari Steels & Alloys Private Limited	Jalna	02.12.2010	271	November 2011	November 2011	7.80
13	Nilesh Steels Alloys Private Limited	Jalna	02.12.2010	264	November 2011	November 2011	14.99
14	Gajlaxmi Steel & Alloys Private Limited	Jalna	02.12.2010	261	November 2011	November 2011	15:12

Sl. No.	Name of Consumer	Name of Circle	Previous tariff order date	Delay in application	Monthly bill from which tariff changed	Loss due to change of tariff	
						Period	**Amount (₹ in lakh)**
15	MITC Rolling Mills Private Limited (Cons. No. 073039016990)	Nasik Rural	31.10.2011	58	April 2012	April 2012 to August 2012	187.57
16	MITC Rolling Mills Private Limited (Cons No. 073759015370)	Nasik Rural	31.10.2011	58	April 2012	April 2012 to August 2012	24.49
17	Rajuri Steel Private Limited	Jalna	31.10.2011	173	July 2012	July 2012 to August 2012	12.63
18	Bhagyalaxmi Rolling Mill Private Limited	Jalna	31.10.2011	173	July 2012	July 2012 to August 2012	54.73
19	Bhakti Extraction Private Limited	Jalna	31.10.2011	173	June 2012	July 2012 to August 2012	2.86
20	Om sairam Steels and Alloys Private Limtied	Jalna	31.10.2011	173	July 2012	July 2012 to August 2012	91.23
21	Astalaxmi Rerolls Jalna Private Limited	Jalna	31.10.2011	173	June 2012	July 2012 to August 2012	1.50
Total							**1056.76**

Annexure-17

Statement showing the working Companies having paid-up capital of not less than ₹ 10 crore in State Public Sector Companies

(Referred to paragraph No.4.15.3)

(₹in crore)

Sl. No.	Name of Company	Paid up share capital
1.	Sant Rohidas Leather Industries and Charmakar Development Corporation Limited (SRLICDCL)	16.46
2.	Maharashtra Rajya Itar Magas Vargiya Vitta Ani Vikas Mahamandal Limited (MRIMVVVML)	49.87
3.	Mahatma Phule Backward Class Development Corporation Limited (MPBCDCL)	166.07
4.	Maharashtra State Electricity Distribution Company Limited (MSEDCL)	3,000.05
5.	Maharashtra State Power Generation Company Limited (MSPGCL)	5,140.85
6.	Maulana Azad Alpasankyak Arthik Vikash Mahamandal Limited (MAAAVML)	39.60
7.	Forest Development Corporation of Maharashtra Limited (FDCML)	27.81
8.	Shivshashi Punarvasan Prakalp Limited (SPPL)	115.00
9.	Maharashtra State Road Development Corporation Limited (MSRDCL)	459.00
10.	Maharashtra Film, Stage and Cultural Developmental Corporation Limited (MFSCDCL)	12.30
11.	Maharashtra Small Scale Industries Development Corporation Limited (MSSIDCL)	14.50
12.	Shabari Adivasi Vitta Va Vikas Mahamandal Limited (SAVVVML)	28.29
13.	Maharashtra Tourism Development Corporation Limited (MTDCL)	15.39
14.	Maharashtra Airport Development Company Limited (MADCL)	17.05
15.	Annasaheb Patil Arthik Magas Vikas Mahamandal Limited (APAMVML)	50.00
16.	Maharashtra State Handlooms Corporation Limited (MSHCL)	26.26
17.	Mihan India Limited (MIL)	10.00
18.	Maharashtra State Powerlooms Corporation Limited (MSPCL)	12.68
19.	Maharashtra State Electric Power Trading Company Private Limited (MSEPTCPL)	10.01

Annexure-18

Statement showing the department-wise outstanding inspection reports as on 30 September 2013

(Referred to in paragraph No.4.16.3)

Sl. No.	Name of Department	Number of PSUs	Number of outstanding inspection reports	Number of outstanding paragraphs	Years to which outstanding paragraphs pertain to
A.	**Working Companies and Corporations**				
1.	Industries, Energy and Labour				
	i) Energy	11	204	741	2002-13
	ii) Industries	12	37	257	2007-13
2.	General Administration (Civil Aviation)	4	6	42	2009-12
3.	Home				
	i) Transport	3	49	129	2007-13
	ii) Others	1	1	2	2009-10
4.	Revenue and Forest				
	i) Revenue	1	4	6	2009-12
	ii) Forest	1	5	25	2006-11
5.	Agriculture and Animal Husbandry	5	9	24	2006-13
6.	Urban Development	3	30	193	2006-12
7.	Public Works	1	3	22	2008-12
8.	Planning	1	3	8	2010-13
9.	Social Justice, Cultural Affairs, Sports and Special Assistance	7	11	90	2011-12
10.	Housing	1	2	4	2011-13
11.	Medical Education and Drugs	2	1	7	2012-13
12.	Tribal Development	1	3	12	2009-13
13.	Co-operation and Textiles				
	i) Co-operation	2	5	19	2007-12
	ii) Textiles	2	2	12	2011-12
14.	Women and Child Development	1	1	10	2011-12
15.	Employment and Self Employment	1	2	12	2010-12
16.	Tourism and Cultural Affairs	3	6	48	2006-13
17.	Minority Development	1	2	19	2010-13
	Total :A	**64**	**386**	**1,682**	
B.	**Non-working Companies**				
1.	Co-operation and Textiles	2	1	2	2011-12
2.	Finance	1	2	2	2005-12
3.	Water Resources (Irrigation)	2	3	4	2007-12
	Total :B	**5**	**6**	**8**	
	Grand Total : (A + B)	**69**	**392**	**1,690**	

Annexure-19
Statement showing the department-wise draft paragraphs/ performance audits to which replies were awaited
(Referred to in paragraph No.4.16.3)

Sl. No.	Name of Department	Number of draft paragraphs	Number of Performance audits	Period of issue
1.	General Administration (Civil Aviation)	1	--	June 2013
2.	Urban Development	1	--	July 2013
3.	Industries, Energy and Labour (Energy)	2	1	May, June and August 2013
4.	Industries, Energy and Labour (Industries)	0	1	September 2013
5.	Medical Education and Drug	1	--	July 2013
6.	Public Works (Road)	1	--	May 2013
	Total	**6**	**2**	

www.cag.gov.in

www.agmaha.nic.in