REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 2000

COMMERCIAL

GOVERNMENT OF TAMIL NADU

http://cagindia.org/States/Tamil Nadu/1999-2000

TABLE OF CONTENTS

2-27—1a

PREFACE

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

(i) Government companies,

(ii) Statutory corporations and

(iii) Departmentally managed commercial undertakings.

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

3. Audit of the accounts of Government companies is conducted by Comptroller and Auditor General of India under the provisions of Section 619 of the Companies Act, 1956. There are, however, certain companies, which in spite of Government investment are not subject to audit by the Comptroller and Auditor General of India as Government hold less than 51 **per cent** of their share capital. A list of such companies in which Government investment was more than Rs.10 lakh as on 31 March 2000 is given in Annexure-1.

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

5. The cases mentioned in this Report are those which came to notice in the course of audit during the year 1999-2000 as well as those which came to notice in earlier years but were not dealt with in the previous Reports. Matters relating to the period subsequent to 1999-2000 have also been included, wherever necessary.

PREFACE

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

(i) Government companies,

(ii) Statutory corporations and

(iii) Departmentally managed commercial undertakings.

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

3. Audit of the accounts of Government companies is conducted by the Comptroller and Auditor General of India under the provisions of Section 619 of the Companies Act, 1956. There are, however, certain companies which in spite of Government investment are not subject to audit by the Comptroller and Auditor General of India as Government hold less than 51 per cent of their share capital. A list of such companies in which Government investment was more than Rs 10 lakh as on 31 March 2000 is given in Annexure 1.

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

5. The cases mentioned in this Report are those which came to notice in the course of audit during the year 1999-2000 as well as those which came to notice in earlier years but were not dealt with in the previous Reports. Matters relating to the period subsequent to 1999-2000 have also been included, wherever necessary.

OVERVIEW

1. General

A. Government companies

The State had 82 Government companies (including six subsidiaries) with total investment of Rs.4851.64 crore (equity: Rs.1444.61 crore, long term loans: Rs.3359.46 crore and share application money: Rs.47.57 crore) as on 31 March 2000.

(Paragraph 1.2.1)

Of the 82 Government companies, accounts of one Company under liquidation were not due. Of the remaining 81 companies, accounts of 47 companies were not finalised within the time schedule and were in arrears for periods ranging from one year to 11 years.

(Paragraph 1.5.1)

Out of 34 companies, which finalised their accounts for the year 1999-2000, only 14 companies earned profit of Rs.62.13 crore. The dividend declared by seven companies out of 14 companies during 1999-2000 was Rs.10.22 crore which worked out to 0.75 **per cent** of the total equity investment (Rs.1359.78 crore in 82 Government companies). According to the latest available accounts, the accumulated loss of Rs.2187.48 crore in respect of 43 companies out of 54 loss making companies had far exceeded their paid-up capital of Rs.814.75 crore.

(Paragraphs 1.6.1.1 and 1.6.1.2)

B. Deemed Government companies

Of the three deemed Government companies in the State under Section 619-B of the Companies Act, 1956, Tamil Nadu Newsprint and Papers Limited, earned a profit of Rs.18.41 crore and paid dividend of Rs.2.93 crore to the State Government during 1999-2000. Tamil Nadu Telecommunication Limited earned a profit of Rs.2.71 crore during 1999-2000. Tidel Park Limited had not yet commenced commercial operation.

(Paragraph 1.10)

C. Statutory corporations

The total investment in two Statutory corporations in the State **viz.**, Tamil Nadu Electricity Board and Tamil Nadu Warehousing Corporation as on 31 March 2000 amounted to Rs.5306.16 crore. Tamil Nadu Electricity Board earned a surplus of Rs.334.94 crore during the year 1998-99 and Tamil Nadu Warehousing Corporation, which earned a profit of Rs.1.97 crore declared dividend of Rs.0.23 crore during 1998-99.

(Paragraphs 1.2.2 and 1.6.2.1)

2 REVIEWS

(A) Government Companies

(I) Tamil Nadu Industrial Development Corporation Limited

Tamil Nadu Industrial Development Corporation Limited was set up in May 1965 under Companies Act, 1956 to promote large and medium scale industries in the State. Out of 136 projects taken up since inception only 79 commenced production out of which only 13 were earning profits.

{Paragraphs 2A.1 and 2A.7 (a) (i)}

The Company received dividend income of Rs.9.84 crore (5.72 **per cent**) only during 1999-2000 on the total investment of Rs.171.92 crore in 79 companies. Out of this, Rs.9.76 crore was declared by five companies with an average investment of Rs.64.95 crore and the return from the remaining 74 companies with an average investment of Rs.99.02 crore was only Rs.0.08 crore.

(Paragraph 2A.6.1 and Annexure-9A)

Ninety three projects taken up for implementation but abandoned due to unviability resulted in a loss of Rs.1.52 crore.

{Paragraph 2A.7 (c)}

Investment in a penicillin project despite knowledge of inferior technology and without market survey resulted in locking up of Rs.18.86 crore and investment of Rs.26.40 crore in pig iron project remained unproductive due to defective project appraisal and injudicious import of second hand machinery.

{Paragraphs 2A.8 (a) and (e)}

Imported machinery worth Rs.9.34 crore remained idle in bonded warehouse for the last 12 years without any decision and resulted in avoidable annual expenditure towards storage and insurance.

{Paragraph 2A.8 (g)}

Unwarranted purchase of shares of Titan Industries worth Rs.9.18 crore and continued retention for the last seven years despite favourable market and Government approval for sale resulted in interest loss of Rs.6.22 crore besides foregoing a gain of Rs.4.59 crore.

{Paragraph 2A.11.3 (c) (i)}

The Company could not disinvest the shares in TITAN industries for want of Government approval and due to the delay, the Company had to forego gain to the extent of Rs.66.73 crore, besides interest loss of Rs.9.33 crore.

{Paragraph 2A.11.3 (d)}

Undue benefit of Rs 12.79 crore (including interest of Rs 7.55 crore) extended to Southern Petro Chemicals Industries Corporation Limited in disinvestment of shares in Tuticorin Alkali Chemicals and Fertilisers Limited in deviation of Government guidelines.

{Paragraph 2A.11.3 (e)}

(II) Operational performance of State Transport Undertakings

In order to ensure greater flexibility in passenger transport services and to effect improvement of efficiency and financial performance, the Government of Tamil Nadu decided in November 1971 to form separate Government companies with specified area of operation. 21 State Transport Undertakings with the paid-up capital of Rs 687.72 crore were in existence as on 31 March 2000.

{Paragraphs 2B.1 and 2B.6.1)

Total accumulated loss of 21 STUs was Rs 1802.14 crore as on 31 March 2000 out of which Rs 1446.94 crore related to the last five years. 91.88 **per cent** of the routes were found uneconomic.

(Paragraphs 2B.6.2, 2B.7.7 and Annexure-10)

Delay in replacement of overaged vehicles resulted in increased expenditure on spares and repairs amounting to Rs 101.52 crore.

(Paragraph 2B.7.2)

Due to clandestine operation of maxi cabs by private operators, STUs suffered heavy revenue losses, which aggregated to Rs 43.34 crore **per annum** in nine State Transport Undertakings.

{Paragraph 2B.7.6 (i)}

Due to poor fuel efficiency and poor performance of tyres the transport Corporations suffered extra expenditure, which aggregated to Rs 101.26 crore in respect of 11 STUs during the four years.

{Paragraphs 2B.8 and 2B.9 (i)}

3 Statutory Corporations

(A) Tamil Nadu Warehousing Corporation

Tamil Nadu Warehousing Corporation was established in May 1958 with the main object of providing storage facilities for food grains, fertilisers, **etc**.

(Paragraph 3A.1)

Utilisation of storage facilities by small farmers was very poor.

{Paragraph 3A.8.1 B (a)}

Due to delays in revision of storage charges and incorrect application of tariff, the Corporation suffered a revenue loss of Rs 1.47 crore.

(Paragraphs 3A.9.1 and 3A.9.2)

In spite of the fact that the standard of storage facilities offered by the Corporation was on par with the Central Warehousing Corporation, the tariff fixed was lower than Central Warehousing Corporation, which resulted in potential loss of revenue to the extent of Rs.0.87 crore.

(Paragraph 3A.9.3)

Faulty evaluation of tenders for handling and transport contracts resulted in undue benefits of Rs.0.38 crore to handling and transport contractors.

(Paragraph 3A.10)

(B) Tamil Nadu Electricity Board – Review on Tariff, Billing and Collection of revenue

Even after the formation (March 1999) of State Electricity Regulatory Commission, which was empowered to determine the tariff, the State Government revised the tariff in January 2000.

(Paragraph 3B.4.2)

Tariff revision, which was being done annually up to 1995 was subsequently made belatedly, with a gap of between one and a half to two years, resulting in loss of revenue of Rs.1060.94 crore to the Board between 1996-97 and 1999-2000.

(Paragraph 3B.4.3.1)

Though the Common Minimum National Action Plan for power required that agricultural tariff should not be less than 50 paise per unit, free supply of electricity to agriculturists continued. The loss to the Board on account of such free supply increased from Rs.1133.05 crore in 1995-96 to Rs.2290.66 crore in 1999-2000.

(Paragraph 3B.4.3.3)

Non-revision of monthly minimum charges in LT tariff for over five years resulted in loss of revenue to the extent of Rs.24.88 crore in the case of industrial tariff alone.

(Paragraph 3B.4.3.5)

Delay in effecting service connections resulted in loss of revenue amounting to Rs.12.76 crore to the Board by way of monthly minimum charges.

(Paragraph 3B.6)

4 OTHER TOPICS OF INTEREST

Besides reviews, a test check of records of Government Companies and Tamil Nadu Electricity Board in general disclosed the following points of interests.

(A) Government companies

Sanction of term loan by State Industries Promotion Corporation of Tamil Nadu Limited by deviating from the stipulated norm and without obtaining appropriate security resulted in non-recovery of Rs.3.77 crore.

(Paragraph 4A.1)

Due to failure of State Industries Promotion Corporation of Tamil Nadu Limited to execute an agreement incorporating the terms of payment, interest of Rs.1.05 crore due for delayed payment could not be enforced.

(Paragraph 4A.2)

Release of term loans by Tamil Nadu Industrial Investment Corporation Limited without proper appraisal or inadequate collateral security resulted in non-recovery of Rs.3.86 crore.

(Paragraphs 4A.6, 4A.7 and 4A.8)

Injudicious decision of Tamil Nadu Small Industries Development Corporation Limited to construct Block-II of the garment complex in spite of poor demand for the existing Block-I resulted in unproductive investment of Rs.1.05 crore.

(Paragraph 4A.10)

Despite availability of surplus funds, Tamil Nadu State Marketing Corporation Limited failed to avail cash discount for payment of suppliers' bills within due dates resulting in loss of Rs.0.57 crore.

(Paragraph 4A.13)

(B) Statutory corporations

Tamil Nadu Electricity Board had suffered a loss of revenue to the tune of Rs.6.02 crore on account of delay in repair/recommissioning Unit-I of Narimanam Gas Turbine Power Station.

(Paragraph 4B.1)

Failure to avail of the credit period of 30 days in the purchase of power from co-generating units run by sugar mills had resulted in avoidable interest burden of Rs.1.02 crore to the Tamil Nadu Electricity Board.

(Paragraph 4B.3)

CHAPTER-I

1. General view of Government companies and Statutory corporations

1.1 Introduction

As on 31 March 2000 there were 82 Government companies (including six Subsidiaries) and two Statutory Corporations as against same number of companies and corporations as on 31 March 1999 under the control of the State Government. The accounts of the Government companies (as defined in Section 617 of Companies Act, 1956) are audited by Statutory Auditors appointed by Government of India on the advice of Comptroller and Auditor General of India (CAG) as per provision of Section 619(2) of Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provisions of Section 619 of the Companies Act, 1956. The audit of Statutory corporations are conducted under the provisions of the respective Acts as detailed below:

Name of the Corporation	Authority for audit by CAG	Audit arrangement
Tamil Nadu Electricity Board	Section 69 (2) of the Electricity Supply Act, 1948	Sole audit by CAG
Tamil Nadu Warehousing Corporation	Section 31 (8) of the State Warehousing Corporations Act, 1962	Chartered Accountants and supplementary audit

1.2 Investment in Public Sector Undertakings (PSUs)

As on 31 March 2000, the total investment in 84 Public Sector Undertakings (PSUs) (82 Government companies including six subsidiaries and two Statutory corporations) was Rs.10157.80 crore (equity: Rs.1771.65 crore; long-term loans: Rs.8338.58 crore; and share application money: Rs.47.57 crore) as against a total investment of Rs.10705.81 crore (equity: Rs.2410.68 crore; long-term loans: Rs.8274.70 crore; and share application money : Rs.20.43 crore) as on 31 March 1999. The analysis of investment in PSUs is given in the following paragraphs.

1.2.1 Government companies

Total investment in 82 companies (including six Subsidiaries) as on 31 March 2000 was Rs.4851.64 crore (equity: Rs.1444.61 crore; long-term loans: Rs.3359.46 crore and share application money: Rs.47.57 crore) as against total investment of Rs.4830.24 crore (equity: Rs.1357.59 crore; long-term loans:

2-27—5

Rs.3452.22 crore; and share application money: Rs.20.43 crore) as on 31 March 1999.

The classification of the Government companies was as under:

(Rupees in crore)

	Status of companies	Number of companies	Investment		Number of companies referred to BIFR
			Paid-up capital	Long term loans	
(a)	Working companies	70	1472.91	3321.83	2[D]
		(70)	(1358.75)	(3414.67)	(2)
(b)	Non working companies:				
(i)	Under liquidation	1[A]	0.33	---	---
		(1)	(0.33)		
(ii)	Under closure	10[B]	14.94	29.63	---
		(10)	(14.94)	(29.55)	
(iii)	Under merger	1[C]	4.00	8.00	---
		(1)	(4.00)	(8.00)	
(iv)	Others	---	---	---	---
	Total	82	1492.18	3359.46	2
		(82)	(1378.02)	(3452.22)	(2)

Figures in brackets are previous year figures.

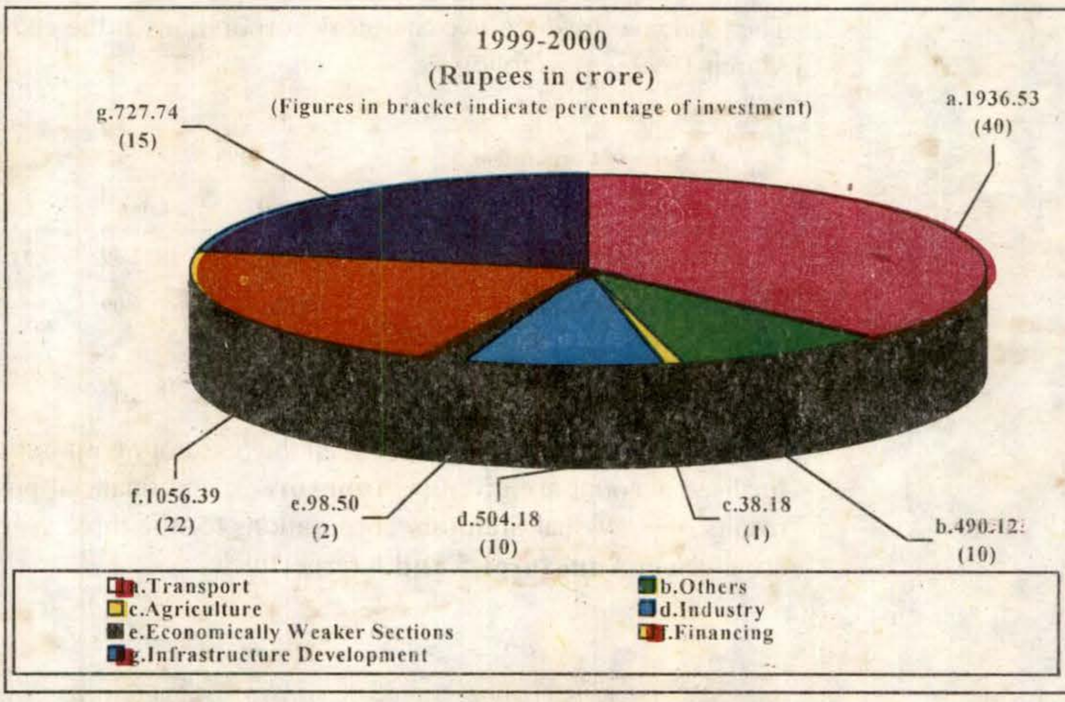
As 12 Companies were non-working or under process of liquidation/closure under Section 560 of Companies Act/merger for two to 11 years and substantial investment of Rs.56.90 crore was involved in these companies, effective steps need to be taken for their expeditious liquidation or revival.

The summarised financial results of Government companies are detailed in **Annexure-3**. Due to increased financial assistance in the form of equity to companies under transport sector, the debt equity ratio of Government companies as a whole decreased from 2.50:1 in 1998-99 to 2.25:1 in 1999-2000.

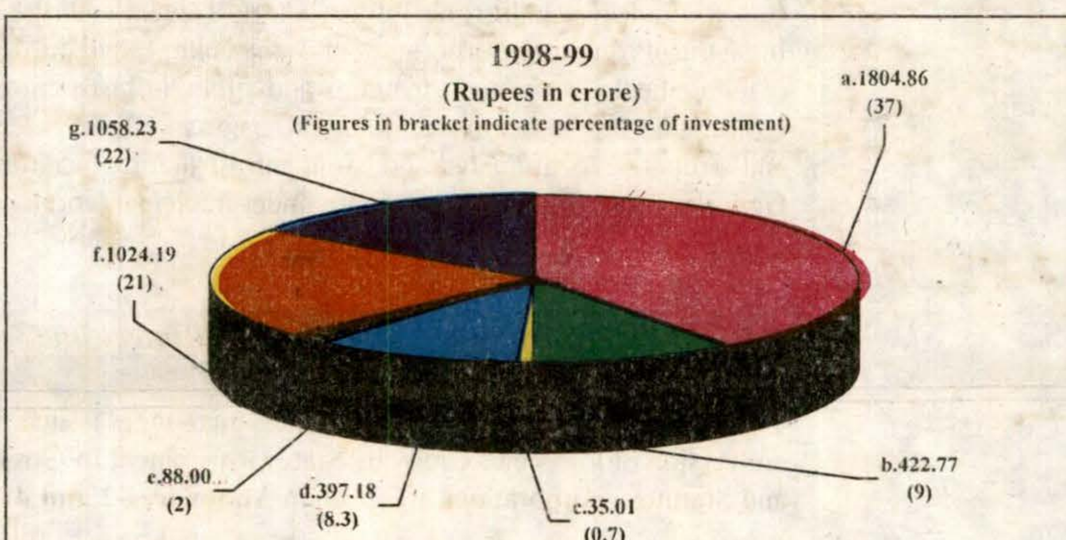
[A] **Sl.No.62 of Annexures 2 and 3.**
[B] **Sl.Nos. 1, 2, 4, 6, 7, 11, 16, 24, 48 and 79 of Annexures 2 and 3.**
[C] **Sl.No.82 of Annexures 2 and 3.**
[D] **Sl.Nos.10 and 23 of Annexures 2 and 3**

SECTOR-WISE INVESTMENT IN GOVERNMENT COMPANIES

Total investment – Rs.4851.64 crore



TOTAL INVESTMENT – RS.4830.24 CRORE



As on 31 March 2000, of total investment in Government companies 31 **per cent** comprised equity capital and 69 **per cent** comprised loans compared to 29 **per cent** and 71 **per cent** respectively as on 31 March 1999.

1.2.2 Statutory corporations

The total investment in two Statutory corporations at the end of March 2000 and March 1999 was as follows:

(Rupees in crore)

Name of Corporation	1998-99		1999-2000 (Provisional)	
	Capital	Loan	Capital	Loan
Tamil Nadu Electricity Board	219.43	4822.39	319.43	4979.12
Tamil Nadu Warehousing Corporation	7.61	0.09	7.61	---
Total	227.04	4822.48	327.04	4979.12

The summarised financial results of all the Statutory corporations as per the latest finalised account are given in **Annexure-3,** and financial position and working results of individual Statutory corporations for the three years up to 1999-2000 are given in **Annexures-5 and 6** respectively.

1.3 Disinvestment, privatisation and restructuring of PSUs in Tamil Nadu

Government of Tamil Nadu ordered (May 1999) for merger of Tamil Nadu Corporation for Industrial Infrastructure Development Limited with State Industries Promotion Corporation of Tamil Nadu Limited to achieve efficient use of equipments, personnel, material and other infrastructure facilities and for ensuring co-ordination in policy and provision of efficient, adequate, economical and properly co-ordinated industrial infrastructure facilities. The orders of Government in regard to merger are under implementation.

1.4 Budgetary outgo, subsidies, guarantees and waiver of dues

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

The budgetary outgo from the State Government to Government companies and Statutory Corporation for the three years up to 31 March 2000 in the form of equity capital, loans, grants and subsidy is given below:

(Rupees in crore)

	1997-98				1998-99				1999-2000			
	Companies		Corporations		Companies		Corporations		Companies		Corporations	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Equity capital	28	154.80	1	22.42	28	235.53	1	257.37	27	120.65	1	100.00
Loans	5	21.21	---	---	2	1.22	---	---	1	1.00	---	---
Grants	---	---	1	9.41	---	---	1	23.87	---	---	1	17.59
Subsidy towards												
(i) Projects/programmes/schemes	1	23.81	1	0.05	2	60.54	---	---	6	748.93	---	---
(ii) Other subsidy	23	1057.78	1	570.01	25	591.36	1	250.00	17	111.68	1	250.00
Total subsidy(i+ ii)	24	1081.59	1	570.06	27	651.90	1	250.00	23	860.61	1	250.00
Total outgo	*38	1257.60	*1	601.89	*36	888.65	*1	531.24	30*	982.26	*1	367.59

* **These are the actual number of companies/corporations, which have received budgetary support in the form of equity, loans, grants and subsidy from the State Government during the respective years.**

During the year 1999-2000, the Government had guaranteed loans aggregating Rs.1739.08 crore obtained by 40 Government companies (Rs.398.08 crore) and one Statutory Corporation (Rs.1341.00 crore). At the end of the year guarantees amounting to Rs.4266.30 crore against 40 Government companies (Rs.1111.03 crore) and one Statutory Corporation (Rs.3155.27 crore) were outstanding. Government had not written off any loan as against Rs.1.22 crore in respect of one Company foregone in 1998-99. Moratorium on loan repayment was not granted to any Company as against Rs.30.50 crore granted to one Company during 1998-99. The guarantee commission paid was Rs.1.85 crore by Government companies and Rs.53.22 crore (from 1995-96 to 1999-2000) by Statutory corporations, and that payable was Rs.0.92 crore and NIL by Government companies and Statutory corporations respectively.

1.5 Finalisation of accounts by PSUs

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

However, as could be noticed from **Annexure-3**, out of 81 Government companies (excluding the accounts of one Company under liquidation **viz**., Tamil Nadu Goods Transport Corporation Limited, which were not due) only 34 companies finalised their accounts, and neither of two Statutory corporations had finalised their accounts for the year within the stipulated period. During the period from October 1999 to September 2000, 65 Government companies finalised their accounts for the year 1999-2000 or previous years (33 accounts for previous years by 31 companies and 34 accounts for 1999-2000 by 34 companies). Similarly during this period, two Statutory corporations finalised their accounts for the year 1998-99. The accounts of the other 47 Government companies and two Statutory corporations were in arrears for periods ranging from one year to 11 years as on 30 September 2000 as detailed below:

Sl. No.	Year from which accounts are in arrears	Number of years for which accounts are in arrears	Number of Companies/Corporations		Reference to Serial Number of Annexure 3	
			Government companies	Statutory corporations	Government companies	Statutory corporations
1.	1999-2000	1	41	2		83, 84
2.	1998-99	2	4		1, 27, 41 and 45	
3.	1993-94	7	1		7	
4.	1989-90	11	1		79	
	Total		47	2		

Of the above 47 Government companies, whose accounts were in arrears, 12 companies were non-working companies (Serial Number 1, 2, 4, 6, 7, 11, 16, 24, 48, 62, 79 and 82 of **Annexure-3**).

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

1.5.2 Status of placement of Separate Audit Reports of Statutory corporations in Legislature

The following table indicates the status of placement of various Separate Audit Reports (SARs) on the accounts of Statutory Corporations issued by the Comptroller and Auditor General of India in the Legislature by the Government.

Sl. No.	Name of Statutory Corporation	Year up to which SARs placed in Legislature	Years for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
1.	Tamil Nadu Electricity Board	1998-99	1999-2000	---	Accounts are in arrears
2.	Tamil Nadu Warehousing Corporation	1998-99	1999-2000	---	Accounts are in arears.

Serial Numbers 3, 6, 9, 10, 11, 14, 15, 17, 23, 24, 26, 29, 30, 33, 36, 37, 38, 39, 40, 42, 43, 44, 46, 48, 50, 52, 54, 58, 59, 63, 64, 66, 67, 69, 70, 73, 75, 76, 78, 79 and 80 referred to in Annexure-3.

1.6 Working results of PSUs

According to latest finalised accounts of 78 Government companies (excluding Tamil Nadu Civil Supplies Corporation Limited, which runs on no profit and no loss basis, Tanitec Limited and Tamil Nadu Minorities Economic Development Corporation Limited, which had not finalised their first accounts and one Company **viz**., Tamil Nadu Graphites Limited which is under pre-operative stage), 50 companies had incurred an aggregate loss of Rs.483.59 crore and the remaining 28 companies and two Statutory Corporations earned an aggregate profit of Rs.81.93 crore and Rs.336.91 crore, respectively.

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

1.6.1 Government companies

1.6.1.1 Profit earning companies and dividend

Out of 34 companies (including two subsidiaries), which finalised their accounts for 1999-2000 by September 2000, 14 companies earned an aggregate profit of Rs.62.13 crore and only seven companies (Serial Numbers 28, 31, 32, 34, 47, 51 and 81 of **Annexure-3**) declared dividend aggregating Rs.10.22 crore. The dividend as percentage of share capital in the above seven profit making companies worked out to 24.67 **per cent**. The remaining seven profit making companies did not declare any dividend. The total return by way of dividend of Rs.10.22 crore, worked out to 0.75 **per cent** in 1999-2000 on total equity investment of Rs.1359.78 crore by the State Government in all Government companies as against 0.80 **per cent** in the previous year.

Similarly, out of 43 companies, which finalised their accounts for previous years by September 2000, 12 companies earned an aggregate profit of Rs.19.43 crore and nine companies earned profit for two or more successive years.

1.6.1.2 Loss incurring companies

Of the 54 companies which had accumulated losses as per the latest finalised accounts, 43 companies had accumulated losses aggregating Rs.2187.48 crore, which had far exceeded their aggregate paid up capital of Rs.814.75 crore.

In spite of poor performance leading to complete erosion of paid up capital, the State Government continued to provide financial support to these companies in the form of contribution towards equity, further grant of loans, conversion of loans into equity, subsidy **etc**. According to available information, the total financial support so provided by the State Government by way of equity, loan and subsidy during 1999-2000 to 23 companies out of these 43 companies amounted to Rs.917.60 crore.

1.6.1.3 Operational performance of transport companies

The operational performance of transport companies is given in **Annexure-7**.

As seen from the **Annexure**-7, against the average expenditure of Rs.12.19 per Km operated, the average earnings per Km was only Rs.10.82 during 1999-2000. The percentage of dead Kms to Gross Kms, which was 2.3 in 1998-99 increased to 2.4 in 1999-2000.

1.6.2 Statutory corporations

1.6.2.1 Profit earning Statutory corporations and dividend

Two Statutory corporations had finalised the accounts for 1998-99. Tamil Nadu Electricity Board and Tamil Nadu Warehousing Corporation earned a profit of Rs.334.94 crore and Rs.1.97 crore, respectively. Of them, Tamil Nadu Warehousing Corporation alone declared dividend of Rs.0.23 crore for the year 1998-99.

1.6.2.2 Operational performance of Statutory corporations

The operational performance of the Statutory Corporations is given in **Annexure**-7.

As seen from **Annexure** 7, the Tamil Nadu Electricity Board suffered a loss of eight paise per KWH (provisional) during 1999-2000. Though the generation from thermal power station increased from 17076 MUs in 1998-99 to 18861 MUs (provisional) in 1999-2000, the hydel power generation decreased from 4918 MUs in 1998-99 to 4444 MUs (provisional) in 1999-2000, despite an increase of installed capacity by 30 MW.

The capacity utilisation of warehouses in Tamil Nadu Warehousing Corporation decreased from 83 **per cent** in 1998-99 to 82 **per cent** (provisional) in 1999-2000.

1.7 Return on capital employed

According to latest finalised accounts (September 2000), the capital employed♣ worked out to Rs.5580.29 crore in 82 companies and total return* thereon amounted to Rs.244.96 crore, which is 4.4 **per cent** as compared to total return of Rs.243.03 crore (4.64 **per cent**) in 1998-99. According to the latest finalised accounts (September 2000), the capital employed worked out to Rs.9329.94 crore in two Statutory corporations and total return thereon amounted to Rs.755.18 crore, which is 8.1 **per cent** as compared to total return of Rs.687.03 crore (7.9 **per cent**) in 1997-98. The details of capital employed and total return on capital employed in case of Government companies and Statutory corporations are given in **Annexure-3**.

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

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

1.8 Results of audit by Comptroller and Auditor General of India

The summarised financial results of all the 82 Government companies and two Statutory corporations based on the latest available accounts are given in **Annexure-3**. During the period from October 1999 to September 2000, the audit of accounts of 65 companies and two corporations were selected for review. As a result of the observations made by CAG, five companies and one Statutory corporation revised their accounts as detailed below:

Sl.No.	Name of the Company	Year of accounts
1.	Tamil Nadu Power Finance and Infrastructure Development Corporation Limited	1999-2000
2.	Arasu Rubber Corporation Limited	1999-2000
3.	Poompuhar Shipping Corporation Limited	1998-99
4.	Tamil Nadu Backward Classes Economic Development Corporation Limited	1998-99
5.	Tamil Nadu Civil Supplies Corporation Limited	1998-99
6.	Tamil Nadu Electricity Board	1998-99

In addition, the net impact of the important audit observations as a result of review of the remaining PSUs was as follows:

Sl. No.	Details	Number of accounts		Amount (Rupees in crore)	
		Government companies	Statutory Corporation	Government companies	Statutory corporation
(i)	Decrease in profit	---	1	---	76.50

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

(A) Errors and omissions noticed in case Tamil Nadu Electricity Board

Sl.No.	Irregularities/omissions	Amount (Rupees in crore)
1.	Excess provision of unbilled revenue	55.22
2.	Overstatement of lease rent income	6.40
3.	Non-provision for wheeling charges payable	1.48
4.	Non-provision of depreciation	1.22
5.	Other omissions resulting in overstatement of surplus	12.18

(A) (i) Audit assessment of the working results of Tamil Nadu Electricity Board

Based on the audit assessment of the working results of TNEB for three years up to 1999-2000 and taking into consideration the major irregularities and omissions pointed out in the SARs on the annual account of the TNEB and not taking into account the subsidy/subventions receivable from the State Government, the net surplus/deficit and the percentage of return on capital employed of the TNEB will be as given below:

(Amount - Rupees in crore)

Sl. No.	Particulars	1997-98	1998-99	1999-2000 (Provisional)
1.	Net surplus(+)/deficit(-) as per books of accounts	273.64	334.94	(-)1192.14 #
2.	Subsidy from the State Government	570.06	1076.22	250.07
3.	Net surplus(+)/deficit(-) before subsidy from the State Government (1) – (2)	(-)296.42	(-)741.28	(-)1442.21
4.	Net increase/decrease in net surplus (+)/ deficit(-) on account of audit comments on the annual accounts of TNEB	(-)80.33	(-)76.50	Accounts under audit
5.	Net surplus(+)/deficit(-) after taking into account the impact of audit comments but before subsidy from the State Government (3) – (4)	(-)376.75	(-)817.78	---
6.	Total return on capital employed*	35.2	(-)399.56	---
7.	Percentage of total return on capital employed	0.4	---	---

(B) Persistent irregularities and system deficiencies in financial matters of PSUs

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

Statutory corporations

Tamil Nadu Electricity Board

Fixed assets registers have not been maintained in eight circles and in five circles registers were not maintained properly or postings were not made up-to-date. As a result, the correctness of amount shown under fixed assets could not be ensured.

Capital expenditure on completed works had been arrived at based on the completion certificates from field engineers and not on the basis of closed work orders.

All inter unit balances are to be matched and brought to NIL. However, due to non-reconciliation and non-adjustment, inter unit accounts showed heavy balances amounting to Rs.355.30 crore and Rs.398.38 crore at the end of 1997-98 and 1998-99 respectively. Consequently, the working results of the Board are vitiated.

(C) Closure

Out of 82 Government companies as on 31 March 2000, four companies viz., Tamil Nadu Paints and Allied Products Limited, Tamil Nadu Handloom Development Corporation Limited, Tamil Nadu Medicinal Plant, Farms and Herbal Medicine Corporation Limited and Tamil Nadu Film Development Corporation Limited had a turnover of less than Rs.5 crore in each of the last five years.

This is a provisional figure and balance subsidy receivable is yet to be accounted for.

* **Total return on capital employed represents Net surplus/deficit PLUS Total Interest charged to Profit and Loss account (Less: Interest capitalised).**

One Company **viz**., State Engineering and Servicing Company of Tamil Nadu Limited incurred losses in all the five years and its entire net worth had been eroded.

In view of poor turnover (four companies) and erosion of net worth (one Company) steps are required to be taken for early closure of these five companies or reviewing the continuance of these companies in their present form.

1.9 Position of discussion of Audit Reports (Commercial) by the Committee on Public Undertakings (COPU)

The following table indicates the details regarding number of reviews and paras pending discussion at the end of 31 March 2000:

Period of Audit Report	Total number of Reviews and Paragraphs			
	As appeared in the Audit Report		Pending for discussion	
	Reviews	Paragraphs	Reviews	Paragraphs
1994-95	4	12	2	6
1995-96	4	24	4	23
1996-97	5	24	5	24
1997-98	5	20	5	20
1998-99	6	23	6	23

While the recommendations in respect of 50 Reviews/Paragraphs discussed by COPU are yet to be received, 266 recommendations made by COPU were pending final settlement as at the end of 31 March 2000.

With a view to ensuring accountability of the executive in respect of all the issues dealt with in Audit Reports, COPU had laid down that necessary explanatory notes for those issues should be furnished to Legislative Assembly Secretariat within a maximum period of three months from the date of placing of the Reports before Legislature. COPU had taken a serious view of the inordinate delays and persistent failures on the part of the large number of administrative departments in furnishing the replies within the prescribed time limit and Legislative Assembly Secretariat had also issued a circular resolution in November 1996 directing the Secretaries of Departments concerned to furnish replies within the prescribed time limit. A review of position of non-receipt of replies to Audit Reports revealed that some administrative departments had not furnished replies for nine reviews and 46 paragraphs of Audit Reports for the years from 1995-96 to 1997-98, though the respective reports were laid before Legislature long back.

1.10 619 - B Companies

Some non-Government companies are deemed to be Government companies under Section 619-B of the Companies Act, 1956 for the limited purpose of extending to them the provisions relating to audit of Government companies contained in Section 619 of the Act.

There were three Companies covered under Section 619-B of the Companies Act, 1956. The table given below indicates the details of paid-up capital and working results of these companies based on the latest available accounts.

(Rupees in crore)

Name of Company	Year of accounts	Paid-up capital	Investment by			Profit(+)/ Loss(-)	Accu-mulated loss
			State Govern-ment	Govern-ment com-panies	Others		
Tamil Nadu News-print and Papers Limited	**1999-2000**	**68.79**	**24.44**	**2.81**	**41.54♠**	**18.41**	---
Tamil Nadu Tele-communications Limited	**1999-2000**	**22.67**	---	**13.63**	**9.04**	**2.71**	---
Tidel Park Limited	**1999-2000**	**33.50**	---	**6.00**	**27.50***	---	---

The Tamil Nadu Newsprint and Papers Limited earned profit of Rs.18.41 crore in 1999-2000 against Rs.15.86 crore in 1998-99 and declared a dividend of Rs.2.93 crore to the State Government during 1999-2000.

Tamil Nadu Telecommunications Limited in which the State Government had no shareholding, earned a profit of Rs.2.71 crore in 1999-2000 against Rs.2.12 crore in 1998-99.

Tidel Park Limited had not yet commenced (September 2000) commercial operation and hence, the profit or loss on operation had not been determined.

1.11 Companies not subject to audit by CAG

The State Government had invested Rs.1.43 crore in three companies which were not subject to audit by CAG as the aggregate amount of investment made by the State Government was less than 51 **per cent** of the share capital of respective companies. The particulars of such companies in which the investment of State Government by way of share capital was more than Rs.10 lakh in each case as on 31 March 2000 are given in **Annexure-1**.

♠ **This includes investment of Rs.26.56 crore made by banks, financial institutions and insurance companies.**

* **This includes investment of Rs.16.50 crore made by banks.**

CHAPTER-2

SECTION 2A

TAMIL NADU INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

HIGHLIGHTS

Tamil Nadu Industrial Development Corporation Limited was set up in May 1965, under Companies Act, 1956 to promote large and medium scale industries in the State.

(Paragraph 2A.1)

The Company received dividend income of Rs.9.84 crore (5.72 per cent) only during 1999-2000 on the total investment of Rs.171.92 crore in 79 companies. Out of this, Rs.9.76 crore was declared by five companies with an average investment of Rs.64.95 crore and the return from the remaining 74 companies with an average investment of Rs.99.02 crore was only Rs.0.08 crore.

(Paragraph 2A.6.1 and Annexure-9A)

Out of 136 companies promoted since inception only 79 companies commenced production out of which only 13 were earning profit.

{Paragraph 2A.7 (a) (i)}

Ninety three projects taken up for implementation but abandoned due to unviability resulted in loss of Rs.1.52 crore.

{Paragraph 2A.7 (c)}

Investment in a penicillin project despite knowledge of inferior technology and without market survey resulted in locking up of Rs.18.86 crore besides interest loss of Rs.1.10 crore on postponement of dues.

{Paragraph 2A.8 (a)}

Defective project appraisal and injudicious import of second hand machinery for the pig iron project resulted in locking up of Rs.26.40 crore without scope for recovery.

{Paragraph 2A.8 (e)}

Imported machinery worth Rs.9.34 crore remained idle in bonded warehouse for the last 12 years without any decision and resulted in avoidable annual expenditure towards storage and insurance.

{Paragraph 2A.8 (g)}

Failure to disinvest the shares in three companies in spite of favourable market and specific offer resulted in locking up of Rs.17.53 crore and remote chances of recovery.

{Paragraphs 2A.11.3 (a) (i), (ii) and (iii)}

Unwarranted purchase of shares of Titan Industries worth Rs.9.18 crore and continued retention for the last seven years despite favourable market and Government approval for sale resulted in interest loss of Rs.6.22 crore besides foregoing a gain of Rs.4.59 crore.

{Paragraph 2A.11.3 (c) (i)}

The Company could not disinvest the shares in Titan Industries for want of Government approval and due to delay the Company foregone a gain to the extent of Rs.66.73 crore besides interest loss of Rs.9.33 crore.

{Paragraph 2A.11.3 (d)}

Undue benefit of Rs.12.79 crore (including interest of Rs.7.55 crore) extended to Southern Petrochemicals Industries Corporation Limited in disinvestment of shares in deviation of Government guidelines and acceptance of low price of Rs.20.35 per share compared to Rs.29.44 per share received by others.

{Paragraph 2A.11.3 (e)}

2A.1 Introduction

Tamil Nadu Industrial Development Corporation Limited (TIDCO) was incorporated in May 1965 as a wholly owned Government Company to promote large and medium scale industries in the State of Tamil Nadu under Companies Act, 1956. The Company identifies investment opportunities and promotes projects through equity contribution to the extent of 26 **per cent** in joint sector, 11 **per cent** in associate sector and one **per cent** in escort sector. The Company promoted two subsidiaries **viz**., Tamil Nadu Industrial Explosives Limited in 1983 and Tamil Nadu Magnesium and Marine Chemicals Limited in 1987. Subsequently, the Tamil Nadu Magnesium and Marine Chemicals Limited was taken over by Government in October 1998.

2A.2 Objectives

The main objectives of the Company as envisaged in the Memorandum of Association are:

(i) To promote, improve, establish and develop industries in the State of Tamil Nadu.

(ii) To promote and operate schemes for the dispersal of industries in a manner conducive to the balanced regional development of the various parts of the State of Tamil Nadu.

At present the Company's activities are confined to promotion of projects.

As per State Government directives (1989) all the State Public Sector Undertakings (PSUs) are required to prepare long term Corporate Plan setting out the goals/objectives and strategies to achieve them. It was observed that the Company had not prepared any such Corporate Plan and stated (December 1999) that commitment to long term Corporate Plan would not be prudent since focus and thrust of development would depend on various factors. This is not acceptable to audit because in the absence of long term plan, the Company could not have direction to formulate time bound action plan to achieve its objectives.

2A.3 Scope of Audit

The performance of the Company was last reviewed and commented in the Report of the Comptroller and Auditor General of India for the year ended 31 March 1993 (Commercial) – Government of Tamil Nadu. The report was discussed by the Committee On Public Undertakings (COPU) in June 1997 and its recommendations were awaited (August 2000). During the present review conducted during December 1999 to April 2000, performance of the Company for the last five years ended March 2000 was assessed.

2A.4 Organisational set-up

The Management of the Company is vested in the Board of Directors with nine Directors including Chairman-cum-Managing Director as on 31 March 2000. All of them are appointed by Government. Day-to-day administration is looked after by Chairman-cum-Managing Director and an Executive Director, assisted by five General Managers, in-charge of development activities and finance.

2A.5 Funding

2A.5.1 Capital structure

As against the authorised share capital of Rs.125 crore, the paid-up capital of the Company as on 31 March 2000 was Rs.97.79 crore, wholly contributed by Government of Tamil Nadu.

2A.5.2 Borrowings

The Company obtained loan from time to time , which accumulated to Rs.933.12 crore as on 31 March 2000 (including cash credit of Rs.19.14 crore and Government loan of Rs.11.45 crore). The increase in borrowings was mainly due to raising of Rs.695.56 crore in 1999-2000 for Government of Tamil Nadu by issue of bonds for part financing infrastructure projects.

The loans included Rs.180.58 crore raised through fixed deposits obtained from public, which were deployed as inter corporate deposits to the extent of Rs.78.27 crore and the return thereon constituted the main source of income.

2A.5.3 Disinvestments

Disinvestment of holdings in assisted Companies under joint/associate/escort sector was also an essential source of funds. During the period from 1995-96 to 1999-2000, the Company disinvested its shares in seven Companies, which were held for seven to 22 years and realised Rs.10.85 crore (book value of shares: Rs.3.29 crore).

2A.6 Financial position and working results

The table summarising the financial position and working results of the Company for the five years upto 1999-2000 are given in the **Annexures 8 and 9**. The profit had declined from Rs.3.21 crore in 1995-96 to Rs.0.47 crore in 1999-2000. The main reason for reduction in profit was increase in interest expenses by Rs.10.90 crore during the period as compared to increase of interest income by Rs.2.67 crore. This was due to increase in borrowings through fixed deposits from Rs.82.54 crore in 1995-96 and Rs.180.58 crore in 1999-2000, which were deployed in equity capital of projects with longer gestation period and inordinate delay in disinvestment of shares in assisted companies. In this connection, the consultant appointed by the Company for financial reforms reported (January 1999) about the mismatch in funds management **viz**., application of short-term funds for long term investment in projects. However, no corrective action was taken by way of restructuring, which forced the Company to depend on high cost funds.

The substantial increase in current assets and loans and advances in 1999-2000 was due to borrowing of Rs.695.56 crore from market by issue of bonds for financing infrastructure projects on behalf of Government of Tamil Nadu and keeping the mobilised funds in personal deposit account with Reserve Bank of India (RBI)/Government account.

INDSEARCH, Pune which conducted (October 1998) a study of the financial performance of the PSUs on behalf of Comptroller and Auditor General of India reported that the performance of the Company needed improvement, after evaluating various parameters like profitability, assets utilisation, net worth, **etc**.

2A.6.1 Return on investment

A table giving a summary of investment and dividend income during the last five years is given in **Annexure-9A**.

(i) It would be seen therefrom that as against a total investment of Rs.171.92 crore during 1999-2000, the dividend received worked out to Rs.9.84 crore only, which represented a return on investment to the extent of 5.72 **per cent**. It would be further observed from Annexure that a major portion of dividend income (Rs.50.86 crore) was earned from five companies only, wherein the average investment was Rs.64.95 crore, whereas in 74 companies, where the average investment was Rs.99.02 crore, the dividend was negligible (Rs.0.48 crore) during the period from 1995-96 to 1999-2000. (ii) Perusal of working results of Company (Annexure-9) revealed that the Company's income was primarily through interest earning, **i.e**., from non-core activities and the return on the main activity **viz**., equity investment was meagre.

2A.6.2 Financial restructuring

Considering the overlapping functions of six Government Companies (Serial Numbers 9, 14, 15, 25, 50 and 52 of **Annexure-2**) engaged in Industrial Development and Infrastructure, Raghavan Committee constituted (January 1997) by Government recommended (October 1997) for merger of all the companies to form a single Company, which has not yet been implemented (September 2000). Without taking any action on these suggestions, the Company appointed (April 1998) a consultant (A.F.Ferguson and Company) at a fee of Rs.34 lakh for restructuring of the Company with a view to suggest among other things, measures to identify sources for financing projects, steps for recycling funds through disinvestment and rectifying mismatch in application of short term funds for long term investments. Though the consultant submitted the Report in January 1999, the Company did not take any action for want of Government's approval. Thus, the expenditure of Rs.34 lakh remained unfruitful besides foregoing the benefits envisaged. No further follow-up was made by the Company.

2A.7 Development of projects

The Company identified new projects and after getting approval from Government, enters into an agreement with the promoter specifying the investment limits, project cost estimates, **etc**. The Company is required to extend assistance, **viz**., land development, statutory clearance and to monitor the progress by participation in the Board of the promoted company.

Details of projects developed by the Company since inception are given in **Annexure-9B**, which revealed the following:

(a) Performance of companies which commenced production

(i) Of the total number of 136 assisted companies, production commenced only in 79 companies (Equity investment – Rs.171.92 crore as on 31 March 2000) out of which only 13 were earning profit. The dividend was declared mainly by five companies amounting to Rs.50.86 crore during the period from 1995-96 to 1999-2000.

Recovery of investments of Rs.68.95 crore in 26 Companies is doubtful due to erosion of net worth.

(ii) Out of the remaining 66 companies which incurred losses, in case of 26 companies accumulated losses amounting to Rs.419.74 crore (March 1999) had far exceeded the investment of Rs.68.95 crore. Consequently, recovery of investment in these cases was doubtful due to stoppage of operations/erosion of net worth.

(b) Projects under implementation

(i) The Company was implementing 23 projects (including 12 for which agreements are yet to be signed), in which a sum of Rs.13.79 crore was invested up to March 2000.

(ii) The Company incurred Rs.12.70 crore on miscellaneous expenditure in respect of 147 projects till March 2000. Of these, 52 projects with cumulative expenditure of Rs.0.60 crore were not continued after March 1997. This indicates that the Company undertakes projects without due assessment.

(c) Projects abandoned

Infructuous expenditure of Rs.1.52 crore on 93 projects abandoned.

During the period under review, the Company had written off promotional expenses of Rs.1.52 crore for 93 projects {including 76 projects implemented without agreements and 17 abandoned projects where agreements had been entered into (Rs.0.92 crore)} due to unviability.

(d) Failure to achieve objectives of Industrial Policy

(i) The main objective put forth by Government of Tamil Nadu under their Industrial Policy (1995-96) was promotion and development of infrastructure facilities, **viz**., development of land, supply of power/water, **etc**., to facilitate industrial development in the State. However, only one (TIDEL Park Limited) out of ten infrastructure projects taken up under this sector was completed. In case of the remaining nine projects, even land acquisition is yet to be completed and an expenditure of Rs.9.04 crore was already incurred in four projects for which agreement executed between 1991 and 1998.

(ii) Company's promotion of industries in the State was not balanced in view of concentration in selected Districts and growth in limited sphere of industries **viz**., Chemicals/Iron and Steel. No industry was developed in two districts **viz**., Virudhunagar and Trichy and only one industry was developed in each of nine* Districts.

Concentration of bulk investment in few companies.

(iii) Investments in six companies floated by well known industrial houses was Rs.114.87 crore and accounted for the bulk of investment (66.82 **per cent**) and the balance 33.18 **per cent** of investment was spread over 73 companies.

2A.7.1 Ineffective project appraisal

A scrutiny in audit of the appraisal made by the Company of the projects revealed that (i) the Company does not have any detailed data bank of the projects promoted/proposed to be financed. (ii) the Company had not also evolved any benchmark/parameter for evaluation of projects with reference to size and category of the industry. The consultant appointed by the Company recommended (January 1999) drafting of experts from financial institutions to have professionally sound and effective project appraisal. The Company was yet to implement the recommendations. (iii) the Company had also not established any cell for market study/research to equip itself with the development of the industry. In the absence of this and also data bank, the Company relied on the promoters for the feasibility report.

Due to these deficiencies and ineffective project appraisal, a number of projects taken up were not successful as discussed in the succeeding paragraphs.

2A.8 Investment in assisted companies

A test check of projects implemented and completed/abandoned revealed various deficiencies **viz**., selection of improper technology, insufficient viability study, irregular funding, continuance of unviable projects, **etc**. In this regard, certain cases are discussed below :

* **Dindigul, Erode, Karur, Namakkal, Perambalur, Pudukottai, Sivagangai, Tirunelveli and Villupuram**

(a) J.K. Pharmachem Limited (JKPL)

Investment of Rs.18.86 crore in penicillin project with inferior technology led to poor performance.

For setting up a penicillin plant at Cuddalore, J.K. Industries (JKI) was identified as a promoter in August 1987 and a Company "J.K. Pharmachem Limited (JKPL)" was formed. Due to delay in implementation (41 months), the cost of the project was revised from Rs.90.82 crore to Rs.210 crore. The Company's share of equity investment amounting to Rs.9.90 crore (including premium of Rs.4.95 crore) in the project was made in May 1994. As JKPL could not raise additional funds to meet the increased project cost, the Company invested (May 1994) Rs.8.96 crore in the Non-Convertible Debentures (NCD). The JKPL commenced commercial production in March 1995 and had been incurring losses since inception, which accumulated to Rs.57.67 crore (March 1999).

An analysis in Audit revealed that (i) the selection of technology for the project was not proper since TIDCO had found (July 1988) it to be inferior even prior to selection. (ii) as the project was appraised to be unviable, further investment of Rs.8.96 crore in NCDs was not justified. Consequently, no interest was paid by the JKPL since September 1997. The Company had since agreed to postpone the interest dues (Rs.2.63 crore) by three years involving a loss of interest Rs.1.10 crore. (iii) after the liberalisation of import policy since 1991, there was slump in the selling price of penicillin. However fresh market study was not conducted to reassess the demand before investment.

Thus, the Company's decision to promote the project despite prior knowledge of inferior technology and without market survey and further investment in debentures of known unviable project resulted in locking up of Rs.18.86 crore besides interest loss of Rs.1.10 crore.

(b) Rama Qualitex Limited (RQL)

Investment of Rs.2.66 crore despite project found unviable

An export oriented weaving mill for manufacture of cotton and blended grey fabrics was set up in Hosur (Dharmapuri District) by RQL at a cost of Rs.16.93 crore in which the Company invested Rs.1.90 crore (October 1993) as equity capital. RQL commenced commercial production in April 1995 and ended with a net loss of Rs.0.94 crore up to March 1996. In spite of incurring losses and poor capacity utilisation, the Company further invested Rs.0.76 crore (December 1996) in the expansion project for manufacture of denim clothes. RQL continued to incur loss, which accumulated to Rs.8.27 crore as of March 1999. The Company was looking for an additional promoter to bring funds for revival. Audit analysis revealed that while appraising the project (i) the Company assessed that the main financial indicators **viz**., Break Even Point and Internal Rate of Return (19.4 **per cent**) were not satisfactory. Even marginal fluctuations in cost of raw materials or selling price would affect the viability seriously. (ii) Further, no market survey or viability study was undertaken before investing Rs.0.76 crore for expansion of the project. However, it was replied that survey for small Export Oriented Units (EOUs) would not normally be done. This is not acceptable since market study is an essential requirement for establishing any project.

Thus, promotion of the project despite adverse financial indicators and without any market survey resulted in unproductive investment of Rs.2.66 crore.

(c) SKM Egg Products Export (India) Limited (SEPEL)

Investment of Rs.1.91 crore without proper appraisal.

The Company had promoted SKM Egg Products Exports India Limited (SEPEL) in April, 1995 for manufacture of egg products at Cholangapalayam in Erode District at an estimated cost of Rs.35.50 crore. The equity (11 **per cent**) investment amounting to Rs.1.91 crore was released during 1997. Under a special scheme of Ministry of Food Processing, Government of India granted soft loans to Government Undertakings to enable them to take equity participation in joint venture projects engaged in poultry and egg processing. No interest was payable on these loans for three years and 15 **per cent** interest was payable subsequently.

As the Company had already released the equity to SEPEL, the soft loan of Rs.0.96 crore granted by Government of India to enable equity participation was to be retained by the Company. However, the Company in turn released (September 1997) the loan of Rs.0.96 crore to SEPEL, as interest free loan in addition to Company's equity contribution of Rs.1.91 crore.

SEPEL, which commenced commercial production in July 1997, had been incurring losses due to very low capacity utilisation (20 **per cent**). The accumulated loss was Rs.11.18 crore up to September 1999.

A review in Audit indicated that (i) the manufacture of egg powder was sensitive and internationally approved standard was to be maintained for their export to foreign countries, which was difficult for the Company to ensure due to high percentage of chemical residues (ii) at the time of appraisal the Company did not ensure availability of quality poultry feeds which turned out to be a major constraint and (iii) no market survey was done to assess the demand for the product in export market, even though the project was promoted as 100 **per cent** EOU.

Thus, promotion of project without proper appraisal and further grant of loan resulted in locking up of investment of Rs.2.87 crore. The release of loan in addition to the equity contribution resulted in unintended benefit to SEPEL besides interest burden of Rs.0.42 crore to the Company calculated at the rate of 15.50 **per cent** for the period from 24 September 1997 to 21 July 2000.

(d) Investment in floriculture projects

The Company had promoted three floriculture projects as detailed below during the period from 1994-95 to 1995-96.

Sl.No.	Name of the project	Company's investment	Accumulated loss	Remarks
		(Rupees in crore)		
1.	Harrisons Universal Flowers Limited, Hosur	0.02	1.84	Ceased operation since October 1998
2.	Suvarna Florex Limited, Hosur	0.84	5.88	Accumulated loss exceeded paid up capital.
3.	Blooming Meadows Limited, Hosur	0.21	2.76	
	Total	1.07		

The above projects failed mainly due to (i) Lack of infrastructure facilities, (ii) High cost of planting materials, (iii) Absence of cold storage facilities in Airport and transit points, (iv) Levy of Tax by European Community on export and (v) High cost of airfreight.

Investment of Rs.0.29 crore on floriculture project despite failure of three such projects.

Despite being aware of the failure of floriculture projects and having lost a sum of Rs.1.07 crore on three such projects, the Company decided to promote a floriculture infrastructure project by selecting (December 1997) CCL Flowers and Associates as co-promoters and formed a new Company **viz**., TANFLORA Infrastructure Park Limited (TIPL) in Hosur, Dharmapuri District. The estimated cost of the project was Rs.24.85 crore and the Company was to contribute Rs.2.91 crore under joint sector agreement. The Company spent Rs.29 lakh on the project up to March 2000.

In response to Audit observations on the viability of floriculture project, the Company replied that TIPL was promoted in the model of Israel Co-operative – Agreko with the aim of providing complete facilities under one umbrella to the proposed floriculture units. The Company's reply is not tenable in view of the failure of the earlier floriculture projects and also the limitations faced in promoting such projects as brought out in the preceding paragraph. It was noticed that financial institutions also cautioned against funding the floriculture project. Further, the Company had neither identified prospective users of the proposed facilities nor established markets for the products grown.

(e) Southern Iron and Steel Company Limited (SISCOL)

Investment of Rs.26.40 crore on iron project proved unproductive due to defective project appraisal and injudicious import of second hand machinery.

Southern Iron and Steel Company Limited (SISCOL) at Mettur, Salem District was promoted (November 1990) for production of pig iron of 1.8 lakh MT **per annum**. The Company paid Rs.5.78 crore in July 1992 as equity contribution to SISCOL.

Even before formation of the project, the Company was aware (July 1990) of the anticipated glut in the market and the possibility of reduction of Customs Duty on pig iron. SISCOL stated (December 1993) that the viability of the pig iron project was adversely affected due to easy availability of pig iron from new units which had already commenced production and also due to availability of cheaper imported pig iron. Hence, SISCOL (December 1993) came up with a proposal for manufacture of steel billets as forward integration to the pig iron project and sought for additional equity contribution. Though the assisted Company could not commence operation without assessing the necessity and disregarding adverse financial indicators, the Company again invested (September 1994) Rs.10.72 crore including share premium of Rs.8.25 crore which was not originally envisaged.

New imported casting machine required for expansion project was estimated at Rs.12 crore but SISCOL imported unused second hand caster at a cost of Rs.2.40 crore and spent Rs.8.10 crore for reconditioning. It was noticed in audit that the Managing Director of SISCOL, who was the Chairman of the purchase committee which approved import of second hand machinery (December 1994) also ordered for reconditioning of the machinery at exhorbitant cost of Rs.8.10 crore by engaging (September 1995) contractors. In spite of the machine being found defective on several counts, the Company did not exercise their right at appropriate time to stop the import of second hand machine. Again, due to time and cost over run and change in scope of steel plant, the project cost was revised (December 1997) from Rs.450 crore to Rs.688 crore. To meet the additional cost, the Company invested (May 1998) Rs.9.90 crore towards 15 **per cent** redeemable preference shares even though they were not bound to subscribe. An aggregate investment of Rs.26.40 crore, constituting 15.4 **per cent** of the total investment of the Company in the State was made in SISCOL. Company replied (May 2000) that the steel industry was in recession globally and SISCOL was expected to perform well in future. The reply of the Company is not tenable, since the accumulated loss up to March 1999 was Rs.73.68 crore, thereby eroding the entire capital. Despite prior knowledge of poor scope for survival of pig iron project, and disregarding the adverse financial indicators and injudicious import of machinery, the Company invested Rs.26.40 crore, which remained locked up without scope for recovery as the entire share capital had been eroded by March 1999. The management had not fixed any responsibility on the officers concerned for the deficiencies.

(f) Navodaya Mass Entertainments (Private) Limited

Additional investment of Rs.0.18 crore on an unviable project despite poor performance.

It was commented in the Report of the Comptroller and Auditor General of India for the year ended March 1993 (Commercial) that investment of Rs.0.83 crore in an on going amusement park project set up in Tambaram (Kancheepuram District) **viz**., Navodaya Mass Entertainments (Private) Limited (NAME) was outside the scope of the Company. Due to time and cost over run, NAME approached (July 1994) the Company for further equity participation of Rs.18 lakh. The Company was not bound to finance the cost over run as per the promoters' agreement. However, additional capital of Rs.18 lakh was released (December 1994) despite knowledge of poor financial position and unviability of the project.

The park opened in August 1995 started incurring loss since inception and accumulated loss up to March 1999 was Rs.12.16 crore against the paid up capital of Rs.11.79 crore. The failure of the project was attributed to locational disadvantage, lack of commercial acumen of the promoters. Despite earlier Audit comment on investment in this project in 1993 and poor financial indicators, the Company's decision to invest Rs.18 lakh additionally in 1994 lacked justification.

(g) Ammonium Nitrate and Concentrated Nitric Acid (AN & CNA) project

Due to delays and indecision, imported machinery worth Rs.9.34 crore turned obsolete besides avoidable annual expenditure towards storage and insurance.

The ill planned implementation of the Ammonium Nitrate and Concentrated Nitric Acid (AN & CNA) project by Tamil Nadu Industrial Explosives Limited (TIEL), a subsidiary of the Company was commented in the Report of the Comptroller and Auditor General of India (Commercial) for the year 1988-89. The COPU recommended (1993) that the machinery imported for the project remaining idle was to be brought to beneficial use. The Company decided (1989) to club the Ammonium Nitrate and Aniline project into a single integrated Nitrochemical complex and selected Sterling Computers Limited (SCL) as a co-promoter. Accordingly, a new Company Sterling Nitrochemical Limited (SNCL) was formed. As the promoter had backed out, it was taken over by the Company from TIEL (April 1990) for implementation. As the Company could not identify a suitable promoter, it was decided (November 1991) to implement the project on its own at an estimated cost of Rs.60 crore but later decided (March 1992) to abandon the project since it was not found viable. While approving the abandonment, the Government directed (February 1994) the Company to dispose of the machinery. However, no further action was taken and the machinery valued at Rs.7.30 crore were continued to be kept in bonded warehouse for the last 12 years.

Audit analysis revealed that (i) the condition of the machinery after prolonged storage and the suitability of the technology at this point of time were not assessed by the Company and (ii) the Company was liable to pay Customs Duty of Rs.6.40 crore to take possession of the machinery and because of the prohibitive cost, the project had become unviable. Company's delay in implementation of the project and failure to dispose of the asset, resulted in avoidable recurring annual expenditure of Rs.8 lakh towards storage and insurance.

Thus, the Company had not complied with the recommendations of COPU in bringing the machinery to beneficial use and the continued indecision led to obsolescence of machinery worth Rs.9.34 crore (including other expenses) besides recurring avoidable annual expenditure.

(h) Bharat Oil and Chemical Industries Limited

Investment in contravention of Board's directive proved unfruitful.

The Board of Directors of the Company approved (March 1998) a project for castor processing at Manali, (Thiruvallur District), at a cost of Rs.12.85 crore with a co-promoter **viz**., Northern Projects Limited (NPL) subject to a condition that the Company would release the matching funds only after the co-promoter finalised the loan tie-up and documentation with banks and Financial Institutions. However, without completion of loan documents the Company released (April 1998) a sum of Rs.16 lakh.

As there was no progress in implementation of the project, the Company decided (December 1999) to abandon the project with the result the investment of Rs.16 lakh in contravention of Board's directive became unfruitful.

2A.9 Investment in subsidiary companies

(a) Tamil Nadu Industrial Explosives Limited (TIEL)

Company's equity investment of Rs.25.76 crore in its subsidiary companies proved unproductive and advancing loan caused interest loss of Rs.18.20 crore.

TIEL was promoted by the Company in 1983 with contribution of Rs.22.14 crore being 82.13 **per cent** of share capital held by the Company. In addition, financial assistance to the extent of Rs.31.87 crore by way of loans was extended to TIEL during 1985 to 1995. The subsidiary Company was referred (1992) to Board for Industrial and Financial Reconstruction (BIFR) due to uneconomical operations on account of poor utilisation of resources and the rehabilitation process is yet to be completed. As per Government Orders (December 1994 and March 1995), the loan extended to the subsidiary Company was adjusted against Government dues but without claiming interest, which amounted to Rs.15.98 crore. The Company while accepting the fact of interest loss informed (October 2000) that the subsidiary companies suffered losses contrary to expectations and hence, no return was received on the equity investment.

Thus, due to poor operations of subsidiary Company and grant of loan without interest, the Company had to bear interest burden of Rs.15.98 crore, besides keeping their investment of Rs.22.14 crore in this venture without return.

(b) Tamil Nadu Magnesium and Marine Chemicals Limited (TMML)

TMML was promoted in 1987 with equity investment of Rs.3.62 crore. As the subsidiary Company was incurring losses since inception, Company extended loan assistance to the extent of Rs.6.52 crore up to February 1998, which were adjusted against the dues to Government (December 1994 and May 1998). Company could not claim any interest on the loans given to TMML in the absence of any specific condition for charging interest. The Company suffered interest loss of Rs.2.22 crore on the funds extended to TMML. In October 1998, the equity shares were transferred in favour of Government.

Thus, due to poor operational performance of both the subsidiaries, the investment of Rs.25.76 crore remained without any return and the Company had to bear interest burden of Rs.18.20 crore on extending financial assistance without interest.

2A.10 Unfruitful investment in the implementation of projects

The Company incurred certain expenditure, which proved unfruitful due to its injudicious decisions. Audit observations on selected projects taken up for implementation but not materialised are discussed below:

(a) Non-recovery of preliminary expenditure due to absence of provision in the promoters' agreement

Preliminary expenditure of Rs.0.39 crore is unrecoverable due to absence of provision in the promoters' agreement.

The Company signed promoters' agreement (September 1994) with Pennar Group of Companies and formed Pennar Refineries Limited (PRL) for establishing an oil refinery with a capacity of 2 MMT **per annum**. PRL decided (September 1995) to enhance the capacity from 2 MMT to 5 MMT and also for import of second hand machinery from Germany for the project to be set up at Cuddalore. The project cost was also increased from Rs.645 crore to Rs.2100 crore.

At this stage, PRL became a wholly owned subsidiary of Nagarjuna Fertilizers and Chemicals Limited (NFCL) and was renamed as Nagarjuna Oil Corporation Limited (NOCL), which resulted in lapsing of the agreement with PRL and a fresh agreement was entered (January 1998) for setting up a refinery estimated to cost Rs.3480 crore. In the meantime, the Company started incurring preliminary expenditure, **viz**., telephone/travel towards the project, which accumulated to Rs.39 lakh till March 2000. Thus, the expenditure was incurred by the Company on projects in which they were not even partners and the amount was shown as preliminary expenses. Since there was no enabling provision in the new agreement between the Company and Nagarjuna Group, the chances of recovery of Rs.39 lakh spent on the project are remote.

The Company replied (May 2000) that the amount spent would be adjusted against equity contribution to be made to the new Company. The reply is not acceptable as the agreement entered into by the Company with Nagarjuna Group did not provide for recovery or adjustment of amount already spent by the

Company. Further, the Company was yet to identify sources for contributing increased equity commitment of Rs.128 crore.

(b) Loss of interest due to unauthorised payment for land acquisition

Unauthorised financing for land acquisition resulted in interest loss of Rs.2.09 crore.

The Company made (November 1995) an advance payment of Rs.2.00 crore to Chennai Metropolitan Development Authority (CMDA) on behalf of Government of Tamil Nadu for acquisition of land for the purpose of establishing an industry for manufacture of passenger cars in Tamil Nadu by Mahindra Ford Industries Limited. Even though the payment was stated to be made on behalf of Government of Tamil Nadu, it was neither approved by Board of Directors nor by Government. Further, the Company incurred a sum of Rs.2.20 crore (1995-96) towards land development and ex-gratia payment from October 1995 to October 1996.

CMDA had reimbursed the payment of Rs.4.20 crore in November 1997. Since the above payments were made out of borrowed funds, the Company claimed interest from Government for the belated receipt of land cost. Without accepting the interest claim, the Government questioned the Company regarding the authority for advance payment. In as much as the Company was not associated with the project, irregular release of funds to CMDA resulted in interest loss of Rs.2.09 crore.

(c) Irregular equity contribution for working capital requirements

Saptharishi Agro Industries Limited (SAIL) was set up at Maduranthagam (Kancheepuram District) in 1992 as a joint sector Company with Company's equity contribution of Rs.2.73 crore. The unit was incurring loss since inception and the accumulated loss up to June 1995 was Rs.4.13 crore.

Unwarranted equity contribution of Rs.0.26 crore for working capital.

Despite the poor performance of SAIL, the Company released (July 1995) a sum of Rs.26 lakh as additional equity for working capital requirements, which was not covered by objectives of the Company. Even after the flow of funds, SAIL suffered loss, which accumulated to Rs.19.41 crore as of December 1999 thereby eroding net worth.

Thus, the contribution of equity funds for meeting working capital needs was unwarranted and the total investment of Rs.2.99 crore remained unproductive.

2A.11 Disinvestment

2A.11.1 Disinvestment policy and guidelines

Though the Company has been functioning for over three decades, it has not yet evolved a clear policy for systematic, regular and timely disinvestment of its share holding in its assisted companies. As a result, Company's resources remained locked up in some companies for over a decade, hampering recycle of funds for investment in new projects. In 1990, the Government of Tamil Nadu issued guidelines for disinvestments. Accordingly, **investments in assisted Companies had to be reviewed after three years from the date of promoters' agreement, the first offer was to be made to the co-promoter and price per share to be determined in accordance with a formula prescribed**. A review of the implementation of the above guidelines revealed that (i) out of investments of

Rs.50.71 crore in 53 companies as of March 1990, only 20 **per cent** were disinvested till date. (ii) Even after issue of guidelines in April 1990, holdings in only 17 companies were disinvested. The Company did not analyse the possibility of disinvestment in the light of Government guidelines, which resulted in lost opportunities and erosion in the market value of investment to the extent of Rs.106.80 crore in 16 Companies test checked. (iii) the Company continued to hold (March 2000) major chunk (46 **per cent** – Rs.68.18 crore) of its investments in four Companies for more than a decade.

In this connection, it was replied by the management (October 2000) that the decision to disinvest the shares of companies performing well was delayed to get reasonable return on investment. This reply is not acceptable since it is in violation of Government guidelines and also deprived the Company of the resources required for further development.

It was noticed in audit that the guidelines governing disinvestment issued ten years back were not reviewed/revised in spite of liberalisation of economy and consequent impact on the performance of these companies. Further, the consultant appointed by the Company recommended (January 1999) for disinvestment of all profitable and dividend declaring companies in a phased manner in the next three years to generate resources required for new projects. However, the Company has not taken any action in this regard.

2A.11.2 System deficiencies

A review of the policy, guidelines and disinvestments already made revealed the following deficiencies:

(i) Absence of system for automatic disinvestment or compulsory review of the investments after the assisted Company commenced commercial production, which was in vogue in other States.

(ii) Lack of powers to the Board for taking disinvestment decisions beyond Rs.50 lakh and inordinate delay in approval by Government.

(iii) Absence of policy/methodology/procedure for disinvestment of share holding in sick Companies where adoption of existing guidelines or determination of share value as per the prescribed formula would be unrealistic.

(iv) Continued holding of shares in some profit making Companies without any time limit, which hampered ploughing back of funds.

(v) Absence of regular monitoring of share prices and professional appraisal for disinvestment at appropriate time.

In this connection, it was replied (September 2000) that the Company had already approached the Government for appropriate mechanism of disinvestment, **inter alia** providing for (i) enhanced powers to the Board, (ii) system for automatic disinvestment, (iii) compulsory sale of sick companies and (iv) engaging services of experts for disinvestment appraisal. Pending final decision, the Company continued to suffer the above deficiencies and consequent losses.

2A.11.3 Disinvestment in assisted companies

Test check of cases revealed that the Company suffered heavy losses due to its failure to take appropriate disinvestment decisions, which are discussed in detail.

(a) Failure to disinvest despite favourable market

(i) SPIC Organics Limited (SORL)

Recovery of investment of Rs.7.48 crore is doubtful due to failure to disinvest at appropriate time.

SPIC Organics Limited (SORL) which was promoted in 1985 was suffering losses since inception. However, the shares (face value of Rs.10 per share) were quoted in the range of Rs.10 to Rs.17 during 1993-95. Despite the provision in the promoters' agreement for disinvestment one year after commencement of production, the Company failed to exercise the option at an appropriate time. Due to continued losses, the market price of share had gone down to Rs.1.50 (October 2000) thereby reducing the scope of recovery of the investment of Rs.7.48 crore. The Company replied (May 2000) that disinvestment in SORL would be made at appropriate time.

(ii) Asian Bearing Limited (ABL)

Failure to disinvest at appropriate time resulted in locking up of Rs.3.45 crore.

The Company invested (1974) Rs.3.45 crore in Asian Bearing Limited (ABL), which recovered in 1993 after facing sickness. The shares (face value of Rs.10 per share) were quoted in the range of Rs.12.50 to Rs.24 during 1994-95. Even though the Company had an option to disinvest the shares, no attempt was made despite no return received on this investment. The share prices of ABL got reduced to Rs.4 and as such the chances of recovery of investment are remote. Thus, the failure of the company to take timely disinvestment decision resulted in locking up of Rs.3.45 crore. In this connection, Management replied (February 2000) that disinvestment to co-promoters as per formula price would be profitable instead of selling them in open market. The reply is not acceptable since effective and timely action was not taken.

(iii) Portfolio investment in TNPL

Unauthorised investment of Rs.6.60 crore and subsequent failure to disinvest the share resulted in locking up of Rs.6.60 crore, besides foregoing a gain of Rs.3.15 crore.

Irregular investment of Rs.6.60 crore in six lakh shares of Tamil Nadu Newsprint and Papers Limited (TNPL) with a premium of Rs.100 per share was already commented in the Report of the Comptroller and Auditor General of India (Commercial) for the year ended March 1997. Failure of the Company to disinvest the shares at appropriate time is discussed below:

The Company made (December 1995) a portfolio investment of Rs.1.80 crore as share application money and the allotment money was to be paid before 15 April 1996. An offer was received (March 1996) from a share broker for offloading the shares at the then market price of Rs.82.50 to Rs.83.75 per share, against Rs.30 paid as application money. However, the Company did not accept the offer stating that the rates would improve further and Government approval was to be obtained. Allotment/call money of Rs.4.80 crore was subsequently paid in April-June 1996. The price of TNPL shares invested at a cost of Rs.110 per share got steeply reduced thereafter and quoted at Rs.30 currently (September 2000). Thus, the Company's investment of Rs.6.60 crore without Government approval and its failure to dispose the shares when there was better offer resulted in foregoing a gain of Rs.3.15 crore besides locking up of Rs.6.60 crore without scope for recovery.

(b) Loss due to delayed approval by Government

(i) Automotive Coaches and Components Limited

The Company had invested (March 1981) Rs.47 lakh as equity and Rs.29 lakh as interest free unsecured loan in Automotive Coaches and Components Limited. The co-promoter M/s. Ashok Leyland agreed (January 1992) to buy back the shares of the Company at a price as per the formula prescribed by Government and pay off the interest free loan in September 1994. Though the Company accepted (April 1992) the proposal of the co-promoter, Government accorded their approval only in September 1996, **i.e**. after four years.

Due to delayed approval by Government, the Company lost opportunity of recovering Rs.0.47 crore receivable on disinvestment.

The co-promoter, however, withdrew his offer for buy back of shares and repaid only the loan in July 1997 and June 1998. Due to delay in approval by Government, the Company had to forego a gain of Rs.46 lakh and interest loss of Rs.13 lakh, on belated recovery of interest free loan. Further, the Company lost the opportunity of recovering investment of Rs.47 lakh. The Company had replied (April 2000) that the shares would be disinvested. However, there was no response till date to the fresh offer made by the Company in January 2000 to the co-promoter.

(ii) Tamil Nadu Dadha Pharmaceuticals

The Company lost Rs.1.58 crore on account of interest due to delay in approval by Government.

The Company offered (September 1993) to sell its share holding in Tamil Nadu Dadha Pharmaceuticals Limited and obtained the acceptance of the co-promoter. The disinvestment proposal sent (November 1993) by the Company was approved by the Government in May 1997, **i.e**. after delay of three years.

The sale proceeds of Rs.3.75 crore was received in May 1997. Due to delayed approval and consequent delayed realisation of sale proceeds, the Company suffered loss of interest to the extent of Rs.1.58 crore.

(c) Avoidable delays in disinvestment

(i) Loss due to delay in disinvestment of purchased shares in Titan Industries Limited

Failure to disinvest the shares, despite Government approval resulted in foregoing a gain of Rs.4.59 crore and interest burden of Rs.6.22 crore.

The Company was holding 26 **per cent** of shares of Rs.10 each in Titan Industries Limited (TIL). The Company received (June 1992) an offer from the foreign co-promoter **viz**., France Ebaches (FE) to sell their shares including the rights thereon.

The matter was reported to Government, who approved (September 1992) further investment of Rs.18.11 crore at Rs.125 per share cum rights from Company's internal sources. Further, the Government authorised the Company simultaneously to disinvest the shares purchased from FE without reference to Government at a minimum price of Rs.125. The Company purchased (November 1992) 917646 shares of face value of Rs.10 each and paid Rs.9.18 crore including premium.

Audit analysis revealed the following:

- The Company's investment was unwarranted as it provided a meagre return of 1 to 3 **per cent** only during last seven years as compared to the cost of more than 15 **per cent** incurred on raising funds/borrowings.

- Though the shares of TIL were quoted above the purchase price of Rs.125 from 1993 to 1996, the Company did not take action for disposal in spite of a decision already taken to disinvest them (February 1994).

- Failure to disinvest the shares purchased from FE resulted in foregoing a gain of Rs.4.59 crore besides forcing the Company to incur avoidable interest burden of Rs.6.22 crore during the period. It was replied (April 2000) that appropriate action would be taken after a review.

(ii) Loss due to non-disinvestment of 10 year debentures

Interest loss of Rs.0.72 crore due to avoidable delay in disinvestment of debentures.

The Project Investment Committee (PIC) of Government while approving the Company's proposal for investment in the 12.5 **per cent** debentures issued by Titan Industries Limited directed (July 1989) the Company to negotiate with joint sector partners for disinvesting the Part C (non-convertible into shares) of the debenture, which was valued at Rs.1.44 crore redeemable at par at the end of 10th year (1999) from the date of allotment.

In April 1991, TATA Share Registry Limited (TSRL) approached the Company for purchase of non-convertible portion (Part C) of the debenture of Rs.200 each at Rs.176 and it was revised as Rs.177 in June 1991, but without further extension of time. The offer of TSRL had, however, expired before the Company decided (March 1992) on the proposal. Having realised (March 1992) that disposal of NCDs would result in a gain of Rs.1.32 crore, the Company decided to disinvest them by re-negotiation. Further, the Company did not negotiate with any other financial institutions in this regard. As a result, these debentures were retained for seven more years with a low return and were redeemed as per schedule only in September 1999.

Thus, the delay in decision to disinvest the debentures resulted in locking up of Rs.1.44 crore for seven years involving a loss of interest of Rs.72 lakh.

(d) Loss due to want of Government approval for disinvestment

Delay in disinvestment of shares in Titan resulted in foregoing a gain of Rs.66.73 crore.

In accordance with the revised policy (1989) of the Government for limiting investment to 11 **per cent** of paid up capital of the assisted Company and in order to meet the requirement of funds, the Company decided (March 1994) to disinvest its share holding in excess of 11 **per cent** in Titan Industries Limited. Accordingly, a proposal to disinvest 6217367 shares was sent in March 1994 to Government, which had not yet been approved (April 2000).

The following are the Audit observations :

- Though TIL declared dividend ranging from 25 to 33 **per cent** from 1993-94 to 1998-99, the effective rate of return on investment was 5 to 11 **per cent** only, which was much lower than the borrowing rate (16 **per cent**) of the Company.

- The failure of the Company/Government to disinvest the excess share holding in spite of market price quoted at Rs.95 to Rs.215 during 1994 to 1996 as compared to the current price of Rs.50 (October 2000) resulted in foregoing a gain to the tune of Rs.66.73 crore (calculated at average market price minus average cost), besides, an interest loss of Rs.9.33 crore on cost of capital invested.

It was replied (April 2000) that disinvestment was deferred due to good performance of TIL, dividend yield, absence of avenues for parking the funds and anticipated improvement in market situation. The reply is not tenable in view of continued low returns and failure of the management to recover optimum price in spite of decision taken (March 1994) to disinvest shares.

(e) Revenue loss on disinvestment due to deviation from Government Orders

Undue benefit extended to SPIC resulted in foregoing a gain of Rs.5.24 crore besides interest loss of Rs.7.55 crore.

The Company decided (July 1990) to disinvest the holding of 5880013 shares in Tuticorin Alkali Chemicals and Fertilizers Limited (TAC) in favour of the co-promoter Southern Petrochemicals Industries Corporation Limited (SPIC). It was observed that in deviation of Government guidelines to compute the sale price by adopting 10 **per cent** compound interest **per annum** over the face value and to recover the consideration in three annual installments, the Company applied simple interest and also permitted remittance in five annual installments. Further, SPIC was allowed to receive the dividend though the shares were continued to be held in the name of the Company.

The sale consideration of Rs.11.97 crore computed at Rs.20.35 per share was completely received by April 1995 and the shares were transferred. Due to deviations from Government Orders and procedure followed in other cases, the Company had to forego a gain of Rs.5.24 crore, besides interest loss of Rs.7.55 crore on revenue foregone.

It was replied (April 2000) that the agreement with TAC envisaged computation of sale consideration with simple interest and even if open tender was invited only SPIC would be the potential buyer, who might have quoted low for TAC's share. It was further replied (October 2000) that the relaxation of the prescribed formula was made by the Government providing for simple interest and to pay the consideration in five installments. The relaxation had only favoured SPIC and considering the fact that the formula was rigidly applied for all other cases including sick companies, the deviations resulted in loss to the Company.

Further, the acceptance of unreasonably low price was corroborated by the fact that SPIC paid a price of Rs.29.44 per share to other share holders as against Rs.20.35 per share paid to the Company. In this connection, it was replied by the management (October 2000) that the rate of Rs.20.35 was computed based on the agreement entered into with SPIC in May 1991 and the offer of Rs.29.44 to other share holders was made on 1 December 1992. This reply is not correct since the Department of Company Affairs accorded (24 September 1992) approval for transfer in both the cases. Thus, the above transaction would only indicate that the price paid by SPIC was much less, which was mainly due to deviations from formula.

Thus, undue benefit extended to SPIC resulted in loss of Rs.12.79 crore (including interest).

(f) Loss of sale consideration due to incorrect computation of share price

Incorrect computation of sale price of shares resulted in loss of Rs.1.78 crore.

As per the formula, approved by the Government for disinvestment, the sale price was to be computed by compounding the paid up value of investment at 10 **per cent per annum** from the date of subscription less dividends received. While disinvesting 10 lakh shares (including 7.5 lakh bonus shares) of Dynavision Limited, the Company had, in deviation from formula, compounded the dividend received also for arriving at the sale price, which resulted in excess deduction of Rs.0.56 crore. Further, the Company had adopted 10 lakh shares (including 7.5 lakh bonus shares received) as divisible factor instead of 2.5 lakh shares to arrive at price per share. This reduced the value receivable per share from Rs.36.12 to Rs.18.30 resulting in a loss of Rs.1.78 crore.

The Company replied (April 2000) that compounding of dividend was correct and 10 lakh shares were adopted based on the share certificates issued. The reply is not acceptable in view of (i) the specific condition laid in Government Orders/promoters' agreement stipulating compounding of paid up value of shares only and no mention about compounding of dividends and (ii) the Company had adopted only the shares originally allotted excluding the bonus shares in the case of disinvestment in Tamil Nadu Dadha Pharmaceuticals Limited.

Thus the incorrect computation of share price resulted in loss of Rs.1.78 crore.

(g) Failure to establish any methodology for disinvestment in respect of sick company

Loss of Rs.1.02 crore due to rejection of the best offer.

Government of Tamil Nadu approved (April 1990) Company's proposal for disinvesting its holdings in Uniorganic Industries Limited (UIL), the accumulated loss of which exceeded the paid-up capital. At this stage, the co-promoter offered to buy the Company's holding of 589579 shares as per formula price computed at Rs.17.31 per share. Instead of accepting the offer, the Company decided to hold consultation with TIIC/SIPCOT (Government Companies) whose loans to UIL were still pending.

When UIL offered (October 1994) to purchase shares at par (Rs.10 per share), the Company insisted on the formula price of Rs.17.31 per share disregarding sickness of the unit and stoppage of operation. With the closure of UIL, the Company had treated the investments as bad and doubtful in 1997-98.

Thus, the failure to evolve methodology for sale price in respect of sick units, rejection of the offer, despite poor performance and non-disinvestment of shares three years after commencement of production as per Government guidelines resulted in loss of Rs.1.02 crore.

The above matters were reported to the Government in July 2000; their replies had not been received (October 2000).

Conclusion

The Company was formed with the main objective of promoting and developing industries in the State. The Company had promoted only 90 companies during last thirty-five years and only 13 of them are profitable ventures. Considering the limited role played by the Company in development of industries in the State, the objective of formation of the Company was not achieved.

Failure of the projects promoted by the Company was mainly due to improper appraisal, ineffective monitoring and continued investment ignoring the deficiencies. The Company's performance in disinvestment was also not in tune with the Government policies, thereby depriving them of funds for growth. The income earned by the Company was mainly through non-core activities **viz.**, interest.

Considering the limited achievement in their role as catalysts for industrial development, concerted effort is needed to reorient the strategy with special focus on development of infrastructural facilities in tune with Government policies and for strengthening the financial structure by appropriate disinvestments.

SECTION 2B

REVIEW ON OPERATIONAL PERFORMANCE OF STATE TRANSPORT UNDERTAKINGS

HIGHLIGHTS

In order to ensure greater flexibility in transport services and to effect improvement in efficiency and financial performance, the Government of Tamil Nadu decided to form separate Government Companies under Companies Act, 1956.

(Paragraph 2B.1)

There are 21 STUs with a paid-up capital of Rs.687.72 crore. The total accumulated loss was Rs.1802.14 crore as on 31 March 2000, out of which Rs.1446.94 crore was suffered during 1995-96 to 1999-2000.

(Paragraphs 2B.6.1, 2B.6.2 and Annexure-10)

Introduction of minibus scheme by Government in the areas already adequately served by STUs resulted in loss of revenue amounting to Rs.11.03 crore *per annum*.

(Paragraph 2B.7.1.1)

Delay in replacement of over aged vehicles resulted in increase in expenditure on spares and repairs amounting to Rs.101.52 crore.

(Paragraph 2B.7.2)

Due to poor fleet utilisation three STUs lost 231.34 lakh of operative kilometres involving a loss of revenue amounting to Rs.11.19 crore.

(Paragraph 2B.7.3)

Due to non-achievement of scheduled kilometres, three STUs suffered a loss of Rs.4.28 crore.

(Paragraph 2B.7.5)

Due to clandestine operation of maxi cabs by private operators, STUs suffered heavy revenue losses which aggregated Rs.43.34 crore per annum in nine STUs.

{Paragraph 2B.7.6 (1)}

Extra expenditure of Rs.81.64 crore due to poor fuel efficiency during the four years ended March 1999.

(Paragraph 2B.8)

Due to poor performance, 28843 tyres were consumed in excess of budgeted norms, involving extra expenditure of Rs.19.62 crore.

{Paragraph 2B.9 (i)}

State Transport Undertakings were involved in 19.37 *per cent* of fatal accidents. Ten STUs paid Rs.72.39 crore towards compensation during four years.

{Paragraph 2B.12.2 (b)}

Establishment cost in excess of 35 *per cent* ceiling resulted in extra expenditure of Rs.149.60 crore. STUs borrowed funds to pay bonus in excess of statutory limit leading to interest burden of Rs.6.23 crore in nine STUs.

(Paragraph 2B.13.3)

2B.1 Introduction

Passenger transportation is an essential segment of economic development and the growth of the passenger transportation should ideally be in tune with growth of population and urbanisation of the society. The State Government reviewed (November 1971) Nationalisation Policy of transport services and till 1971, the nationalised transport services were managed by the State Transport Department. In order to ensure greater flexibility in management of nationalised passenger road transport services and to effect improvement in efficiency and financial performance, the Government decided (November 1971) to form separate Government Companies under Companies Act, 1956. Accordingly, four State Transport Undertakings (STUs) (Serial Numbers 53 to 56 of **Annexure-3**) were formed (1971-72) and subsequently three STUs (Serial Numbers 57, 58 and 60 of **Annexure-3**) were formed during 1973-74 to 1974-75. The Pattabiraman Committee formed by the State Government to examine in depth the structure and performance of the STUs recommended (1976) formation of District-wise STU. Government accepted the recommendation and there were 21 STUs till date to manage the transport services in Tamil Nadu, which together operated a fleet strength of 17033 buses as on March 2000. In addition a separate Company (Tamil Nadu Transport Development Finance Corporation Limited - TDFC) was formed (March 1975) to render financial assistance for transport sector and another Company (Pallavan Transport Consultancy Services Limited - PTCS) was formed (February 1984) to offer consultancy services.

2B.2 Corporate objectives

The STUs are charged with the responsibility of maintaining an efficient, adequate, economical and viable system of road transport services in their area of operation. The main objectives of STUs are

(i) To operate road transport services.

(ii) To buy, sell, operate and lease out all types of passenger and goods vehicles.

(iii) To extend and improve the facilities for road transport in their area.

(iv) To manufacture, purchase, sell, maintain and repair vehicles, appliances, plant, equipment or any other thing required for activities of the STUs.

(v) To co-ordinate with any form of road transport service.

Government directed (April 1989) that all Public Sector Enterprises should prepare a long range Corporate Plan outlining strategies for achieving financial and economic obligation expected from them which was reiterated by

2-27—9a

Thillainayagam Committee constituted (January 1990) by the Government for study of STUs. However, none of the STUs have drawn any such Corporate Plan (April 2000) despite Government directives.

2B.3 Organisational set-up

The management of STUs is vested with a Board of Directors. All the Directors, including the Managing Director are nominated by the Government. At the time of formation, the Government decided (January 1972) to make the management accountable for operational and financial results by ensuring continuity of Managing Director for minimum tenure of three years initially to be extended, if necessary. However, in twelve STUs test checked in Audit, out of 48 Officers who held the post of Managing Director, 18 Officers were changed within a year, 15 were changed within two years, 10 changed within three years and only five were continued for more than three years, thus depriving the STUs of continuity in leadership.

2B.4 Scope of Audit

Out of 21 STUs with 299 depots, a detailed review of the performance of 16 STUs covering 59 depots was conducted by Audit during January to April 2000. The review covers the operational performance of the STUs with reference to parameters like adequacy of transport services, optimum and economical utilisation of available fleet, maintenance of fleet, occupancy ratio, economic and uneconomic services, cost benefit analysis, operating cost **vis-a-vis** revenue per kilometre, fuel efficiency, man power utilisation, **etc**., during the last five years ending 1999-2000. In order to improve the operational performance of STUs, the Committee on Public Undertakings had made several recommendations from time to time based on earlier Audit findings/**suo-motu** review of STUs. The Committee's suggestions **inter alia** included that (i) auctioning of buses in running condition should be followed as it was reported to be profitable. (ii) uneconomical routes should be modified suitably, so as to reduce loss. (iii) remedial action should be taken for non-operation of buses due to absenteeism. (iv) norms for consumption of spare parts and reasons for excess consumption should be analysed.

Review of the action taken on the above recommendations revealed that there was no progress in the performances which in fact deteriorated as brought out in the succeeding paragraphs (**vide** Paragraphs 2B.6.2, 2B.7.5 and 2B.7.7).

2B.5 Funding

2B.5.1 Share capital

The STUs are funded mainly by share capital assistance from Government, which amounted to Rs.687.72 crore as on March 2000, which included a contribution of Rs.652.53 crore received during the last five years.

2B.5.2 Borrowings

The borrowings as on 31 March 2000 was Rs.1023.52 crore out of which Rs.805.66 crore was due to TDFC and Rs.85.22 crore was due to Government of Tamil Nadu. Since the transport undertakings were incurring cash losses and many of them were not able to meet their day-to-day expenditure, Government converted (March 1998) the loans already given to equity (Rs.150.53 crore) thereby reducing the interest burden of Rs.23 crore in respect of 11 STUs. Even though conversion was resorted to reduce the interest burden, Government granted further loans (Rs.100 crore in 1997-98 and Rs.27.06 crore in 1999-2000) to meet their financial obligations instead of contributing as equity, thereby creating a vicious cycle of debt. The STUs were also availing of cash credit facilities with the bankers for day-to-day operations, which amounted to Rs.103.38 crore as on 31 March 2000.

2B.6 Financial position and Working results

2B.6.1 Financial position

The summarised financial position of the 21 STUs are given in the **Annexure-10**. The following observations are made:

Additional share capital of Rs.652.53 crore during four years.

In spite of increase in share capital from Rs.35.19 crore in 1995-96 to Rs.687.72 crore in 1999-2000, the increase in fleet strength was only 7.42 **per cent** as discussed **vide** Paragraph 2B.7.1.

Receipt of Rs.724.54 crore of capital/borrowing during the four years ending March 1999 was not utilised for improving the operational performance but spent on non-productive expenditure to the extent of Rs.230.69 crore as observed during test check of 16 STUs, which is discussed in detail in succeeding paragraphs.

(i) Excess consumption of spares and stores due to use of over-age vehicles– Rs.101.52 crore as discussed **vide** paragraph 2B.7.2 (iv). (ii) Extra interest cost of Rs.44.40 crore due to unplanned replacement of vehicles as discussed **vide** paragraph 2B.10 (a). (iii) Additional expenditure of Rs.12.38 crore on body construction as discussed **vide** paragraph 2B.11. (iv) Outgo of Rs.72.39 crore due to payment of accident compensation as discussed **vide** paragraph 2B.12.2 (b) (i).

2B.6.2 Working Results

Accumulated loss of Rs.1446.94 crore during five years.

The working results of 21 STUs for the last five years up to 1999-2000 are given in **Annexure-11**. All the STUs suffered loss, which accumulated to Rs.1446.94 crore during the period of review despite receipt of subsidy amounting to Rs.397.41 crore.

Analysis in Audit revealed that the main reasons for heavy losses were

(i) Increase in establishment cost by Rs.494.89 crore (66 **per cent**) during the last five years. (ii) Heavy interest burden of Rs.587.36 crore on borrowings. (iii) Loss due to operation of uneconomic routes amounting to Rs.28.98 crore as discussed **vide** Paragraph 2B.7.7. (iv) Lower fuel efficiency of buses than the norms fixed resulting in additional expenditure of Rs.81.64 crore as discussed **vide** paragraph 2B.8 (ii). (v) Extra expenditure of Rs.19.62 crore on tyres as discussed **vide** Paragraph 2B.9.

The effects of these losses are

(i) Heavy dependence on Government share capital (Rs.652.53 crore) and external borrowings (Rs.426.34 crore). (ii) Heavy outstanding dues on account of supply of fuel, tyres and other inputs and services, which increased by Rs.275.34 crore during the period. (iii) Inability to renew and augment the fleet to the desired level as discussed **vide** paragraph 2B.7.2.

Besides, the recurring loss indicates an implied subsidy of Rs.1446.94 crore as these STUs are wholly owned by the State Government, thereby defeating the objective of formation of independent Undertakings under Companies Act.

2B.7 Operational performance

2B.7.1 Development of fleet strength

The following table indicates the fleet strength of all 21 STUs at the end of five years:

	1995-96	1996-97	1997-98	1998-99	1999-2000
Fleet strength	15857	16228	17284	17008	17033

The overall increase in fleet strength was only 7.42 **per cent** during the period from 1995-96 to 1999-2000. The net increase in the fleet strength was marginal during 1996-97, negative during 1998-99 and 1999-2000. Though an expert Committee's recommendations (1991) to increase the passenger transport facilities in tune with rise in demand was accepted by Government (October 1991), this was not effectively implemented by STUs because of financial constraints and cash losses, despite the release of Rs.652.53 crore of share capital and Rs.426.34 crore of external borrowings during the above period.

2B.7.1.1 Loss of revenue due to operation of minibus scheme by private operators

Loss of revenue of Rs.11.03 crore due to operation of mini buses by private operators.

The Government of Tamil Nadu introduced minibus scheme in the year 1997 for the benefit of rural public living in remote villages. According to the scheme, private operators are permitted to operate minibus with the approved route length of 16 KMs (subsequently increased from 16 KMs to 20 KMs) in rural area of the State, which included a route length of four KMs in the already served area of STUs. An analysis of operation of scheme by Audit revealed the following:

(i) Disregarding the interest of STUs, permits were given to private operators in the areas well served by STUs. (ii) The area of operation of mini bus **viz**., 4 KMs in the served sector was not clearly defined by Government, which resulted in unauthorised operation of minibus in the areas already covered by STUs. (iii) In spite of specific complaints by various STUs regarding loss of revenue due to overlapping of services, no effective action has so far been taken by Government. (iv) Though the Government directed (February 2000)STUs to discontinue uneconomical routes, which could be economically operated by minibus operators, the STUs have not complied with above directives so far (October 2000).

This resulted in loss of revenue of Rs.11.03 crore **per annum** in respect of 13 STUs (Serial Numbers 54 to 58, 65 to 67, 69 to 72 and 73 of **Annexure-3**), out of 16 STUs test checked in audit.

2B.7.2 Age profile of buses

Increase in expenditure on spares and repairs by Rs.101.52 crore due to aged vehicles.

The age of the fleet has a direct impact on the cost of spares and repairs. The following table indicates the age profile of buses as per norms laid down by State Government in respect of 16 STUs test checked in Audit.

	1995-96	Percen -tage	1996-97	Percen -tage	1997-98	Percen -tage	1998-99	Percen-tage
Total fleet strength at the end of each year	12014	100	12251	100	12999	100	12858	100
< 3 years	4725	39	4255	35	5674	44	5463	42
> 3 years but less than 6 years	4401	37	4205	34	4330	33	4504	35
>6 years	2888	24	3791	31	2995	23	2891	23

It was noticed in Audit that (i) The State Government directed (September 1991) that the express buses be replaced at the end of three years or on completion of 7.00 lakh KMs, whichever is earlier and the City and Mofussil buses are to be replaced on completion of six years or on completion of 7.00 lakh KMs, whichever is earlier. The number of over aged vehicles, which required replacement as on 31 March 1999 was 3188 (including 297 express buses), which constituted 24.79 **per cent** of the total fleet strength. (ii) As per the recommendation (July 1971) of Association of State Road Transport Undertakings (ASRTU), 60 **per cent** of the total fleet strength should be less than four years old, but in eight Corporations (Serial Numbers. 54, 55, 57, 67, 70, 72, 74 and 76 of **Annexure-3**), this norm had not been followed and was in the range of only 33 to 50 **per cent**. (iii) The delay in replacement was attributable to inadequate generation of surplus funds. Even though, at the time of formation of STUs, the Government directed them to internally generate cash resources for timely replacement of over aged vehicles, the Corporations failed to evolve any strategy for timely replacement of buses.

The delay in replacement resulted in increase in expenditure on spares and repairs amounting to Rs.101.52 crore during 1995-96 to 1998-99 in respect of 16 STUs test checked in Audit.

2B.7.3 Fleet utilisation

Poor fleet utilisation and loss of Rs.11.19 crore in three STUs.

The average number of buses on road divided by average buses in the fleet strength represents percentage of fleet utilisation. The position of fleet utilisation during four years ending 31 March 1999, in respect of 16 STUs test checked in Audit is given in **Annexure-12**. The percentage of fleet utilisation in Tamil Nadu ranged between 91.92 and 93.73 during the period from 1995-96 to 1998-99 and as compared to average utilisation of 92.20 **per cent** in respect of Andhra Pradesh and 94.1 **per cent** in respect of Karnataka during 1998-99 and 1999-2000. Though the performance in general was found to be satisfactory , the STUs were continuously incurring losses which was mainly due to high cost of operation and heavy interest burden as brought out in paragraph 2B.6.2. Further analysis indicated that the fleet utilisation in respect of three STUs (Serial Numbers 54, 58 and 72 of **Annexure-3**) was on the decline and comparatively low which was mainly due to keeping the vehicles off the road for want of repairs and spare parts. As a result, three STUs together lost 231.34 lakh of operative KMs involving a loss of contribution amounting to Rs.11.19 crore. The Government released (May 1999) advance subsidy of Rs.65 crore for 1999-2000 to 19 STUs, so as to put all the vehicles on road.

2B.7.4 Vehicle productivity

Vehicle productivity indicates the achievement of norm fixed in terms of KM **per bus per day.** The Government of Tamil Nadu had fixed (February 1992), the norms for vehicle productivity **per day** namely for Metro services (240 KMs), for Ordinary services – plains (450 KMs), for City and town services (350 KMs) and for Orindary services – ghats (250 KMs).

A review in Audit indicated that all STUs except one (Serial Number 72 of **Annexure-3**) achieved the vehicle productivity norm. The unsatisfactory vehicle utilisation in ordinary services of Tamil Nadu State Transport Corporation Limited, Kanchipuram ranging from 399 KMs to 439 KMs during the period under review, was stated to be due to transfer of only short distance routes at the time of formation.

In order to improve the bus utilisation, the STU decided to conduct a route study for which PTCS was appointed (August 1998) as consultant and with an advance payment of Rs.1.25 lakh. The study was yet to commence (October 2000).

2B.7.5 Planning of schedule

Loss of Rs.4.28 crore due to non-achievement of scheduled kilometres.

The efficiency of operation can be judged by the percentage of achievement of scheduled performance. The details given under **Annexure-12** indicates actual KMs operated against the scheduled KMs in respect of 16 STUs test checked in Audit. A detailed analysis in Audit indicated that the efficiency of operation was below par in respect of three STUs (**viz**., Serial Numbers 54, 58 and 72 of **Annexure-3**), which lost 83.50 lakh KMs during three years ending March 1999 due to controllable factors like non-availability of crew due to absenteeism, late despatch, late posting of crew and want of spare buses and had to forego a income of Rs.4.28 crore.

2B.7.6 Occupancy ratio

The increase in the revenue earnings of the STUs could be mainly achieved by improving the occupancy ratio of vehicles. In order to increase revenue, the Government directed the STUs to project operational revenue by adopting three **per cent** increase in the occupancy ratio every year. The table indicating average occupancy ratio of 17 STUs (Serial Numbers 54 to 58, 63, 65 to 67, 69 to 74, 76 and 77 of **Annexure-3**) for last four years test checked is given below:

	1995-96	1996-97	1997-98	1998-99
Over all occupancy ratio	**78.08**	**79.48**	**74.95**	**76.65**

Revenue loss of Rs.45 crore due to declining occupancy ratio.

Against the estimated increase of three **per cent** in the occupancy ratio every year, the occupancy ratio actually declined and came down from 78.08 **per cent** to 76.65 **per cent**, which implied a revenue loss of Rs.45 crore due to reasons as discussed in subsequent paragraphs.

As compared to the overall average occupancy of 77.29 **per cent** during the four years, individual performance of five STUs (Serial Numbers 54, 55, 57, 58 and 77 of **Annexure-3**) varied widely with a deviation of more than three **per cent** (**i.e**., ranging from 69.52 **per cent** to 73.61 **per cent**) during the period. Even though, their performances were continuously falling below average, no efforts were taken to improve the performance.

In this connection, it is relevant to mention that in one STU (Tamil Nadu State Transport Corporation Limited (TNSTC), Dindigul), a system study was taken up (September 1998) through a consultant to improve the occupancy ratio, which had dropped from 80.44 **per cent** in 1996-97 to 77.78 **per cent** in 1997-98. After making an initial payment of Rs.1.38 lakh, the study was not continued even though the occupancy ratio further reduced to 76.34 **per cent** in 1998-99.

The factors contributing to drop in occupancy ratio are discussed below:

1. Clandestine operation

Revenue loss of Rs.43.34 crore due to clandestine operations of maxi cabs.

The unauthorised operation of maxi cabs and trekkers as stage carriers was noticed in 1994 in some parts of Tamil Nadu and slowly extended to many Districts as is evident from the fact that the strength of maxi cabs increased from 11465 in 1995-96 to 18244 in 1998-99*. Running of parallel services by these operators not only caused revenue loss to the STUs but also deprived the Government of the revenue due on Motor Vehicle Tax. It was noticed in audit that Transport Commissioner was required to check the clandestine operation.

* **Figures collected from Statistics Department of Government of Tamil Nadu.**

But no action was taken in this regard. Detailed check in respect of nine STUs (Serial Numbers 54 to 58, 65, 67, 70 and 75 of **Annexure–3**) revealed that there was revenue loss of Rs.43.34 crore **per annum.** Though the critical problem was brought to the notice of Regional Transport Authority, Transport Secretary and Police Department from June 1994, no concerted action was taken to curb the unauthorised activity pending which substantial revenue loss is faced by STUs.

2. *Over lapping of service*

Loss of Rs.5.14 crore due to competition amongst STUs.

In traffic corridors involving high traffic potential, two or more STUs operated parallel services leading to over lapping of service, drop in occupancy ratio and consequent loss, which amounted to Rs.5.14 crore in respect of six routes of ten STUs (Serial Numbers 53, 54, 57, 58, 66, 67, 69, 70, 72 and 73 of **Annexure-3**) test checked. Detailed analysis of one sector revealed the following:

Madurai – Kambam sector (113 KMs) was served by two STUs, **viz.** Tamil Nadu State Transport Corporation, Madurai Division – I and Tamil Nadu State Transport Corporation, Madurai Division – IV, each having 11 services/10 services respectively during 1996-97. Consequent on the introduction of one additional service by Tamil Nadu State Transport Corporation, Madurai Division – IV during 1997-98, the occupancy ratio reduced from 82 **per cent** to 74 **per cent** and also affected the occupancy ratio of the other STU adversely by 11 **per cent**. In spite of declining trend, Tamil Nadu State Transport Corporation, Madurai Division – I added one more service during 1998-99 thereby further reducing the occupancy ratio of both the STUs. The loss suffered by the STUs in this sector during 1997-98 and 1998-99 amounted to Rs.94.15 lakh.

2B.7.7 Operation of uneconomic routes

91.88 per cent of routes are uneconomical, which resulted in revenue loss of Rs.28.98 crore.

Based on the recommendations of an expert Committee, the Government directed (September 1992) that all STUs should follow the norm of 30 **per cent** of services in profitable routes, 40 **per cent** in break-even routes and 30 **per cent** below break-even routes. Table showing operation of profitable, break-even and loss making routes in respect of 13 out of 16 STUs test checked (Serial Numbers 54, 55, 57, 58, 63, 65 to 67, 69, 70, 72, 74 and 75 of **Annexure-3**) is given in **Annexure-13**.

It would be observed from the Annexure that despite the Government directives, there was continued increase of loss making routes from 85.85 **per cent** in 1995-96 to 91.88 **per cent** in 1998-99 causing substantial operational loss. Surprisingly, when the STUs were burdened with uneconomic routes of 86.11 **per cent** during 1996-97, they started (March 1997) introducing two routes on request of every Member of Legislative Assembly without ascertaining the route viability. A total number of 326 such routes were introduced by 12 STUs (Serial Numbers 54 to 58, 65 to 67, 69 to 71 and 76 of **Annexure-3**) test checked, out of which only 11 routes were profitable. The loss sustained on these uneconomical routes was Rs.28.98 crore.

2B.7.8 Performance of State Express Transport Corporation

Loss of revenue of Rs.19.17 crore by Express Transport Corporation during 1999-2000.

The State Express Transport Corporation (SETC) (Serial Number 63 of **Annexure-3**) was formed in January 1980 to operate long distance buses and Inter-State services on routes exceeding 250 KMs. As per the decision of Government (May 1985), all the Mofussil STUs were permitted to run two services each from their Headquarters to Chennai in order to cope with the increasing traffic. However, it was noticed in audit that the services in long distance routes by STUs were indiscriminately increased thereby creating competition among themselves and with the Express Transport Corporation. A review in Audit indicated that out of 1359 long distance services, the share of SETC was confined to 920 (**i.e.,** 68 **per cent**). In view of competition from Mofussil STUs, consequent drop in occupancy ratio and mounting loss, a study was conducted by a consultant to improve the performance of SETC and make it viable. Based on the study, it was decided (December 1997) to rationalise the long distance routes and entrust their operation exclusively to SETC. However, the decision was not implemented resulting in continued loss to SETC, which amounted to Rs.19.17 crore during 1999-2000. Thus, the unhealthy competition amongst the STUs led to fragmentation of revenue and did not contribute to overall improvement of operations.

2B.8 Fuel efficiency

Poor fuel efficiency and extra expenditure of Rs.81.64 crore.

Fuel efficiency is measured by an index called kilo metre per litre (KMPL) of High Speed Diesel Oil (HSD Oil) consumed. The Thillainayagam Committee had observed (1991) that the fuel efficiency in Tamil Nadu STUs was low compared to Maharashtra and Gujarat. Based on the Report of Thillainayagam Committee, the Government of Tamil Nadu fixed a norm of 4.5 KMPL for Metro STUs and 4.6 KMPL for Mofussil and Express STUs.

A detailed analysis in respect of 11 out of 16 STUs test checked (Serial Numbers 55 to 58, 66, 67, 69, 70, 72, 74 and 77 of **Annexure-3**) indicated that (i) The average fuel efficiency was 3.61 KMPL in respect of Metro STU and 4.33 KMPL in respect of Mofussil STUs in Tamil Nadu, which is low as compared to the all India average of 4.46 KMPL. (ii) Due to non-achievement of the standard prescribed, the extra expenditure incurred amounted to Rs.81.64 crore during four years ending March 1999. (iii) As against the norm of 4.5 / 4.6 KMPL prescribed by the Government, the STUs on their own, fixed budget norms, which varied from 3.51 to 4.50 and the STUs were not able to achieve even this reduced norms. The consumption of HSD Oil in excess of the budgeted norms was Rs.9.03 crore in the above STUs. (iv) A detailed analysis in respect of four Mofussil STUs (Serial Numbers 55, 56, 67 and 72 of **Annexure-3**) (covering 59 depots) indicated that only nine depots were able to achieve the budgeted norms prescribed. The management attributed the following reasons for non-achieving the norms.

(a) Poor road condition and driving habits (b) Too many stops in the town services (c) Traffic jams and growth in vehicle population on road and (iv) Non-availability of essential spares for timely replacement.

The above reasons are not acceptable in view of the fact that lower norms were fixed in the budget of STUs themselves and all these factors were known to them.

2B.8.1 Consumption of engine oil

Excess consumption of engine oil valued at Rs.5.91 crore.

The STUs had fixed a norm ranging from 1000 to 1500 KMPL for engine oil consumption. A detailed review in Audit in respect of 11 out of 16 STUs test checked (Serial Numbers 55 to 58, 66, 67, 69, 70, 72, 74 and 77 of **Annexure–3**) indicated that except one STU (Serial Number 57 of **Annexure-3**) all other STUs were not able to achieve even 1000 KMPL during the period under review. The average consumption of oil in these STUs declined from 852 KMPL in 1995-96 to 766 KMPL in 1998-99. These STUs had to incur an extra expenditure of Rs.5.91 crore during four years ending March 1999 due to non-achievement of even 1000 KMPL.

2B.8.2 Performance of re-conditioning workshops

Failure of reconditioned assemblies – additional expenditure of Rs.0.40 crore.

Each of the STUs have established workshop for reconditioning of engines and other major assemblies. In the absence of uniform norm prescribed by Government, each STU had fixed their own norm for monitoring the performance of the reconditioned engine and major assemblies. The anticipated life of reconditioned engine was fixed as 1/1.5/2.5 lakh KMs by three different STUs (Serial Numbers 55, 69 and 72 of **Annexure-3**) test checked. A detailed analysis of workshops maintained by these three STUs indicated that 606 reconditioned engines and 3486 reconditioned gear boxes failed before achieving their expected life and an additional expenditure of Rs.40.24 lakh was to be incurred during four years ending March 1999, for reconditioning engines/gear boxes, which failed prematurely.

2B.9 Performance of tyres

The STUs use new and re-treaded tyres on buses. In view of varying norms ranging from 1.30 to 1.60 lakh KM per tyre by different STUs, Audit adopted the budgeted norm as bench mark and a comparison was made with reference to actual performance in respect of 11 (Serial Numbers 55 to 58, 66, 67, 69, 70, 72, 74 and 77 of **Annexure-3**), out of 16 STUs test checked. The following points were noticed:

Extra expenditure of Rs.19.62 crore on excess consumption of tyres.

(i) Based on the budgeted norms, a quantity of 178376 tyres were to be used against which the actual consumption was 207219 tyres involving excess consumption of 28843 tyres worth Rs.19.62 crore during the four years ending March 1999.

(ii) Due to poor performance, 4276 new tyres were condemned pre-maturely even before first re-treading involving additional expenditure of Rs.2.88 crore on replacement.

The poor performance was attributed to bad road conditions and inferior quality of tyres fitted in new buses supplied by manufacturers. However, these factors were already known to the management at the time of fixing the budgeted norms and hence the excess consumption is not justified.

2B.9.1 Retreading of tyres

The STUs have established their own retreading units. Test check of the performance of these units in 11 STUs (Serial Numbers 55, 57, 63, 65 to 67, 69, 70, 72, 74 and 77 of **Annexure-3**) indicated that the capacity utilisation ranged between 70.9 and 81.1 **per cent** during four years ended March 1999. The short fall in achievement was attributed to shortage of man power, non-availability of power, chamber defect in the plant and need based usage of the plant.

An expert Committee constituted by the Government recommended (1998) sub contracting the support activities to reduce the strength of employees. However, these recommendations have not been seriously pursued in spite of substantial savings on labour cost, which worked out to Rs.15.30 lakh for one year in respect of one STU (**viz**., TNSTC, Madurai).

Premature failure of retreaded tyres – extra expenditure of Rs.4.88 crore.

As per the performance guarantee offered by the suppliers of tread rubber, a minimum of 25000 KMs was assured for each retread. Audit analysis in respect of four STUs (Serial Numbers. 55, 57, 66 and 67 of **Annexure-3**) indicated that out of 386660 re-treaded tyres during last four years, 10.64 **per cent** failed before running 10000 KMs and 41.81 **per cent** failed within 20000 KMs. The premature failure was due to poor quality of tread rubber and other retreaded materials necessitating additional retread involving additional expenditure of Rs.4.88 crore.

2B.10 Purchase of chassis

The over aged vehicles are to be replaced periodically to ensure optimum consumption of fuel/spares and to improve the occupancy ratio. It was seen that the procurement programme of chassis was not based on availability of funds, but made on the directives of the Government. Thus, the STUs were forced to replace buses mainly on the borrowed funds as per the directions of the Government. Detailed review of replacement programme in respect of 12 out of 16 STUs (Serial Numbers 54 to 57, 63, 65 to 67, 69, 70, 74 and 77 of **Annexure-3**) test checked revealed the following:

(a) As against the budgeted quantity of 5031 chassis during 1995-96 to 1998-99, these STUs purchased 7102 chassis through borrowed funds with consequent additional interest commitment of Rs.44.40 crore. These STUs did not inform the Government of their difficult financial position and procured chassis in excess of the budget provision thereby leading to unmanageable credit obligations and consequent penal interest of Rs.5.05 crore paid to Tamil Nadu Transport Development Finance Corporation Limited during four years ending 1998-99.

(b) Test check in one STU (TNSTC, Madurai) revealed that due to repairs and non-availability of spares on time, TATA vehicles were to be kept off the road leading to loss of 86.20 lakh KMs, out of 508.10 lakh scheduled KMs. during 1998-99 and 1999-2000 with consequent loss of contribution of Rs.5.50 crore.

2B.11 Performance of body building units

Each of the STUs operates body building units. A test check of the performance of body building units owned by selected STUs revealed the following:

Body building units – idle wages of Rs.2.38 crore.

(i) Analysis of man power utilisation in three body building units (Serial Numbers 58, 67 and 72 of **Annexure-3**) indicated that the capacity utilisation was less than 60 **per cent** and resulted in 5.95 lakh idle labour hours with unproductive wages amounting to Rs.2.38 crore. The poor utilisation was due to purchase of chassis in bulk without uniform distribution throughout the year. (ii) As against the standard time of 21 days required for construction of bus body, the actual time taken ranged between 13 and 165 days in four STUs (Serial Numbers 56 and 65 to 67 of **Annexure-3**) resulting in loss of interest of Rs.43 lakh on idle investment besides loss of incremental revenue of Rs.1.91 crore due to the delay in putting the new buses on road. (iii) The labour hours utilised for bus body construction was very high compared to the norms (ordinary buses – 2200 hours, semi deluxe – 3850 hours and super deluxe - 3850 hours). In respect of two STUs test checked (Serial Numbers 65 and 70 of **Annexure–3**), an additional expenditure of Rs.66 lakh was incurred on extra man hours consumed during two years. (iv) Though a decision to adopt standard design for construction of different types of buses **viz**., Town, Mofussil and Express was taken (August 1996), the standard/optimal design was not finalised yet resulting in additional expenditure of Rs.94 lakh incurred by one STU (TNSTC, Vellore) for construction of 161 bus bodies through other sister Corporations during three years ending March 1999. (v) Though the in house facilities existed for construction of bus bodies in each of the STUs, the work was entrusted to other STUs without supplying the necessary materials. Due to award of contract work to other STUs without supplying materials, Sales Tax was paid which could have been avoided. The extra expenditure on this account worked out to Rs.55.61 lakh in respect of two STUs (Serial Numbers 69 and 77of **Annexure–3**) test checked. (vi) Audit analysis indicated that construction of bus bodies through contract labour was substantially cheaper. Taking into account the construction of 1794 buses by 21 STUs through body building units in 1998-99 a gross saving of Rs.12.38 crore could have been achieved had the work been carried out through contract labour, as suggested by the Expert Committee appointed by Government to contract out support activities.

Additional expenditure of Rs.0.94 crore on construction of bus bodies by other STUs.

2B.12 Quality of service

The quality of service offered by STUs could be measured in terms of safety, punctuality, reliability and the polite behaviour of crew.

According to a survey conducted (1998) by a STU (TNSTC, Tirunelveli), the people prefer to travel by trekkers and van than by buses of STUs because of insufficient services by STUs, non-adherence of scheduled trips and polite behaviour of crew of maxi cab compared to the rude behaviour of crew of STUs, **etc**.

Out of 16 STUs test checked, a detailed analysis in respect of nine STUs confirmed the facts of survey as the number of complaints from the public regarding non-stop, non-observance of time, irregular stops and rash driving, **etc**., was on the increase and total number of 1646 complaints were received during the period from 1995-96 to 1998-99.

2B.12. Environment

(a) Pollution control

Absence of pollution control measures.

The Government of Tamil Nadu prescribed certain standards for pollution control **viz**., hartridge smoke unit 65/70 for urban/non-urban areas for heavy vehicles and authorised STUs to make their own arrangements for testing their vehicles with the approval of Tamil Nadu Pollution Control Board (TNPCB) for adherence of norms. Even though the anticipated investment on devices required for conducting such tests was only Rs.2 lakh per device, the STUs neither acquired them nor checked the emission level.

(b) Harmful effluents of oil reclamation plant

The oil reclamation plant run by the STU at Coimbatore was found to discharge harmful effluents and hence the TNPCB directed them (March 1998) to modify the process from clay treatment to vacuum distillation. The STU had not modified the system so far (October 2000).

2B.12.2 Break downs and accidents

(a) Break-downs

Revenue loss of Rs.17 crore due to break downs.

Break-downs of buses while in operation cause not only considerable inconvenience to the travelling public but also loss of revenue to the STUs.

There were 3.49 lakh cases of break-downs in respect of 13 out of 16 STUs (Serial Numbers 54 to 58, 63, 65 to 67, 69, 70, 72 and 74 of **Annexure-3**) test checked in Audit during the four years up to 1998-99, which resulted in consequent loss of 312.60 lakh KMs.

In spite of sufficient availability of technical staff, the number of break-downs were mainly due to the controllable factors like mechanical, electrical defects, **etc**. These defects could be attributed to operation of over aged buses as discussed in Paragrapgh 2B.7.2, which resulted in potential revenue loss of Rs.17 crore due to loss of 312.60 lakh KMs in these STUs.

(b) Accidents

STUs involved in 19.37 per cent of fatal accidents. Ten STUs paid Rs.72.39 crore as compensation.

Analysis in Audit revealed that the buses of STUs were involved in 19.37 **per cent** of the fatal accidents that occurred in the State during the four years ending March 1999.

The following points were noticed:

Ten STUs (Serial Numbers 54 to 56, 58, 65 to 67, 69, 70 and 72 of **Annexure – 3**) were involved in 3493 fatal accidents and 19501 other accidents during the four years ended March 1999. A total compensation of Rs.72.39 crore was paid during the period and claims to the extent of Rs.314.45 crore were pending settlement in respect of these STUs. The loss of KMs on account of accidents in these ten

STUs was 32.43 lakh with a consequent loss of contribution amounting to Rs.1.60 crore.

Though the Managements identified the main cause for accidents as negligence of drivers, adequate action was not taken to reduce the accidents.

2B.13 Fare fixation and cost of operation

2B.13.1 Fare fixation

Fixation of fares were not based on cost.

The fare structure for the buses operated by the STUs are not based on the relevant cost factors but fixed by the Government, which is largely based on socio-economic and political considerations.

Thillainayagam Committee, constituted (January 1990) by the Government to make an in depth study of the workings of the STUs recommended that (i) due to higher operating costs, the fares of Metropolitan services should be fixed at higher rates and (ii) to create an appropriate bus operating price index and an enforcement agency like Transport Commissioner, which should update the same once in six months. However, despite acceptance by Government (September 1992), these recommendations were not kept in mind while revising the fare structure.

Raghavan Committee, which was constituted to suggest methods for restructuring Public Sector Enterprises in Tamil Nadu recommended (1998) constitution of a regulatory authority for fixing the fares for passenger transport, independent of Government control. The Association of State Road Transport Undertakings (ASRTU) recommended (August 1996) an automatic fare revision formula for STUs. The Ministry of Surface Transport also concluded (August 1997) that a flexible fare revision policy with an automatic fare revision formula to adjust the rising cost of operation is inevitable to make STUs viable entities. The Public Undertakings Committee in its 32nd Report (April 1997) recommended constitution of fare revision authority. However, these recommendations were not adopted till date leading to increased losses and making the STUs unviable.

2B.13.2 Cost of operation

Wide variation in cost of operation amongst STUs.

The table given in **Annexure-14** indicates the cost of operation of the bus services, in respect of 16 STUs test checked in Audit and the following points were noticed:

(i) The Thillainayagam Committee noticed (1991) wide disparity in the cost per KM operated by various STUs and suggested for a thorough probe into this for remedial action. Even though Government accepted (March 1992) the suggestion, no concrete efforts had been taken so far to prevent variation in the cost of operation, with the result, the cost of operation in Chennai was maximum with 1566 paise per KM and the least was the STU in Erode, which was 963 paise per KM during 1998-99.

(ii) Analysis in Audit indicated that the reasons for variation were due to varying establishment expenditure and fuel efficiency.

Extra expenditure of Rs.1.23 crore on escalation for printing of tickets.

(iii) Similarly, in respect of printing of tickets enhancement of rates were allowed to suppliers during 1995 on the plea of increased paper cost, without ascertaining reasonableness. The extra expenditure incurred on printing of tickets amounted to Rs.1.23 crore in respect of nine STUs (Serial Numbers 55 to 58, 65 to 67, 69 and 70 of **Annexure–3**) test checked in Audit.

2B.13.3 Establishment cost

Expenditure in excess of Government ceiling of Rs.149.60 crore.

The establishment cost of STUs increased from 23.5 **per cent** in 1976-77 to 36.2 **per cent** in 1989-90. In view of increasing trend, the Government directed (1992) the STUs to bring down the establishment cost within a ceiling of 35 **per cent** of the total expenditure. A review in respect of 13 (Serial Numbers 54 to 56, 58, 63, 65 to 67, 69, 70, 72, 74 and 75 of **Annexure-3**) out of 16 STUs test checked indicated that the cost ranged from 40 to 57 **per cent** during 1998-99, resulting in extra expenditure of Rs.149.60 crore.

The increased establishment cost could be attributed to:

Extra expenditure of Rs.11.25 crore on excess crew.

Interest burden of Rs.6.23 crore for borrowing to pay excess bonus.

(i) Higher wage structure of STUs. (ii) Employment of excess operative staff over the norm leading to extra expenditure of Rs.11.25 crore during two years up to 1998-99 in respect of eight STUs (Serial Numbers 54, 58, 63, 65, 66, 70, 71 and 76 of **Annexure-3**). (iii) Payment of ex-gratia in excess of statutory bonus through borrowed funds aggregating Rs.75.36 crore during four years in respect of nine STUs and consequent interest burden of Rs.6.23 crore. (iv) Payment of production incentive without correlation to production/ performance and paid even for days of break downs/accidents. In this connection, Raghavan Committee had also recommended for abolition of incentives as they have become entitlement. (v) The Government decided (May 1997) to amalgamate the existing 21 STUs into seven STUs. Pending completion of amalgamation, the STUs continue to incur extra expenditure on establishment, which amounted to Rs.13.20 crore **per annum** in respect of seven STUs only.

The above matters were reported to the Government/STUs in July 2000; their replies had not been received (October 2000).

Conclusion

Even though the passenger bus services were nationalised to improve the efficiency and financial performance and currently more than 75 **per cent** of the fleet strength of the State is managed by 21 STUs, they depend mainly on direct and implied subsidy of Government for survival thereby defeating the objective of formation of autonomous companies. The STUs had not prepared any long term corporate plan despite Government directives. The operation of uneconomic routes was to be restricted to 30 **per cent** as per Government directives, but 92 **per cent** of routes operated by STUs were suffering losses. Recommendations by various committees to have periodical fare revision by an independent authority are yet to be implemented by the Government. This coupled with high establishment cost, increased fuel consumption, poor performance of tyres, maintenance of large support activities and competition amongst themselves led to heavy losses. Even three years after Government's decision to amalgamate the number of STUs to seven to reduce operational cost, effective action is yet to be taken.

Though the operational performance was satisfactory in certain areas, the following factors contributed to unviability:

(i) Increased cost of operations (ii) non-revision of fares periodically and (iii) very high interest burden due to increase in fleet without adequate funds.

Considering the alarming trend of increasing losses, depleted funds position and managerial failure in controlling the inefficiencies, urgent action is needed to prepare long term plan and to revamp the set up after considering the recommendations of COPU and other committees, giving the STUs necessary autonomy to operate the services effectively with due responsibility and accountability.

CHAPTER-3

SECTION 3A

TAMIL NADU WAREHOUSING CORPORATION

HIGHLIGHTS

The Tamil Nadu Warehousing Corporation was established on 2 May 1958 with the main object of construction and maintenance of warehousing centres in the State for storage of food grains, fertilizers, agricultural produce, seeds, cement, etc.

(Paragraph3A.1)

Failure to invest surplus funds judiciously resulted in loss of interest to the extent of Rs.0.08 crore.

(Paragraph3A.6)

Utilisation of storage facilities by small farmers was very poor.

{Paragraph 3A.8.1.B (a)}

No construction activity has been carried out after March 1997 despite the fact priority areas with firm marketing commitment had been earmarked.

(Paragraphs 3A.8.2.1 and 3A.8.2.2)

The Corporation incurred a loss of Rs.0.31 crore during the period 1995-96 to 1998-99 in the hired warehousing centres.

Paragraph 3A.8.2.4)

The Corporation suffered a revenue loss of Rs.1.47 crore due to delay in revision of storage charges and incorrect application of tariff.

(Paragraphs 3A.9.1 and 3A.9.2)

Fixation of lower tariff than that of Central Warehousing Corporation resulted in potential loss of revenue to the extent of Rs.0.87 crore.

(Paragraph 3A.9.3)

Faulty evaluation of tenders for handling and transport contracts resulted in undue benefits of Rs.0.38 crore to handling and transport contractors.

(Paragraph 3A.10)

3A.1 Introduction

The Tamil Nadu Warehousing Corporation (TNWC) was established on 2 May 1958 under the Agriculture Produce (Development and Warehousing) Corporation Act, 1956, which was subsequently replaced by the Warehousing Corporations Act, 1962 with the main object of acquiring and building warehousing godowns in the State for storage of food grains, fertilizers, agricultural produce, seeds, cement, **etc**. The other objects of the Corporation include arranging facilities for the transport and distribution to and from warehousing centres and act as an agent of the Central Warehousing Corporation or of the Government for the purposes of purchase, sale, storage of agricultural produce, seeds, manures, fertilizers and notified commodities.

Besides above referred activities, the Corporation runs a bonded warehouse at Tuticorin and also undertakes the Dis-infestation Extension Service Scheme (DESS) by offering its services for pest control measures.

3A.2 Scope of Audit

The working of the Corporation was last reviewed in the Report of the Comptroller and Auditor General of India (Commercial) for the year 1990-91 which was discussed on 17 February 1994 by the Committee on Public Undertakings (COPU). The recommendations of the COPU were given in its 213th Report of 1994, which was presented in the State Legislature on 3 May 1994. The COPU observed that due to lack of co-ordination between TNWC and Tamil Nadu Civil Supplies Corporation Limited (TNCSC), storage facilities in TNWC remained idle and TNCSC hired godowns in the same area and recommended that this should be avoided in future by proper co-ordination. Consequent to this recommendation, a State Level Co-ordination Committee (SLCC) was constituted to ensure optimum utilisation of storage space, which undertakes the role of coordinating and assessing the storage space requirement of various Government agencies.

The present review covers the working and activities of the Corporation for a period of five years up to 1999-2000. During Audit, out of 65 warehousing centres, 21 centres were covered.

3A.3 Organisational set-up

The management of the Corporation is vested in the Board of Directors comprising ten Directors (excluding Chairman-cum-Managing Director), of whom five are nominated by Central Warehousing Corporation (CWC) and five are nominated by the State Government. The Chairman-cum-Managing Director of the Corporation is appointed by the State Government with the prior approval of the CWC. As on 31 March 2000, the Board of Directors consisted of nine members excluding the Chairman-cum-Managing Director, four of whom were nominated by CWC and five by the State Government.

According to Tamil Nadu Warehousing Corporation General Regulation Act, 1990, the Board of Directors shall meet once in every three months and at least four such meetings shall be held every year. It was, however, noticed that six meetings were held in 1995-96, only two each in 1996-97 and 1997-98 and only one each in 1998-99 and 1999-2000.

At the end of March 2000, the Corporation was operating 65 warehousing centres (259 godowns) with a total warehousing capacity of 6.27 lakh tonnes (246 own godowns with 5.98 lakh tonnes capacity; 13 hired godowns with 0.29 lakh tonnes capacity). Each warehouse is managed by a Warehouse Manager.

3A.4 Budgeting

The Corporation prepares annual revenue and capital budgets. The budgeted allocation under 'construction of new godowns' **vis-a-vis** actuals for the period of five years ending 1999-2000 are as follows:

(Rupees in lakh)

Year	Budget allocation under construction of new godowns	Actual expenditure on construction of new godowns
1995-96	283.25	299.93
1996-97	188.01	204.05
1997-98	148.90	NIL
1998-99	150.00	NIL
1999-2000 (Provisional)	230.00	NIL

It may be seen from the above table that the Corporation did not take up construction of new godowns from 1997-98 onwards (discussed in Paragraph 3A.8.2.1). Instead, the Corporation diverted funds (Rs.88 lakh in 1997-98, Rs.38 lakh in 1998-99 and Rs.25 lakh in 1999-2000) allotted under Capital Budget (Construction of new godowns) to Revenue Budget (Repairs and Maintenance to godowns). This not only defeated the very purpose of budgeting but also resulted in misapplication of funds.

3A.5 Funding

3A.5.1 Capital Structure and Borrowings

The authorised share capital and paid up share capital as on 31 March 2000 were Rs.8 crore and Rs.7.61 crore respectively. The paid up capital had been equally contributed by the Government of Tamil Nadu (Rs.3.805 crore) and the CWC (Rs.3.805 crore). The Corporation had no outstanding loan as on 31 March 2000.

3A.6 Cash Management

Though the Corporation had been generating surplus funds since 1997-98, periodical fund flow/cash flow statements were not prepared and submitted to the Board of Directors to take appropriate and timely action regarding quantum and duration of deposits. Some of the cases as observed in Audit are as follows:

Undue favour to certain banks.

(a) According to the directions of Government of Tamil Nadu issued in September 1993, the Public Sector Undertakings (PSUs) could invest either in banks, where the main accounts/cash credit accounts were operated or in Tamil Nadu Transport Development Finance Corporation Limited and Tamil Nadu Power Finance and Infrastructure Development Corporation Limited, which offered rate of interest ranging from 12 to 13 **per cent per annum**. Disregarding the Government directions, the Corporation deposited surplus funds in different branches of banks in short term deposits carrying lower rate of interest ranging from 7 to 10.5 **per cent per annum** resulting in loss of interest to the extent of Rs.5.36 lakh during the period April 1998 to March 2000.

(b) This apart, the Corporation kept surplus funds (ranging from Rs.11.50 lakh to Rs.125.70 lakh) in savings bank accounts (at 5 **per cent**) in Tamil Nadu State Apex Co-operative Bank during 1997-98 to 1999-2000. Had the funds been transferred to short term deposits of minimum of ninety one days (carrying the rate of interest of 7 **per cent**) and renewed periodically, the Corporation could have earned additional interest. Failure of the Corporation to invest surplus funds judiciously resulted in loss of interest to the extent of Rs.2.24 lakh.

3A.7 Financial position and working results

The financial position and working results of the Corporation for the five years ended 31 March 2000 are given in **Annexures-15** and **16**.

(i) In spite of increase in the income from storage charges during 1997-98 and 1998-99, the profit declined considerably due to increase in the employee costs (owing to provisions of VI Pay Commission's recommendations of Wage Revision of State Government) and Repairs and Maintenance expenditure. Consequently, there was a sharp decline in the return on capital employed.

(ii) Even though capacity utilisation had increased in 1997-98 compared to 1995-96 and 1996-97, the percentage of net profit to warehousing receipts declined in 1997-98 due to increased capacity utilisation by TNCSC, which availed of 30 **per cent** concession in storage charges.

(iii) The Corporation declared three **per cent** dividend for the years 1995-96, 1996-97, 1998-99 and only one **per cent** for the year 1997-98. Delays ranging from 8 months to 35 months were noticed in payment of dividend.

3A.8 Warehousing operations

3A.8.1 Capacity and customer-wise utilisation

The availability and utilisation of storage capacity of the warehousing centres and customer-wise utilisation during the last five years ended 31 March 2000 are given below:

A Capacity utilisation

Sl. No.	Particulars	1995-96	1996-97	1997-98	1998-99	1999-2000 (Provisional)
				(In numbers)		
1.	**Number of regions**	7	7	7	7	7
2.	**Number of warehousing centres:**					
	(a) Own	52	52	54	54	54
	(b) Hired	10	10	10	10	11
3.	**Average storage capacity available**			(In lakh Tonnes)		
	(a) Own	5.71	5.85	5.98	5.98	5.98
	(b) Hired	0.26	0.22	0.28	0.24	0.29
	Total	5.97	6.07	6.26	6.22	6.27
4.	**Average capacity utilised**					
	(a) Own	4.44	4.27	5.22	4.93	4.87
	(b) Hired	0.22	0.22	0.24	0.24	0.24
	Total	4.66	4.49	5.46	5.17	5.11
5.	**Percentage of utilisation of available capacity**					
	(a) Own	77.76	73.00	87.29	82.44	81.44
	(b) Hired	84.62	100.00	85.71	100.00	82.76
	Total (Tamil Nadu)	78.06	73.97	87.22	83.12	81.50
	Karnataka	82.2	82.2	90.3	86.0	86.43
	Andhra Pradesh	75.0	68.0	72.0	67.0	80.0
				(In Rupees)		
6.	**Average expenditure per tonne per year (Tamil Nadu)**	121.82	135.12	156.49	185.16	202.27
7.	**Average income per tonne per year (Tamil Nadu)**	165.65	187.01	181.47	223.33	270.87

Sl. No.	Particulars	1995-96	1996-97	1997-98	1998-99	1999-2000 (Provisional)
8.	Profit per tonne per year					
	Tamil Nadu	43.83	51.89	24.98	38.17	68.60
	Karnataka	47.66	47.66	60.00	88.43	73.50
	Andhra Pradesh	12.36	5.04	13.92	28.25	59.59

B Customer-wise utilisation

Customer	Percentage of utilisation				
	1995-96	1996-97	1997-98	1998-99	1999-2000 (Provisional)
Food Corporation of India (FCI)	9.00	5.68	7.32	10.80	13.93
Tamil Nadu Civil Supplies Corporation Limited (TNCSC)	20.00	15.17	36.34	32.52	20.19
Co-operatives	4.00	4.21	3.16	5.27	9.07
Fertilizers Companies	20.06	20.24	15.10	11.44	15.16
Government Departments	4.00	4.57	13.15	14.53	11.43
Others (Panchayat Unions, Private traders and marginal farmers)	21.00	24.10	12.15	8.56	11.72
Total	78.06	73.97	87.22	83.12	81.50

It shall be seen from the table that the Corporation is mainly catering to the requirements of FCI, TNCSC, Fertilizer Companies and Government Departments. The total share of Co-operatives and 'others' (including marginal farmers) is quite meagre in the overall capacity utilisation of the Corporation. The following observations are made in this regard:

(a) Utilisation of storage space by small farmers

Utilisation of space by small farmers was very poor.

A test check of records in 10 out of 65 warehousing centres covering the years 1998-99 and 1999-2000 revealed that small and marginal farmers did not at all utilise facilities in six warehouses, while in the remaining four warehousing centres it was between 13.7 and 6.79 **per cent** in Theni; 0.69 and 3.18 **per cent** in Rajapalayam; 1.28 and 1.93 **per cent** in Dindugal and 0.15 and 0.79 **per cent** in Nanjikottai.

Thus the Corporation remained inaccessible to small and marginal farmers. The reasons, as analysed by Audit, for poor utilisation of storage facilities by farmers are as below:

(a) Failure to earmark storage space for this sector

(b) Failure to motivate by adequate discounts and creation of awareness about the benefits of scientific storage.

(c) Non-acceptance of deposit receipts as medium of credit by banks, which would eliminate exploitation by middlemen.

Management has accepted the fact that not even one **per cent** of stocks held at the warehousing centres belonged to small farmers. Direct procurement of agricultural produce by various agencies and unwillingness of the banks to offer loans to the farmers for the stock stored were the factors responsible for this as stated by the Management. The reply of the Management is not convincing as the Corporation has neither ever taken up the matter with the banks for acceptance of deposits as medium of credit, nor could it succeed in motivating the farmers to store their produce with the Corporation due to failure in offering attractive discounts, creating awareness among the farmers, earmarking fixed storage space for them.

(b) Performance of owned and hired warehousing centres

A comparative analysis of the performance of owned and hired warehousing centres revealed that though the occupancy of the hired warehousing centres was better, the overall operation of the hired warehousing centres resulted in loss of Rs.30.79 lakh during the period from 1995-96 to 1998-99 and marginal profit (Rs.1.69 lakh) in 1999-2000. The losses incurred by hired warehousing centres were due to the fact that the capacity of hired godowns was low leading to lower volume of income and higher operating costs compared to those of owned warehousing centres. A few such cases have been discussed in Paragraph 3A.8.2.4 **infra.**

(c) Overall capacity utilisation

The occupancy percentage, which was at 87.22 in 1997-98 decreased to 81.50 **per cent** in 1999-2000. This was mainly due to reduction of storage by TNCSC. The Corporation had not made any efforts to make up this loss of business from other sources.

(d) Inter-State comparison

Though the agricultural production in the State of Tamil Nadu was more than that of Karnataka during the period of review, capacity utilisation and profit per tonne per year in Tamil Nadu were less than that of Karnataka.

3A.8.2 Construction and hiring of godowns

3A.8.2.1 Construction of godowns

Due to delay in construction of godowns, the projected cost increased from Rs.2.83 crore to Rs.5.40 crore.

The Corporation proposed for an additional storage capacity of 53000 MTs during 1994-97, which was reduced to 50000 MTs by the Project Investment Committee of Government of Tamil Nadu and approved in June 1995. The Corporation constructed 10 godowns with a capacity of 34000 MTs only till March 1997 and no further construction was taken up due to inadequacy of funds. However, it was noticed that surplus funds were available and loan funds were also offered by banks. It was further observed that the Corporation had sought exemption from the directives of Government of Tamil Nadu dated 10 March 1997 that all construction activities should be executed through the State PWD only. Pending receipt of exemption, the Corporation had not undertaken any construction activity since 1997-98. Thus due to delay, the Corporation could not increase its storage capacity but continued its dependence on hired godowns (where losses are being incurred). Further, the estimated cost of construction of remaining godowns (16000 MTs) had increased from Rs.2.83 crore (1995-96) to Rs.5.40 crore (1999 – 2000) and the anticipated benefits could not be derived.

Construction of godown at Thirumangalam at a cost of Rs.0.45 crore lacked justification.

While approving the proposal for construction of godowns with total capacity of 50000 MTs, the Project Investment Committee found that there was no need for construction of an additional godown at Thirumangalam in view of the storage facilities undertaken by FCI/CWC. The Corporation, however, constructed a godown at Thirumangalam with a capacity of 3400 MTs in October 1996 at a total cost of Rs.45.41 lakh, thereby increasing the total capacity of the warehousing centre to 12400 MTs. Review of the capacity utilisation revealed that the occupancy was only 64 **per cent** in 1998-99 and 66 **per cent** in 1999-2000. And as such, the godown was largely under-utilised. Thus an amount of Rs.45.41 lakh remained blocked in unfruitful investment since October 1996.

3A.8.2.2 Assessment of additional storage requirement

In order to strengthen warehousing facilities for Public Distribution System at Taluk level, and based on the review of existing storage facilities in the State by a high level Committee, it was decided (August 1998) that the Corporation would construct warehousing centres in twenty priority areas. However, the Government of Tamil Nadu as early as in March 1997 issued directions that all constructions activities should be executed through the State Public Works Department (PWD). The Corporation, thus instead of entrusting the construction work to PWD continued to seek exemption (December 1999) from the above directives of the Government in spite of the fact that its earlier request (July 1997) for exemption was negatived by the Government (July 1999). It was further observed that TNCSC had made a firm commitment (March 2000) to utilise the storage space so created. As such the Corporation should have proceeded with construction by entrusting the works to PWD. However, the Corporation decided against it (September 2000) on the ground that the places selected were not found to be ideal for operation. The decision of the Corporation lacked justification in view of the fact that TNCSC made a firm commitment and there was a specific need for strengthening storage requirements in these areas which were considered as priority areas for Public Distribution System.

3A.8.2.3 Acquisition of land for construction

Idle expenditure of Rs.0.49 crore on acquisition of lands.

A table showing the details of land acquired but no construction activities carried out is given at **Annexure-16A.** In this connection Corporation stated (September 2000) that it could not undertake construction in view of the Government Order (issued in March 1997) directing the Corporation that all construction activities were to be handed over to PWD. However, the fact remained that in most of the cases lands were purchased prior to the issue of the Government Order and the Government had also refused the Corporation's request for exemption. Thus, due to the failure on the part of the Corporation to construct godowns, land acquired from time to time at eight places for a total value of Rs.49.26 lakh remained idle.

3A.8.2.4 Hiring of godowns/warehousing centres

The Corporation hires storage space from private parties/Co-operative societies as and when there was a demand for the same. An analysis of the operations of hired godowns revealed the following:

Loss of Rs.0.31 crore on hired warehousing centres.

(i) The Corporation incurred a loss of Rs.30.79 lakh during the period 1995-96 to 1998-99 in the hired warehousing centres. Out of the 11 warehousing centres hired during the period of review only two (Chennai and Nagercoil) were earning profits and the rest suffered losses even though their occupancy was higher compared to that of owned warehousing centres. This was mainly due to low capacity of hired godowns and high establishment costs.

(ii) Though the Corporation acquired (1988 to 1992) land at four places where godowns were hired (as discussed in Paragraph 3A.8.2.3 **supra**), no steps were taken for construction of godowns. Hiring of godowns was continued in the absence of owned godowns leading to avoidable payment of rent and establishment expenses when the Corporation is already incurring losses in hiring of godowns.

3A.8.3 Storage Loss

A comparative analysis of norms fixed by the Warehousing corporations in Tamil Nadu, Punjab and Haryana **vis-a-vis** that followed by FCI and CWC in respect of rice is given below:

	Tamil Nadu	Punjab and Haryana	FCI	CWC
		(In per cent)		
Up to one year	**3.5**	**3**	**0.5**	**For FCI stock – FCI norms. For other stock – As per the relevant State Act**

(a) During the last five years, 21 cases of storage losses of rice exceeding norms were noticed out of which five cases involving a claim of Rs.5.23 lakh are yet to be settled pending regularisation by FCI.

(b) FCI withheld a sum of Rs.21.50 lakh from the storage charges bills preferred by the Corporation during the period 1978-85 due to excess storage losses on account of wheat storage. Out of this, a claim for Rs.12.13 lakh was due to wrongful acceptance of imported consignment of wheat with high moisture content in 1984 and 1985. So far, the Corporation has not been able to recover the amount withheld. The Corporation replied that action was being taken to regularise the claims.

(c) Another major depositor TNCSC, which had been availing of storage facility on weight basis switched over to area basis of reservation from 1991 and hence, the problem of storage loss has been avoided.

3A.9 Storage charges – fixation and revision

Loss of potential revenue amounting to Rs.1.41 crore due to delay in revision of rates.

3A.9.1 The Corporation normally revises the storage charges once in two years in order to meet increased cost towards establishment, insurance, fumigation, interest, **etc**. Accordingly, the Corporation should have revised the storage charges thrice during the review period **viz**., 1 July 1995, 1 July 1997 and 1 July 1999. However, the storage charges were revised only twice during the period and that too belatedly. The revision due from July 1995 was effected from October 1995 due to delay in placing the subject before the Board of Directors for approval. Further, in spite of Board of Director's approval (August 1997) of the next revision from October 1997, the same was given effect from June 1998 only due to delay in getting approval from Government.

Thus, due to delay in revision of storage charges, the Corporation suffered revenue loss of Rs.1.41 crore (for the three months from July to September 1995 and eight months from October 1997 to May 1998).

3A.9.2 Loss due to application of incorrect rate:

The warehousing centres were categorised into standard, high and special rated for the purpose of levy of storage charges from October 1995. The storage charges for these centres were Rs.2.50, Rs.2.70 and Rs.5 per Sq. ft. **per month** respectively. While billing for the storage space occupied on area basis by TNCSC at high rated centres (Salem town, Salem junction and Dindigul) and special rated centre (Tuticorin), the Corporation instead of charging at the rates applicable for these centres (Rs.2.70 and Rs.5, respectively) charged at the rates applicable for standard rated centres (Rs.2.50) resulting in short collection of Rs.5.81 lakh during the period from October 1995 to May 1998. The Corporation has not taken any action to recover this amount so far.

3A.9.3 Loss due to fixation of lesser rates than CWC

Loss of potential revenue amounting to Rs.0.87 crore due to fixation of lower tariff than CWC.

Despite two revisions in October 1995 and June 1998, the Corporation's rates for storage of cement and fertilizer and also the rate for letting the space on square feet/metre basis were much lower than that of CWC. The details in this regard are given below:

Date of revision	Storage charges per tonne (In rupees)				Storage charges per Sq. ft/Sq.Mt. (In Rupees)	
	Fertilisers		Cement			
	Corporation rate	CWC rate	Corporation rate	CWC rate	Corporation rate	CWC rate
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1 October 1995	10.90	12.00	15.00*	21.80	2.50	3.00
			10.00**	13.20		
1 June 1998	15.00	16.50	22.00	31.00	37.70	46.00
			14.00	19.00		

* For stacking 12 cement bags.
** For stacking 20 cement bags.

In this connection, it was observed that adoption of lower tariff by the Corporation lacked justification since standard of storage facilities offered by the Corporation and CWC were on par and most of the customers were common to both the organisations. As a result of fixation of lower tariff, the Corporation suffered a potential loss of revenue to the extent of Rs.86.62 lakh during the period from October 1995 to May 1998 in 50 warehousing centres test checked.

3A.10 Handling and transportation contracts

Apart from providing warehousing facilities, the Corporation arranges facilities for handling and transportation of commodities to and from the warehousing centres. The Corporation appoints contractors for this purpose after calling tenders for groups of warehousing centres.

The Corporation was following the system of evaluation of tenders for Handling and Transport contracts till July 1999 on weighted average basis under which the estimated quantity to be handled for each warehouse was multiplied by the rates quoted by the tenderers and the lowest weighted average rates computed for group of warehousing centres. From 1 August 1999, the Corporation dispensed with this system on the plea that all the tenderers may not be aware of the quantities handled at various warehousing centers. Instead, the Corporation evaluated the tenders on the basis of simple average of the rates quoted for groups of warehousing centres. Under the revised system, the quantum of transaction was totally ignored and quoted rates were arithmetically added to compute the lowest average rate. This system was faulty because it favoured the contractor, who quoted high rates for warehousing centres handling large quantities and very low rates for warehousing centres handling meagre operations.

Undue benefit of Rs.0.38 crore due to faulty evaluation of tenders.

The Corporation replied (September 2000) that the new system was introduced with a view to avoid manipulation by tenderers. However, the fact remained that the contractors, who had prior knowledge of quantum of transactions had gained unduly by the new system of tender evaluation. This defective decision of the management to revise the system of evaluation of offers resulted in undue benefit to the contractors to the extent of Rs.37.82 lakh during August 1999 to March 2000 in four centres test checked.

Though handling charges were paid by the cargo depositors and there was no loss to the Corporation, the extra expenditure due to faulty evaluation of tenders have to be avoided since major depositors were Government enterprises **viz**. FCI, Madras Fertilisers Limited, Fertilisers and Chemicals of Trivancore Limited, **etc**.

3A.11 Farmer Extension Service Scheme

The Farmer Extension Service Scheme (FESS) was introduced by Government of India in 1978-79 to propagate the benefits of scientific storage of food grains, safeguard of food grains from rodents and insects and to assist the farmers in obtaining bank loan against the security of warehousing receipts. Under the scheme the Corporation was to give training to the farmers to store the food grains scientifically and to demonstrate the sprinkling of insecticides by arranging camps, distribution of leaflets, **etc**.

It was informed by the Corporation that training had been imparted only to 500 farmers. The Corporation had neither conducted any publicity campaigns nor organised any camps for the farmers from 1995-96. In this connection, it was informed by the Corporation that FESS was not continued since other Government agencies were imparting similar training. The reply of the Corporation is, however, not tenable as the training imparted by other agencies was mainly on pre-harvest activities while the Corporation was imparting training in post-harvest technology **viz.**, Scientific storage, pest control measures, **etc.** Thus, a laudable scheme introduced by the Government of India for the education of benefits of scientific storage among farmers was discontinued by the Corporation without proper assessment. This has also been reflected in the poor utilisation of Corporation's storage capacity by the small and marginal farmers.

3A.12 Outstanding debtors

The Corporation allows credit for payment of storage charges by bulk depositors. The outstanding storage charges have to be settled within a month. However, the dues in this regard remained unsettled for years. Year-wise details of outstanding storage charges are as follows:

Year	Outstanding storage charges at the end of the year	Dues pending for more than three years
	(Rupees in lakh)	
1995-96	129.29	28.06
1996-97	149.89	30.53
1997-98	164.18	31.13
1998-99	236.46	31.66
1999-2000 (Provisional)	243.52	28.11

Most of the outstanding dues had been from FCI (30.18 ***per cent)*** and other Government Departments and organisations. Though FCI dues are being pursued through negotiations, the dues from other Departments/organisations were not adequately followed up.

Following cases illustrate the deficiencies in the system of recovery/follow-up of dues:

(a) Reservation of storage space was made (January 1995) to the extent of 20000 Sq. Ft. at Tuticorin Port to a private party M/s. MVR Industries at a monthly rent of Rs.1.2 lakh. The terms of agreement provided for termination of allotment by either party giving one month notice after expiry of initial period of two years from January 1995. The space was surrendered by the party in January 1996 after informing the Corporation that the stock would be handled and cleared by Tamil Nadu Co-operative Marketing Federation (TANFED). TANFED cleared the stocks in December 1996. However, the godown was kept vacant on the basis of assurance of re-possession by the depositor till May 1997 when the re-allotment was made to another party. It was observed that a claim of Rs.6 lakh as rent for the period from January to May 1997 remains unsettled. Thus, the action of the Corporation to deal with a third party (TANFED) who was not a party to the contract and failure to enforce the terms of the contract with the main depositor (MVR Industries) resulted in non-recovery of Rs.6 lakh. The matter has been referred to arbitration (November 1998) which is still pending.

(b) Storage charges recoverable from Southern Petrochemical Industries Corporation Limited (SPIC) as on 31 March 1999 included Rs.3.89 lakh pending for more than three years. Scrutiny of records revealed that Rs.1.53 lakh out of the above amount was already passed for payment by the Branch Offices of SPIC prior to 1993 but could not be realised due to lack of follow-up action.

(c) The Madurai District Co-operative Milk Producers Union (AAVIN) was storing cattle feed at Thirumangalam warehouse and paid rent regularly upto August 1997. The storage space was sealed by the District Collector in September 1997 due to poor quality of cattle feed. Pending enquiry, the depositor **viz**. AAVIN had refused to pay the rent. Chances of recovery of rent is remote as the value of material stored is meagre. The Corporation has not taken effective action to retrieve 487.73 Sq. M of space and could not realise any rent, which accumulated to Rs.5.41 lakh upto March 2000.

The above matters were reported to the Corporation/Government in June 2000; their replies have not been received (October 2000).

Conclusion

Though the Corporation was earning profits, its capacity utilisation was declining.

The Corporation was mainly catering to the requirements of Government departments, companies and corporations and its facilities were not utilised by small and marginal farmers. Even the most effective way of reaching out to them **viz**., Farmer Extension Service Scheme, was discontinued by the Corporation.

The growth in its own capacity had come to a halt as no construction activity had been undertaken after March 1997. This was despite the fact that lands had been acquired for construction and priority areas with firm marketing commitment earmarked.

Even in the hired warehousing centres the Corporation is incurring losses due to high operating cost and low income volumes.

Thus, the Corporation needs to make serious efforts to reduce operating cost in case of hired warehousing centres and improve the declining trend of overall capacity utilisation.

SECTION 3B

TAMIL NADU ELECTRICITY BOARD
TARIFF, BILLING AND COLLECTION OF REVENUE

HIGHLIGHTS

The power to fix tariff for sale of electricity by the Board was transferred to the State Government with effect from 1 March 1978. Even after the formation (March 1999) of the State Electricity Regulatory Commission (SERC), which was empowered to determine the tariff, the State Government revised the tariff in January 2000 without consulting the SERC.

(Paragraphs 3B. 4.1 and 4.2)

The revision of tariff which was done annually up to 1995 was subsequently made belatedly, with a gap of between one and a half to two years, resulting in loss of revenue of Rs.1060.94 crore to the Board between 1996-97 to 1999-2000.

(Paragraph 3B.4.3.1)

Agriculturists continued to receive free supply of electricity though under the Common Minimum National Action Plan for Power, the tariff for this sector should be atleast 50 paise per unit. The loss to the Board on account of such free supply increased from Rs.1133.05 crore in 1995-96 to Rs.2290.66 crore in 1999-2000. Failure to specifically restrict the free supply of electricity to small farmers in the tariff resulted in big landlords and those engaged in raising commercial crops etc., also enjoying free supply, and consequent loss of Rs.7.98 crore to the Board.

(Paragraph 3B.4.3.3)

On account of non-revision of monthly minimum charges in LT tariff for over five years, there was loss of revenue to the extent of Rs.24.88 crore in the case of industrial tariff alone.

(Paragraph 3B.4.3.5)

Miscellaneous charges for service connection, etc. were revised belatedly after five and a half years resulting in loss of revenue of Rs.17.32 crore.

(Paragraph 3B.4.4)

Continuance of supply under LT tariff to consumers, who should have been brought under HT tariff resulted in loss of revenue of Rs.2.66 crore.

(Paragraph 3B.5.7)

Delays in effecting service connections resulted in the Board being deprived of revenue amounting to Rs.12.76 crore by way of monthly minimum charges.

(Paragraph 3B.6)

Failure to claim the extra levy for theft of energy as per the Terms and Conditions of Supply of Electricity, resulted in the Board foregoing revenue of Rs.34.72 crore.

{Paragraph 3B.7 (i)}

No amount could be recovered during the last five years out of dues of Rs.34.50 crore in respect of disconnected services by distraint of property.

{Paragraph 8.1 (b) (ii)}

3B.1 Introduction

The Tamil Nadu Electricity Board (Board) was set up in April 1957 under the provisions of Section 5 of the Elcctricity (Supply) Act, 1948. The Board is responsible for generation, transmission and distribution of electricity in Tamil Nadu. As per Section 59 of the Act **ibid,** the Board should earn a minimum return of three **per cent** on the net value of fixed assets at the beginning of each year. Further, as per the stipulation of the Asian Development Bank, the Board has to maintain each year a ratio of 1.1:1 between revenue and debt service. The main source of revenue to the Board is sale of electricity. Tariff rationalisation, correct assessment, prompt billing and collection of revenue assume greater importance in the context of improving the liquidity position of the Board.

3B.2 Organisational structure

The assessment, billing, collection and accounting of revenue in respect of High Tension (HT) services are attended to in 37 Electricity Distribution Circles (EDC), each under control of a Superintending Engineer, assisted by a Deputy Financial Controller/Accounts Officer. In respect of Low Tension (LT) services, the assessment, billing and collection of revenue is done in various Section Offices in a Division. The accounting thereof is done in the Revenue Branches attached to the Division and then consolidated at Circle level. At the Board level, finance and accounts are under the overall control of the Accounts Member, who is assisted by the Chief Financial Controller (General), Chief Financial Controller (Revenue), and three Financial Controllers.

3B.3 Scope of Audit

A review on assessment and collection of revenue was last included in the Audit Report of the Comptroller and Auditor General of India for the year 1982-83 - (Commercial) – Government of Tamil Nadu. The Committee on Public Undertakings (COPU) had given its recommendations in its 17th Report (1991-92) presented to the Assembly on 28 September 1991. Non-implementation of COPU's recommendation regarding clearance of arrears in consumer ledger postings and reconciliation with cash book is discussed in Paragraph 3B.9.1 **infra**.

The present review covers matters relating to fixation and revision of tariff and other charges, assessment, billing and collection of revenue for the last five years ending 31 March 2000. Test check was conducted in 12 out of 37 EDCs and 55 out of 178 Revenue Branches during the period between November 1999 and May 2000.

3B.4 Tariff

3B.4.1 Fixation of Tariff

Section 49 of the Electricity (Supply) Act, 1948 empowers the Board to frame uniform tariff for supply of electricity after considering the nature/purpose of supply, for co-ordinated development of supply and distribution of electricity within the State, in a most efficient and economical manner. However, with effect from 1 March 1978, after enactment of the Tamil Nadu Revision of Tariff Rates on Supply of Electricity Energy Act, 1978, this power was transferred to the State Government. Since then, the tariff is fixed/revised by the State Government after considering proposals submitted by the Board. The details of tariff revisions effected from various dates during the last five years ended 31 March 2000 are indicated in **Annexure–17**.

3B.4.2 Tamil Nadu State Electricity Regulatory Commission

Consequent to the enactment of the Electricity Regulatory Commissions Act, 1998 (ERC Act 1998), the State Government constituted (March 1999), the Tamil Nadu State Electricity Regulatory Commission (TNSERC), with a Chairperson and two members. One of the functions of the TNSERC was the determination of the tariff for sale of electricity within the State. As per the provisions of Section 29.1 of the ERC Act 1998, notwithstanding anything contained in any other law, the tariff for supply of electricity in a State shall be determined by the TNSERC. The Board submitted (May 1999) proposals for revision of tariff. The State Government viewed (June 1999) that the TNSERC was not virtually functioning and hence, it could revise the tariff as done hitherto. It was observed in audit that the TNSERC was functional from September 1999, as two members had joined by then. Despite this, the State Government revised (January 2000), the tariff with effect from 7 January 2000, without referring it to the TNSERC.

3B.4.3 Tariff policy/structure

The tariff are fixed separately for HT and LT consumers and different rates are fixed for various categories of consumers, like industries, educational institutions, Government hospitals, lift irrigation, public lighting and water supply, cottage and tiny industries, domestic, agriculture, **etc**. Tariff revisions were proposed by the Board to mobilise additional revenue in order to cover the revenue gap on account of factors like increase in costs, free supply to agriculture, **etc**., and to maintain the minimum three **per cent** return on capital/debt service coverage ratio of 1.1:1. However, the actual rate of return achieved by the Board ranged between (-) 1.90 **per cent** and (-) 23.18 **per cent** during the last five years ended 31 March 2000. The shortfall was made up by subsidy granted by the State Government, ranging between Rs.415.93 crore and Rs.1076.22 crore during five years ending 31 March 2000 **vide** details in **Annexure-18**. Instead of disbursing the subsidy in cash, Government adjusted the subsidy from the equity contribution already made to the extent of Rs.228.21 crore in 1996-97. Rs.314.92 crore in 1997-98 and Rs.826.05

crore in 1998-99. The details of revenue, expenditure and loss per unit sold and the total loss for each year during the five years ended 31 March 2000 are given in **Annexure-18A**. The following points were noticed in audit:

3B.4.3.1 Delay in revision of tariff

Delay in revision of tariff resulted in loss of revenue of Rs.1060.94 crore

No specific interval has been prescribed for revision of tariff but, in the past (up to 1995) tariff had been revised annually (**i.e.**, 1 March 1993, 1 March 1994 and 1 February 1995). However, subsequent revisions were made belatedly as indicated below:

Date of submission of proposals by Board	Proposed date of effect	Date of effecting revision by Government	Revenue increase due to revision	
			As proposed by Board	As approved by Government
			(Rupees in crore)	
25 November 1996	1 December 1996	15 February 1997	689.69	630.00
17 March 1998	1 April 1998	20 July 1998	774.54	652.17
19 May 1999	1 June 1999	7 January 2000	684.50	481.89

It was observed in audit that the delays ranging between one and–a–half and two years on the part of the Board in proposing tariff revisions and by Government in effecting them resulted in loss of potential revenue amounting to Rs.1060.94 crore to the Board (Rs.630 crore in 1996-97, Rs.190 crore in 1998-99 and Rs.240.94 crore in 1999-2000).

3B.4.3.2 Ad-hoc fixation of tariff

Category-wise details of number of consumers, consumption of energy, revenue earned and their percentage during the last five years ended 31 March 2000 are given in **Annexure-19** and the contribution of different categories of consumers during the same period is given in **Annexure-20**.

Revenue per unit was less than the expenditure per unit

It may be seen from the Annexure that there was contribution only from industrial and commercial consumers and the other categories showed negative contribution. The tariff revisions were made on adhoc basis and not scientifically after considering costs, extent of cross subsidy under each tariff and subsidy to be received from Government on account of free/subsidised supply to agriculturists, **etc**., due to Government's policies. While the estimated overall end cost of supply had increased by 28.4 **per cent** in 1998-99 and by 11.9 **per cent** in 1999-2000, since the previous tariff revision in February 1997 and July 1998, the proposals submitted by the Board contemplated increase in tariff by only 15 **per cent** and 9.27 **per cent,** respectively. The tariff revisions thus, did not keep pace with increase in costs. As a result, the loss per unit sold increased from 3.12 paise in 1995-96 to 47.38 paise in 1999-2000 **vide Annexure-18A**.

3B.4.3.3 Free supply to agriculture

Loss to the Board on account of free supply to agriculture has been steadily increasing

Prior to 1 August 1990, free supply of electricity was given only to small farmers having 2.5 acres of wet land or 5 acres of dry land. There after, free supply was given to all agriculturists. The consumption of the agricultural sector ranged between 26.85 **per cent** and 29.52 **per cent** of the total energy sold during the five years ending 31 March 2000. The loss to the Board on account of such free supply increased from Rs.1133.05 crore in 1995-96 to Rs.2290.66 crore in 1999-2000 vide details in **Annexure-21**. The following points were noticed in Audit:

Minimum charge of 50 paise per unit for agriculture was not levied

As per the Common Minimum National Action Plan for power, the Government of India directed (December 1996) that the tariff for the agricultural sector should be atleast 50 paise per unit and that it should be brought to 50 **per cent** of the average cost in three years. However, the proposals of the Board (March 1998 and May 1999) in this regard were not accepted by the Government.

Free supply was given to land lords and private commercial organisations, etc., resulting in loss of revenue of Rs.7.98 crore

Free supply of electricity was originally made with the social objective of helping small farmers. Free supply was, however, subsequently extended to all agriculturists, including big landlords and those engaged in raising cash/commercial crops, **etc**., who should have been excluded, as they could afford to pay the current consumption (C.C) charges. However, when the Board tried to withdraw the concession already extended in such cases, some consumers approached the Court and obtained stay orders. In a recent (September 1999) common order, in a case filed by the Raja Mounaguruswamy Trust and others, the High Court, Madras held that in the absence of any restriction to the word 'agriculturist' in the tariff notification, the concession of free supply could not be taken away by a clarificatory order, without formal amendment to the tariff. A test check in audit in 35 divisions revealed that the Board could not recover an amount of Rs.7.98 crore relating to the period from 1996-97 to 1998-99 from 504 consumers, who were ineligible for free supply due to this lacuna in the tariff notification. Further, even in the tariff notification issued on 7 January 2000, this lacuna has not been rectified.

3B.4.3.4 Self financing scheme for agriculturists

(a) The Government introduced (1 February 1992), a Self Financing Scheme (SFS), under which an applicant would be given service connection on payment of Rs.0.25 lakh or actual cost, whichever was higher, besides payment of C.C charges at Rs.150 per HP **per annum**. The scheme was modified (14 February 1995), providing for payment of Rs.0.10 lakh per service connection and again (6 November 1995) providing for payment of Rs.0.10 lakh per service connection, if the cost of service connection was within Rs.0.50 lakh or actual cost, if it exceeded Rs.0.50 lakh, besides payment of C.C charges at Rs.250 per HP **per annum** or metered tariff at 50 paise per unit, at the option of the consumer. Since the estimated average cost of giving a service connection, which was Rs.0.25 lakh in February 1992 had increased to Rs.0.75 lakh,Government's decisions in February 1995 and November 1995 not to collect the full cost from all applicants was unjustified. Further, the rate of Rs.250 per HP **per annum**, works out to only 11 paise per unit and should have been fixed at Rs.1135* being the equivalent of 50 paise per unit under metered tariff.

Failure to implement revised rates as per tariff resulted in loss of Rs.0.85 crore.

(b) The C.C charges was increased to Rs.250 per HP **per annum** with effect from 14 February 1995, but the Board continued to collect it at the pre-revised rate of Rs.150 per HP **per annum** from those who had availed of supply under the SFS before 14 February 1995. Even though the omission was pointed out by the Internal Audit in July 1997, the Board decided (April 2000) to collect C.C charges at the rate of Rs.250 per HP **per annum** only from 7 January 2000 on the ground that this rate was specified in the tariff effective from that date. Since the rate of Rs.250 per HP **per annum** had been specified in the tariff right from 14 February 1995, there was no justification for not charging it from that date. Failure to do so resulted in loss of revenue of Rs.84.55 lakh in 35 divisions test checked in audit.

Omission to collect entire cost of service connection resulted in loss of Rs.0.27 crore.

(c) Applicants under the SFS are issued notice to deposit the service connection charges within 60 days. Though the Government had revised the charges from 6 November 1995, the Member (Distribution) had issued instructions only in January 1996 that where such notice had not been issued, the applicant should be required to pay the revised charges. It was noticed in audit that in 26 cases in Aranthangi, Pudukottai and Palani divisions, notices were issued to applicants after 6 November 1995 for payment of service connection charges at the pre-revised rate of Rs.0.10 lakh only, instead of the actual cost, where it exceeded Rs.0.50 lakh. Contravention of Government orders by the Board thus, resulted in loss of Rs.27.48 lakh to the Board.

3B.4.3.5 LT tariff - Non-revision of Monthly Minimum (M.M) Charges

Monthly minimum charges were not revised for over five years resulting in loss of revenue of Rs.24.88 crore

Though the tariff for C.C charges had been increased on several occasions in respect of all categories of consumers, due to increase in capital and generation cost, the M.M charges and fixed charges have remained unchanged since March 1994. On a test check, it was observed in Audit that about 10 **per cent** of industrial consumers were paying only M.M. charges at Rs.40 **per KW per month**. Had the charge been increased to Rs.45 in February 1995, Rs.55 in February 1997 and Rs.60 in July 1998 in tune with the increase of 12 **per cent,** 15.65 **per cent** and 12.2 **per cent** in C.C charges effected in the tariff revisions implemented in those months, the Board would have earned additional revenue to the extent of Rs.24.88 crore during the period February 1995 to March 2000 by way of M.M charges in respect of LT industrial tariff alone. The Board stated (October 2000) that this aspect would be examined during the next tariff revision.

* **As per the formula given in sub-clause 8.03 of clause 37 of the "Terms and conditions of supply of Electricity", the computed consumption per HP in agricultural services works out to 2178 units *per annum*. On this basis, the CC charges of Rs.250 per HP is equal to 11 paise *per unit*. Thus, if CC charges are levied at 50 paise *per unit*, the annual charge per HP would be Rs.1135.**

3B.4.3.6 Undue concession to Cinema Theatres

Unjustified temporary reduction in tariff for cinema theatres resulted in loss of revenue of Rs.1.33 crore

Under the tariff prior to 1 February 1995, Cinema Theatres, Studios, Laboratories and Research Institutes were grouped under one tariff. However, when the tariff was revised with effect from that date, Government classified Cinema Theatres under a separate category, in which the rate per unit was less by 70 paise and 40 paise than the rates applicable to Studios, **etc**. under HT and LT tariff respectively. When the tariff was next revised with effect from 15 February 1997, Cinema Theatres were again classified under the higher tariff applicable to Studios, **etc.** The unjustified reduction in tariff to Cinema Theatres between February 1995 and January 1997 had resulted in loss of revenue amounting to Rs.1.33 crore in respect of 20 Divisions and one EDC test checked in audit. It is also relevant to mention that as Cinema Theatres are commercial organisations, they should have been charged under the commercial tariff, as was being done prior to 1989 and which is the practice in the three neighbouring States of Kerala, Karnataka and Andhra Pradesh.

3B.4.4 Revision of miscellaneous charges

Delay in revision of miscellaneous charges for over five years resulted in loss of revenue of Rs.17.32 crore

Section 49, read with Section 79 (j) of the Electricity (Supply) Act, 1948 empowers the Board to fix the rates for miscellaneous charges for service connections, reconnections, registration, testing, meter rent, **etc.** It was observed in Audit that the Board does not have any system to ascertain the cost of these items annually, so as to ensure that the miscellaneous charges are revised wherever there is substantial increase in cost. These charges were last revised only from 1 November 1999, due to escalation in costs, more than five and a half years after the previous revision on 1 March 1994 except development charges, which were last revised in June 1991. The new rates represented an increase ranging between 33 1/3 to 50 **per cent** of the old rates for various items. Had these rates been revised timely, say by 1 April 1997, to the extent of 50 **per cent** of the increase effected in November 1999, the Board could have earned additional revenue of Rs.17.32 crore (in respect of service connection charges and development charges alone).

3B.5 Billing

In respect of HT services, meter readings are taken monthly by the Assistant Divisional Engineer. The bills are issued to the consumers by the EDC, and the consumers are required to make payment within eight days. In respect of LT services, bi-monthly spot billing system is followed. The assessors would record the meter readings in two meter cards, **viz**. the green meter card and the white meter card. The green meter card is retained by the Board, while the white meter card would be kept with the consumers. The assessor also assesses the amount payable towards C.C charges and notes down the amount payable in both the cards. The consumer is required to pay the amount within the fifteenth day of the following month. Instances of short levy of C.C charges due to incorrect billing are discussed below:

3B.5.1 Billing of recorded demand instead of contracted demand

As per clause 13.12 of the Terms and Conditions of Supply, the consumer will be required to pay only the actual recorded demand instead of contracted demand when an industry is under total closure due to strike, lock out, **etc**. Though there was only partial strike from June to September 1995, the consumer (Sumangala Steels (Private) Limited) was initially charged for the recorded demand alone, instead of contracted demand. The Board raised the demand for the shortfall of Rs.11.20 lakh only in July 1998, after three years, while finalising the consumers account on termination of the agreement. After adjusting the current consumption deposit, **etc.**, a sum of Rs.11.49 lakh was still due from the consumer, which had not been paid so far. Had the bills been rendered correctly in the first instance itself, the amount could have been collected as the consumer had been prompt in settling the bills.

3B.5.2 Delay in detection of meter defects

Delayed detection of meter defects led to dispute resulting in recovery of Rs.0.29 crore being held up.

As per the provisions of Paragraphs 32.10 (iv) and 35.01 of the Board's Revenue Manual, at the time of taking meter reading, the reasons for low or sudden fall in consumption shall be investigated by the Board's engineers and remedial action taken. Due to failure to conduct the prescribed checks, the meter defects, **etc**., were detected much later by the Anti Power Theft Squad (APTS)/Board's engineers, resulting in the Board being unable to collect the shortfall in billing amounting to Rs.28.84 lakh from three consumers as discussed below:

(a) On inspection (March 1993) of the Chennai EDC North – HTSC No.1403 – Tamil Nadu Air Products Limited by APTS, it was found that the meter was defective. On the basis of consumption of power per unit of production, it was concluded that the meter was defective from October 1990 itself. The bills from October 1990 to January 1993 were accordingly revised (March 1994) raising additional demand of Rs.9.04 lakh. Though the consumer paid (April 1994) only Rs.0.50 lakh, no action was taken against him for over five years, after which a disconnection notice was issued (October 1999). The consumer approached the Court, which granted an order of interim stay and directed to pay 50 **per cent** of the amount due. Subsequently, the consumer paid Rs.4.27 lakh in December 1999. The balance of Rs.4.27 lakh was still due, pending disposal of the case.

(b) On inspection of the HT SC No.54 - Sri Ayyan Textiles (Private) Limited in Coimbatore EDC North by APTS on 4 February 1993, it was noticed that the consumption of power was very low (0.31 to 1.78 unit per Kg. produced as against 2.75 units per Kg. produced in similar spinning mills) during the period from May 1989 to May 1991. However, the bills for the short levy of Rs.14 lakh during this period were revised only after three years (July 1996). The consumer approached the Court and obtained (October 1996) injunction restraining the Board from effecting recovery. The case was still (June 2000) in progress.

(c) Connection to HTSC No.2302 – Central Hotels (Private) Limited in Chennai EDC Central was effected on 27 February 1995, but it was noticed only in March 1996 that the meter was recording only two-thirds of the consumption. Therefore, the bills were revised and demand for the short levy of Rs.10.57 lakh was made in May 1996. The consumer moved the Court and obtained an injunction restraining the Board from disconnecting the supply. The case was still (June 2000) in progress.

3B.5.3 Delay in testing meter

Delay in testing meter resulted in non-recovery of dues of Rs.0.81 crore.

The consumer Srinivasa Industries (HT. SC. No.105 of Madurai EDC) had filed Court cases contesting the bills for July 1993 and from June to October 1994, on the grounds that the meter was defective. The Court ordered (April 1995) that the consumer need to pay only 50 **per cent** of the bills from October 1994 till disposal of the case. The Board's standing Counsel had advised (April 1995) that action may be taken under Section 26 (6) of the Indian Electricity Act 1910 to get the meter tested by the Chief Electrical Inspector to Government (CEIG). However, the meter was got tested by CEIG only on 23 September 1996. The results showed that the meter had only minor defects on account of which the excess billing up to August 1996 was assessed at Rs.4.14 lakh only.

It was observed in audit that the Board should have arranged for testing of the meter when the consumer contested the bill for July 1993, or at least in April 1995, based on the advice of the standing counsel, especially in view of the Court order permitting the consumer to pay only 50 **per cent** of the bills. The delay of 16 months for testing the meter resulted in accumulation of arrears to the extent of Rs.84.18 lakh up to August 1996. The consumer failed to pay the bill for August 1996 and the service was disconnected on 13 September 1996. As it was reported that the factory was closed and that the Board would not be in a position to realise more than Rs.3 lakh from the property of the consumer, the chances for recovery of balance of arrears amounting to Rs.81.18 lakh are bleak.

3B.5.4 Delay in billing - Pondicherry Electricity Department

Power is drawn by the Union Territory of Pondicherry from Neyveli Lignite Corporation (NLC) through the Tamil Nadu grid. The Board charges the Pondicherry Electricity Department at the rates paid by it to NLC plus transmission loss, wheeling charges, **etc.** The revised rates payable to NLC, from 28 May 1996 and 5 October 1996 were approved by the Board in January 1998. Though these rates were communicated (March 1998) to the Villupuram EDC, the bills were continued to be rendered at the old rates. Revised bills were issued only in March 1999, after the omission was pointed out by Audit in February 1999, and the difference of Rs.70.64 lakh collected in March 2000. Due to delay in billing at the revised rates, the Board incurred interest burden of Rs.9.89 lakh on cash credit calculated at 14 **per cent** on Rs.70.64 lakh for one year.

3B.5.5 Incorrect application of tariff

Failure to charge ineligible consumers under applicable higher tariff resulted in loss of Rs.1.10 crore

As per the tariff effective from 1 February 1995, LT tariff IV (**i.e.** industrial tariff) was applicable to nine specified industries and "Industries not covered under tariff-III" (applicable to cottage, tiny industries, **etc.**). Since the expression "industry" had not been clearly defined, the Board issued (June 1995) instructions, that to be classified under LT Tariff-IV, the consumers other than the nine specified industries should produce a certificate from the Government Industries Department/District Industries Centre / Local bodies to the effect that their concern is an industry. If they failed to produce the certificate, they should be classified under the higher LT Tariff-V, **i.e**., commercial tariff. On a test check in audit, it was noticed that in contravention of Board's Orders, 168 consumers, who did not produce the certificate were classified under the industrial tariff, instead of the commercial tariff resulting in loss of revenue to the Board amounting to Rs.1.10 crore during the period from February 1995 to March 2000.

3B.5.6 LT industrial services with connected load of 25 HP and above - non-installation of separate meter to record lighting and non-industrial loads

Non-installation of meter to record non-power load resulted in under charging by Rs.0.44 crore.

Meters of higher capacity installed in LT power services with a connected load of 25 HP or more would not record the consumption of lighting and other non-industrial loads when the power load is not being utilised. The Board therefore issued (April 1986) instructions that a separate meter should be installed in such services for recording the consumption of such loads and the consumption recorded in both meters totalled and billed. A test check in audit disclosed that in 124 cases, separate meters had not been installed, resulting in loss of revenue of Rs.43.64 lakh♦ during the period from April 1997 to March 2000.

3B.5.7 Violation of terms and conditions of supply

Billing of ineligible consumers under LT instead of HT tariff resulted in under charging of Rs.2.66 crore

As per Clause 4.02 of the Terms and Conditions of Supply, a consumer shall avail of only HT supply, if the connected load exceeds 150 HP. Further, as per Clause 8.02, within a door number/sub-door number, a consumer will not be given more than one service connection. A test check in 13 divisions revealed that in 21 service connections, more than one LT service connection was given to one consumer within the same door number and in each case, the total connected load exceeded 150 HP. Such services should have been given supply under HT tariff only. The violation resulted in loss of revenue of Rs.2.66 crore, being the maximum demand charges leviable had those services been brought under HT tariff.

3B.5.8 LT industrial tariff – LT Current Transformer (LTCT) services– Monthly billing

Introduction of monthly billing for LTCT consumers would save interest of Rs.0.86 crore per annum

Under the LT tariff, industrial consumers having a connected load between 75 HP and 150 HP are termed LTCT services, since metering arrangement is linked with the current transformer. Such consumers can opt for billing, which will be the same as HT industrial tariff with monthly billing. It would be appropriate that all LTCT consumers are billed monthly like HT consumers, instead of bi-monthly for LT consumers. Based on the average annual revenue of Rs.147.60 crore **per annum** from 3726 such services (out of a total of 9669 services), monthly billing would result in savings to the Board amounting to Rs.86.10 lakh **per annum** (computed at 14 **per cent per annum**) towards interest on working capital. The Board stated (October 2000) that the suggestion for monthly billing has been introduced in Madurai and Coimbatore Regions as a trial measure with effect from September 2000.

♦ **Based on the total of 181 KW of lighting and non-industrial loads in these 124 services, calculated at six hours per day for three years.**

3B.6 Delay in effecting HT service connections

Delays in effecting service connections resulted in loss of revenue of Rs.12.76 crore

As per the prescribed procedure, after registration of an application for a HT service connection/additional load, a feasibility report has to be prepared within 30 days and the load sanctioned, if it is possible to effect supply within one and a half years. After such sanction, the consumer is required to pay Earnest Money Deposit (EMD) within 30 days, and intimate readiness to avail of supply within 180 days. The estimate for the work was to be prepared within 45 days of intimation of readiness by the consumer. The work would be taken up after the consumer remitted the service connection charges, development charges, **etc**. The consumer is required to avail of supply within three months of completion of the work by the Board. If the consumer avails of supply after three months, he shall pay M.M charges at the notified tariff rates for the period from the expiry of three months period till the date of availing of supply. Delay by the Board in effecting service connection would therefore result in loss of revenue in terms of M.M charges for the period of delay. It was noticed in audit that in seven cases, there were delays by the Board ranging from 10 to 60 months in effecting service connections resulting in loss of revenue of Rs.12.76 crore towards M.M charges as detailed below:

3B.6.1 Chennai EDC/North HT supply to SPIC Petrochemicals Limited

The Board accorded (July 1995) sanction for a load of 28000 KVA to a consumer and the estimate for the work was sanctioned in February 1996. The consumer executed the agreement and paid, by March 1996 the amount of Rs.1.09 crore due towards service connection charges. The consumer had requested (June 1996), the Board to complete its works by August 1996, as they would be ready to avail of power by then. As the Board's works were not completed, the consumer requested (April 1997) supply of at least 3000 KVA from the existing feeder for their pre-commissioning activities. It was reported (June 1997) that the Board's works were completed except for installation of time of the day meter. However, for providing only 3000 KVA for the time being, the 110 KV/CT with ratio of 600/300/150/1 Amp., already erected would have to be replaced by a CT with lower ratio of 25/1 Amp. to suit the lesser current load and to ensure accuracy of meter readings. No further action was taken in the matter, the reasons for which were not on record. Thus, the delay of 33 months (July 1997 to March 2000) on the part of the Board in giving service connection had resulted in loss of revenue by way of M.M charges amounting to Rs.11.55 crore. Had the Board effected supply for at least 3000 KVA from the existing feeder, as requested by the consumer, it could have avoided loss of revenue to the extent of Rs.1.24 crore.

The Board stated (October 2000) that after completion of the work, three months' notice to avail of supply was issued on 4 July 2000, and that the delay was due to following the existing procedure at various stages. Further, as the applicant had not insisted for supply of 3000 KVA, this was not extended then. This reply is not acceptable, as only minor works remained incomplete in June 1997, and the consumer had not withdrawn his request for supply of 3000 KVA.

3B.6.2 Chennai EDC/North – Triveni Alloys

The consumer was sanctioned (July 1995) a new service connection with a demand of 1900 KVA. After completing all its works, the Board issued notice on 10 July 1997 to the consumer to avail of supply. The consumer intimated on 9 October 1997 his readiness to avail of supply, which was stated to be received only on 17 October 1997. Instead of following the normal procedure of effecting the supply, and including the M.M charges for the eight days delay in availing of supply in the first bill, the consumer was asked for payment of MM charges for eight days before effecting supply. After protracted correspondence, the consumer paid Rs.0.74 lakh on 22 October 1998, and the service connection was effected on 21 December 1998. Since, the Board did not effect the supply when the consumer was ready, it could not collect the M.M charges for 14 months from October 1997 to November 1998, resulting in loss of revenue of Rs.35.62 lakh.

3B.6.3 Dindigul EDC – Vellabomanpatti Distribution – Anand Traders

The consumer had applied (March 1994) for conversion of his LT service (104 KVA) in to HT service (300 KVA), and accordingly, a maximum demand of 300 KVA was sanctioned (August 1994). The consumer reported his readiness on 21 November 1994. On sanction (10 January 1995) of the estimate the consumer remitted (24 January 1995) the service connection charges. While the Board's work was in progress, the APTS inspected the service on 3 February 1995, and reported that there was unauthorised load of 142.13 HP. Based on this, a show cause notice was issued (1 March 1995) to the consumer, followed by an assessment notice for Rs.17.62 lakh. The consumer filed a case in Court, which was decreed (13 January 1998) in his favour. The Board's appeal (March 1998) was still pending. In this connection, it was observed in Audit that orders had been issued as early as in September 1991 that sanctioned additional loads installed should not be treated as unauthorised, if the consumer had given readiness notice. Failure to comply with these instructions had thus resulted in delay in effecting the service connection, leading to a loss of revenue amounting to Rs.14.35 lakh by way of M.M charges from February 1995 to January 2000.

The Board stated (October 2000) that at the time of inspection, the loads were connected to the EB mains. However, it was observed that the Superintending Engineer of the EDC had stated (February 1996) that it could not be confirmed from the APTS report as to whether the loads were connected to EB mains or to the consumers' generator set.

3B.6.4 Dindigul EDC - HT supply to Amaravathy Venkatesa Paper Mills

Sanction of load of 990 KVA was accorded to the consumer on 14 October 1996, with a condition that the supply would be effected only after enhancement of transformer capacity in the Madathikulam sub-station. The consumer expressed his readiness on 20 November 1996. Although, the enhancement work was completed on 12 January 1998, the service connection was effected only on 20 November 1998. The delay was due to the decision taken by the Board to effect supply either after disposal of a case filed in Court by a sister concern of the consumer, or if the sister concern agreed to certain conditions stipulated by the Board. Even after the sister concern agreed (April 1998) to the conditions, supply was not effected. However, the Board subsequently (6 November 1998) decided to effect supply without insisting on the conditions. The unwarranted delay of ten months in effecting supply resulted in loss of revenue towards M.M charges of Rs.13.37 lakh to the Board.

3B.6.5 Dindigul EDC – Pandian Textile Mills – Additional load 500 KVA

The consumer, who was availing of tariff concession for new industries, applied for additional load on 10 July 1996. The feasibility report was prepared on 22 January 1997 after a delay of more than five months and the load sanctioned on 6 February 1997. The consumer paid EMD on 6 February 1997 and reported readiness on 7 February 1997. As per the revised tariff effective from 15 February 1997, new industries set up after that date were not eligible for any tariff concession. However, it was only in February 1999 (after a delay of 24 months), the Board decided that new industries already enjoying tariff concession would be given additional load only if they gave an undertaking that they agreed for restriction of tariff concession to the already sanctioned demand and corresponding energy consumption. The consumer gave the required undertaking on 13 February 1999, and paid the development charges of Rs.1.25 lakh on 26 March 1999. The additional load was effected on 8 September 1999 after a delay of five months. Since the Board's works (increase in transformer capacity, **etc**.,) were completed by March 1998, the delay of 18 months in preparing feasibility report, deciding on restriction of tariff concession to existing sanctioned demand and in effecting service connection resulted in loss of revenue amounting to Rs.13 lakh towards M.M charges.

3B.6.6 Dindigul EDC – GVG Paper Mills – Additional demand of 500 KVA

The sanction for additional load of 500 KVA was issued on 17 February 1997. Though the consumer intimated readiness on 29 March 1997, the estimate was sanctioned only on 26 November 1997 and the consumer was intimated to pay service connection charges, **etc.** only on 26 September 1998. The consumer paid the amount on 3 October 1998, but the additional load was effected only on 5 March 1999. The reasons for delay of six and a half months in preparing the estimate and five months in effecting the service connection were not available on record. The delay of ten months in intimating the service connection charges payable was attributed to a Court case relating to concessional tariff for new industries in respect of another HT service of the consumer, which was, however, not in any way related to this service connection. Since the Board's works (increase in transformer capacity, **etc**.,) were completed by January 1998, the avoidable delay of 13 months in effecting the additional load resulted in loss of revenue of Rs.9.75 lakh towards M.M charges.

3B.6.7 Vellore EDC – MRF Limited – Additional demand of 2300 KVA

Based on the application of the consumer for additional demand for 2300 KVA, the feasibility report was called for on 16 December 1997. The feasibility report was prepared on 26 February 1998 and load sanction accorded on 14 October 1998 involving a delay of seven months. The consumer paid EMD on 19 December 1998 and reported readiness on 2 January 1999. The estimate was sanctioned on 22 February 1999. Though the consumer paid the service connection charges, **etc.,** on 11 March 1999, the additional demand was effected only on 27 June 1999, though the actual work involved was only minor in nature.

The delay in according sanction and effecting supply was attributed to (i) provision of separate gate, as per Board's requirement, only on 1 June 1998 by the consumer and (ii) attending to certain remarks made on 20 November 1998 by the APTS of the Board. It was, however, seen that the requirement of a separate gate was stipulated in January 1994 itself, but was not pursued further, and even after the provision of the gate in June 1998, the proposal for administrative sanction was forwarded to the Chairman for approval only on 15 September 1998. Further, the APTS remarks should have been attended to immediately. Thus, the unwarranted delay of 10 months at various stages resulted in loss of revenue of Rs.34.50 lakh by way of M.M charges.

3B.7 Theft of energy and violation of Terms and Conditions of Supply

An Anti Power Theft Squad (APTS), under the control of an Inspector General of Police/Vigilance (on deputation from the State Government) has been formed to detect cases of violation and theft of energy. Besides APTS, the Superintending Engineer of EDCs and officers under them are also required to conduct routine inspection of services to detect violation/theft of energy. The performance of the Superintending Engineers was found to be inadequate and instructions were issued (December 1998) emphasising the need to conduct regular and surprise inspections. The details of number of services inspected, cases of violation and theft detected by APTS and the amount involved during the last five calendar years ending 31 December 1999 are given in **Annexure-22**. The details of the amounts finally assessed, collected and the closing balance as per records of Vigilance Cell during 1997-98, 1998-99 and 1999-2000 (up to December 1999) are given in **Annexure-23**.

The following observations are made in audit:

The number of services inspected had come down sharply to 57425 in 1999 as compared to 94912 in 1998. No quantum/target has been fixed for check of service connections by APTS. The Board stated (January 2000) that APTS would inspect all HT services annually, all LT/CT services biennially and that for agricultural services inspection is arranged in important cases, where suspicion or complaint exists for unauthorised loads. The extent to which this was adhered to could not be ascertained in the absence of category-wise details of services inspected. In as much as agricultural and hut services are un-metered and given free/subsidised supply, there is need to ensure that they are also regularly inspected, specially since the Board was aware that the free supply was being misused.

The Board was able to collect only between 5.46 and 22.20 **per cent** of the demand raised in each year in respect of theft of energy cases, while recovery in cases of violation stood at 87.47 **per cent** and 91.54 **per cent** of demand raised. In most cases of theft, the consumers approached the Courts and obtained stay of disconnection. Based on the recommendations of a Committee set up by it, the Board decided (August 1997) that in order to dissuade consumers from approaching Courts in such cases, they may be allowed to pay the compensation charges in easy installments. However, the Committee did not go into the causes for pendency of cases in Courts and did not suggest measures to be taken to effectively pursue such cases.

The points noticed in a few important cases of theft of energy are discussed below:

Undue benefit of Rs.34.72 crore was extended by reduction of assessment for theft of energy

(i) As per the Terms and Conditions of Supply, extra levy for theft of energy would be made for a period of 12 months or from the date of service connection to the date of detection, whichever is less. It was observed that in three major cases of theft detected by APTS in Chennai Circles that the Superintending Engineers of the Circle had assessed the extra levy for lesser periods resulting in unintended benefit of Rs.34.72 crore (Rs.40.79 crore recommended by APTS **minus** Rs.6.07 crore assessed by Superintending Engineer in respect of Rama Machinery Corporation, Triveni Alloys and Srinivasa Smelters). It was also noticed that in respect of Srinivasa Smelters, the extra levy for maximum demand was calculated on the maximum demand of 3296 KVA recorded during the period of theft, instead of on the sanctioned demand of 4400 KVA as per rules.

The Board justified the restriction of extra levy to lesser periods on the ground that the Courts did not accept the levy for 12 months as per the Terms and Conditions of Supply, as they expected a reasoned speaking order in support of the assessment. However, since the Terms and Conditions were issued under the powers vested in the Board under the Electricity (Supply) Act, 1948 and are binding on the consumer, there was no justification for making the assessment on a different basis, without amending the Terms and Conditions, providing for a different method of assessment.

(ii) As per the HT tariff, an industrial consumer using power for construction purposes shall be charged under HT commercial tariff. Instructions were issued (April 1996) by the Board that in such cases, a separate meter shall be installed to record energy consumed for such purposes. The Terms and Conditions of Supply were also amended (May 1997) providing for penal action in cases, where supply was drawn for such purpose without Board's approval. During inspections conducted in 1998, the APTS detected cases of such violations, an illustrative list of which is given in **Annexure-24**. Penal charges of Rs.7.93 lakh was also assessed. However, it was decided (December 1998) to defer further action and the instructions issued in April 1996 and the amendment to the Terms and Conditions of Supply issued in May 1997 were also proposed to be withdrawn. This was irregular, as the tariff specifically provides that energy drawn for construction purposes has to be billed under commercial tariff.

(iii) A case of theft of energy was detected on 14 July 1994 in HTSC 1377, Viswas Carbide in Chennai Electricity Distribution Circle/North and compensation charges was assessed at Rs.1.36 crore. After considering the consumer's appeal, as per Court orders, the appellate authority **viz**., the Chief Engineer/Distribution, revised the compensation to Rs.1.44 crore. The consumer again approached the Court and as per Court directives Rs.15 lakh was paid. The case was yet to be disposed of. Another case of theft of energy by the same consumer was detected on 18 February 1997 and the service was disconnected on 21 February 1997. An amount of Rs.2.69 crore was assessed as compensation charges, but the show-cause notice and assessment notices were returned/undelivered. The Board has not taken any further steps including termination of the agreement as per the Terms and Conditions of Supply. The Board stated (October 2000) that the opinion of its Standing Counsel has been sought regarding issue of notice of termination of agreement.

3B.8 Collection of revenue

3B.8.1 Delay in realisation of revenue

The position regarding assessment, collection and balance outstanding in respect of sale of energy during each of the last five years up to 1999-2000, as per the annual accounts is given in **Annexure-25**. In this connection, the following points were noticed:

(a) The percentage of collection of revenue to assessment ranged between 95.3 and 101.2. The arrears in terms of months' assessment increased from 0.59 in 1995-96 to 1.41 in 1998-99, mainly due to arrears in respect of Madras Aluminium Company Limited (MALCO), a major consumer amounting to Rs.307.39 crore as on 31 March 2000, which was under dispute.

(b) The balance pending collection as on 31 March 2000 as per the annual accounts was Rs.573.65 crore as against Rs.480.99 crore as per statement of arrears prepared by the Board's Headquarters. The difference has not been reconciled. The balance of Rs.480.99 crore consisted of Government Departments/Local bodies (Rs.53.15 crore), disconnected services (Rs.37.14 crore), MALCO (Rs.307.39 crore), acquired undertakings (Rs.12.42 crore) and others (Rs.70.89 crore).

Following observations are made:

No recovery could be effected during the last five years of dues of Rs.34.50 crore from disconnected services

(i) The dues from Government Departments/Local Bodies increased from Rs.20.21 crore as on 31 March 1997 to Rs.53.15 crore as on 31 March 2000. The Board, however, did not resort to disconnection of supply, keeping public interest in mind. (ii) In respect of dues from disconnected services, action has to be taken under the provisions of the Tamil Nadu Electricity Board (Recovery of Dues) Act, 1978, which gave powers to the Board to recover the dues by invoking the provisions of the Tamil Nadu Revenue Recovery Act, 1864. Though action was initiated under these provisions, in respect of dues of Rs.34.50 crore as on 31 March 2000, no amount could be recovered by taking possession of the properties during the last five years. This was stated to be due to factors like want of property details, party not traceable, pledging of properties with banks, pending Court cases, **etc**. Though a Committee was formed (June 1997) for review of disconnected cases where revenue arrears were pending for more than ten years, it has not so far taken up the work. (iii) An HT consumer, (MALCO) was declared sick (September 1997) by the Board for Industrial and Financial Reconstruction (BIFR). Based on representation from MALCO, the Government sanctioned (28 April 1992) certain reliefs like payment of arrears in installments and a concessional tariff of Re.1 per KWH for a period of four years. Considering these reliefs, BIFR sanctioned (December 1994) a scheme for rehabilitation, which was accepted (February 1995) by Government. MALCO resumed production from February 1995. Subsequently, Government ordered (December 1997) collection of normal tariff from 28 April 1996 on the ground that the period of four years had expired on 27 April 1996. However, MALCO approached the

High Court, Madras contending that the period of four years should be reckoned only from February 1995, when production was resumed and obtained stay orders. As a result, the arrears of current consumption charges from 28 April 1996, which was based on normal tariff, together with past arrears amounting to Rs.307.39 crore, were pending collection. (iv) Recovery of dues amounting to Rs.28.17 crore as on 31 March 2000 was pending on account of cases filed in Courts. The Board has not compiled the details of the status of each case at the end of each year so as to identify delays at various stages like filing caveat petition, counter affidavits, petitions for vacation of stay orders, appeals, **etc**., so as to ensure that Court cases are pursued quickly and effectively. It has also not reviewed the reasons in respect of cases lost by it, so as to take suitable remedial action, wherever necessary.

3B.9 Accounting of LT revenues

Accounting and reconciliation in respect of the following items in Revenue Branches were in arrears as indicated below:

Modification of the existing accounting procedure for domestic consumers would avoid duplication of work and result in substantial cost reduction

(1) Consumer ledger postings were heavily in arrears for periods from April 1987 onwards in 20 out of 37 EDCs. Though COPU had recommended (September 1991) that the postings should be brought up-to-date and reconciled with the cash book, the position has not improved. In this connection, it was observed that as per the existing procedure the entries in the Green Meter Cards maintained in the Section Offices are transcribed into a Meter Card Register, which is sent to the Revenue Branch. In the Revenue Branch, the entries in the Meter Card Register are posted into the Consumers' Ledgers. It was suggested (April 2000) by Audit that for the future, in the case of domestic consumers, who constituted 80 **per cent** of LT services, the duplication of work in copying entries from the Green Meter Card into the Meter Card Register and posting the same entries from the Meter Card Register into the Consumers' Ledger could be avoided by modifying the Meter Card Register so that it would serve the purpose of the Consumers' Ledger. This will lead to substantial savings in stationery and establishment costs. The Board stated (October 2000) that the matter is under process.

Delay in review of adequacy of current consumption deposit resulted in loss of interest of Rs.3.50 crore

(2) As per the Terms and Conditions of Supply in respect of LT consumers, the adequacy of the Current Consumption Deposits (CCD) should be reviewed once in two years, in April and May and additional CCD collected, wherever necessary. It was observed that there was delay in conducting the review due in April and May 1999, resulting in belated collection of additional CCD leading to consequential loss of interest amounting to Rs.3.50 crore. Further, as at the end of January 2000, the review was still to be conducted in respect of 3.54 lakh consumers. The Board stated (December 2000) that the delay was due to large number of vacancies in the Revenue Branches.

3B.10 Energy Audit

The primary objective of energy audit was not achieved due to non-implementation of energy conservation measures

In order to encourage industries to conserve energy, the Government introduced (June 1991) a scheme for appointment of energy auditors and preparation of reports on conservation of energy. Energy audit reports were received from 174 HT consumers by November 1999, but details of implementation were received only from 18 HT consumers. In this connection, it was observed in audit that the punitive provisions providing for levy of penalty followed by disconnection were applicable only for delay in submitting the energy audit reports and not for delay/non-implementation of energy conservation proposals. Thus, in the absence of any provision to ensure implementation of energy conservation measures, the Board was not in a position to ensure that the primary objective of the scheme is achieved.

The Board stated (October 2000) that consumers have expressed difficulties in implementing the proposals for energy conservation, due to further technical studies involved, financial crunch **etc**. Since, the main objective is to create awareness of importance of energy conservation, penal provisions for non-implementation of energy conservation measures were not introduced, as it might hamper the progress of industrial sector. However, the fact remains that due to this lacuna, the ultimate success of the scheme cannot be ensured.

The above matters were reported to the Government in July 2000; their reply had not been received (October 2000).

Conclusion

Test check of tariff, billing and collection of revenue in the Tamil Nadu Electricity Board revealed deficiencies such as considerable delays in revision of tariff, continuing of concessions for agricultural supply, belated detection of meter defects, incorrect application of tariff, incorrect levy of penalty for theft, violation of Terms and Conditions of Supply, delay in giving service connection, **etc**., resulting in heavy loss of revenue and delay in review of adequacy of security deposits for LT consumers.

In order to strengthen the financial position of the Board, which is incurring heavy losses, there should be timely revision of tariff and other miscellaneous charges, in consonance with increase in cost. The Board should also take measures to avoid undue delays in giving service connections and detection of meter defects. Further, considering abnormal leakage of revenue there is urgent need to curb theft/pilferage by taking appropriate action against the defaulting consumers as well as prompt and correct assessment and collection of dues.

CHAPTER-4

SECTION 4A

STATE INDUSTRIES PROMOTION CORPORATION OF TAMIL NADU LIMITED

4A.1 Improper sanction of term loan

Non-recovery of Rs.3.77 crore due to sanction of loan by deviating from norms.

Disbursement of loan without proper appraisal and adequate security resulted in non-realisation of Rs.3.77 crore.

A project for manufacture of male condoms at a total cost of Rs.27.70 crore was taken up (1995) for implementation by M/s. Reddy Med Tech Health Products Limited with the financial assistance of Industrial Credit and Investment Corporation of India Limited (ICICI). Due to difficulties faced in raising finance, the Company was approached (June 1997) for sanction of term loan of Rs.2.50 crore, which was sanctioned (August 1997) in deviation of various norms (**viz**., independent appraisal of projects, prescribed limit for cost of projects, collateral security) and a sum of Rs.2.50 crore was disbursed during the period from November 1997 to March 1998. The repayment of the loan was to commence from 1 November 1998 and to end on 1 August 2001. Due to the problems faced by the borrower such as delay in arrival of imported machinery, non-availability of firm orders, non-receipt of ISO 9002 certificate in time, the borrower defaulted in repayment of principal and interest and hence, the loan was foreclosed by the Company in February 2000. The total dues accumulated to Rs.3.77 crore (including interest as on 31 May 2000). A review of records relating to sanction of the loan revealed the following:

(i) Despite reservations expressed by the Chairman of the Company regarding non-conduct of independent appraisal of the project and the promoter, the Company sanctioned the loan of Rs.2.50 crore, simply relying on the appraisal made by ICICI a year ago disregarding the reduction in capacity to 50 **per cent** of that projected in the appraisal of ICICI. Disregarding Chairman's suggestions for taking appropriate fixed assets as collateral security, the Board had sanctioned the loan on personal guarantee of the promoter and his shares in the promoted Company, while the Chairman was not available.

(ii) As per the existing policy the Company can finance projects costing up to Rs.20 crore only with proven track record. Deviating from this policy, the Company sanctioned loan of Rs.2.50 crore for a new project involving a project cost of Rs.27.70 crore. As the loan proposal was not eligible for refinance, the Company granted loan from its own funds, which remained locked up.

The Government replied (July 2000) that in cases where the projects are financed jointly with IDBI/IFCI/ICICI, the appraisal memorandum of those institutions are accepted in toto unless the Company had any reservations on specific issues. In spite of the reservations expressed by the Chairman regarding the old appraisal of ICICI and non-availability of solid security to cover unexpected failures, the loan was granted for which the Company replied that the proposal was accepted by the Board of Directors. Thus, grant of loan without proper appraisal/security and deviation of stipulated norms resulted in non-recovery of Rs.3.77 crore. However, the Company had not fixed any responsibility on the officers concerned so far (October 2000).

4.4.2 Loss due to failure to finalise payment terms

Penal interest of Rs.1.05 crore could not be enforced due to failure of the Company to execute an agreement before allotment of land.

As per the terms of Memorandum of Understanding (MOU) entered into (July 1996) by Government of Tamil Nadu with Hyundai Motor India Limited (HMIL), the Company was to make available land to the extent of 543 acres at Irungattukottai at an agreed price of Rs.40 crore. The MOU stipulated that the payment for the land was to be made on terms mutually agreed between Government and HMIL. HMIL could retain 15 **per cent** of the land cost to be released only on taking possession of entire land with clear title.

Failure to fix the time frame for payment of land cost before allotment resulted in non-enforcement of claim for penal interest of Rs.1.05 crore.

The Company started allotment of lands without entering into a formal agreement with HMIL for payment of 85 **per cent** of the total cost. The required land was allotted in eight occasions from October 1996 to November 1998 with a stipulation that the payments were to be made within 30 days from the date of allotment. Of the eight allotments, only for the first and second allotments, HMIL paid the land cost within 30 days, stipulated **suo-motu** by the Company. On all the other occasions, payment was delayed ranging from 15 to 217 days. Considering the fact that the Company was a term lending institution and had to depend heavily on external borrowings, the Company should have claimed appropriate interest immediately after facing the delays in remittance. Instead, the Company raised a consolidated claim for Rs.1.19 crore. HMIL did not accept the claim and stated that the time frame for payment of cost was not fixed with mutual consent and the demand for interest was an afterthought. The Company could not enforce the claim as there was no agreement in this regard.

The Government replied (August 2000) that a decision was taken by the Board of Directors to levy penal interest only for delays exceeding 60 days from the date of allotment on the request of the HMIL and recovered Rs.14 lakh only as penal interest. The reply is not tenable since the Company should have entered into a formal agreement for levy of penal interest in case of delayed payments exceeding 30 days from the date of allotment. Thus, failure of the Company in this regard and acceptance of the request of HMIL had resulted in loss of Rs.1.05 crore.

4A.3 Loss due to improper selection of site for establishment of industrial complex

Avoidable expenditure of Rs.0.27 crore due to improper selection of land for industrial complex.

With the object of setting up industrial park near Coimbatore, the Company decided to acquire about 2000 acres of land subject to the conditions that the small landowners were not to be disturbed or dispossessed and land should be proximate to National Highways and connected by rail.

With the assistance of the District Collector of Coimbatore, the Company identified 1530 hectares of land in five villages in October 1996. However, in November 1996 itself, the local villagers raised objection for the acquisition of land by the Company.

In spite of these developments, the Company approached (March 1997) the Government and obtained orders for purchase of land measuring 1423.14 hectares through private negotiation and also under urgency clause of Land Acquisition Act. Based on Company's request, Government also had sanctioned (July 1997) deployment of 155 personnel for acquisition.

Decision to proceed with land acquisition despite stiff resistance from land owners resulted in infructuous expenditure of Rs.0.27 crore.

As the villagers resisted and indulged in agitation, road roko, **etc**., against the land acquisition, the Company approached the Government once again (May 1998) requesting withdrawal of orders for land acquisition and disbandment of land acquisition staff, which was also approved by Government in September 1998. In the meantime, the Company had spent Rs.27.08 lakh as establishment charges on land acquisition staff and officers.

The Government replied (August 2000) that the selection of the site was made based on the very encouraging demand for industrial plots in all the identified areas. The fact remained that the Company had identified those locations despite prior knowledge about stiff resistance from the landowners and the Company should have gone for alternative locations for development of industrial park. The Company's decision to proceed with land acquisition in spite of stiff resistance from landowners even before the engagement of special land acquisition staff had resulted in infructuous expenditure of Rs.27.08 lakh.

4A.4 Avoidable payment of penal interest

Incorrect computation of income tax resulted in avoidable payment of penal interest of Rs.0.24 crore.

Penal interest of Rs.0.24 crore due to claim of inadmissible allowance under Income Tax Act.

While assessing the return of income filed by the Company for the assessment year 1993-94, Income Tax Department disallowed the expenditure of Rs.81.66 lakh incurred on development of land, laying of roads, *etc*., and treated them as capital expenditure. In spite of the above specific decision communicated (November 1995) by the Department, the Company treated the development expenditure of Rs.1.26 crore relating to assessment year 1996-97 as revenue expenditure and paid tax lesser by Rs.58.17 lakh. However, the Department again disallowed the above claim of Rs.1.26 crore and recomputed the income. Consequently penal interest of Rs.24.40 lakh was levied (February 1999) by the Department, which was paid in October 1999.

The Management replied (May 2000) that the disallowance of development expenditure as revenue was intimated to them only in November 1995. The reply is not tenable as the fact of disallowance of development expenditure was made known to the Company by the Income Tax Department while assessing the return of income for the assessment year 1993-94 in November 1995 **i.e**., before due dates (March 1996) of payment of advance income tax for assessment year 1996-97. Thus, the erroneous claim of deductions and incorrect computation of tax resulted in avoidable payment of penal interest to the extent of Rs.24.40 lakh.

The matter was reported to the Government in April 2000; their replies had not been received (October 2000).

TAMIL NADU CIVIL SUPPLIES CORPORATION LIMITED

4A.5 Extra expenditure on purchase of wheat due to rejection of lower offer

Avoidable extra expenditure of Rs.1.36 crore due to rejection of lower offer for supply of wheat.

Rejection of lower offer without justification resulted in extra expenditure of Rs.1.36 crore.

Consequent on the introduction of Targeted Public Distribution System by Government of India with effect from June 1997, the wheat allotment to Tamil Nadu State was stopped and in order to continue supply of wheat under Public Distribution System, it was decided by the Company to purchase 40000 MTs of wheat in the open market for the first time. The Company obtained quotations (July 1997) from Uttar Pradesh Co-operative Federation (UPFED) and Punjab State Civil Supplies Corporation Limited (PUNSUP) for supply of wheat spread over four months. The rate of Rs.6310 per MT quoted by PUNSUP initially (subsequently reduced to Rs.6250 per MT for August 1997 and increase of Rs.100 per MT every month for carry over charges) was higher than the offer of

Rs.6050 per MT quoted by UPFED. The terms of supply did not provide for any penalty for shortfall in supplies in respective months. Even though the rates of UPFED were substantially lower and savings to the extent of Rs.1.11 crore was estimated to accrue on procurement of 40000 MTs of wheat, the Company decided (July 1997) to purchase wheat from PUNSUP without assigning reasons for rejecting the lower offer. Accordingly, an agreement was entered into (August 1997) with PUNSUP for supply of total quantity of 40000 MTs (August 1997 – 15000 MTs, September 1997 – 15000 MTs and October 1997-10000 MTs).

The following points were noticed in review of purchase of wheat from PUNSUP:

(i) The Company had to incur an extra expenditure of Rs.1.36 crore due to rejection of lower offer from UPFED, which is against the principles of financial prudence. (ii) Even though the quantities and applicable rates were fixed for various months as per agreement, the Company paid higher rates applicable for September/October 1997 for short fall in quantities supplied in August/September 1997 without enforcing any penalty leading to over payment of Rs.24.83 lakh. (iii) The rates actually paid ranged from Rs.6250 to Rs.6450 per MT as against the rate of Rs.6200 to Rs.6270 per MT approved by the State Government.

The Government stated (June 2000) that the offer received from UPFED was reviewed by the Board of Directors of the Company and decision was taken not to proceed further in the issue. However, the fact remained that the rejection of the lower offer without recorded reason lacked justification, especially considering the extra expenditure involved. Thus, the Company had incurred an avoidable extra expenditure of Rs.1.36 crore on the purchase of wheat (39090.110 MTs) from PUNSUP.

TAMIL NADU INDUSTRIAL INVESTMENT CORPORATION LIMITED

4A.6 Improper sanction of term loan – Irrecoverable dues

Non-recovery of Rs.1.63 crore due to sanction of term loan by relaxation of specified conditions.

Extension of loan to an alloy unit disregarding the existing ban and failure to obtain adequate security resulted in non-recovery of Rs.1.63 crore.

The Board of Directors of the Company took a policy decision in February 1992 to ban the financial assistance for the industrial units for manufacture of alloy steel and other related castings for a period of one year till the already assisted units were commissioned and their performance reviewed. Accordingly, a proposal from M/s. Pranav Alloy Steels and Castings (Private) Limited, for financial assistance to set up a new foundry unit was rejected. In spite of the existing ban and poor performance by other assisted units, the Company reconsidered (December 1992) the loan application of M/s. Pranav Alloy Steels and Castings (Private) Limited, based on their request and stating that the promoter's experience and performance were satisfactory, granted a term loan of Rs.79 lakh to the same unit. Further, the Company sanctioned (February 1993) and disbursed a sum of Rs.14.97 lakh as bridge loan (December 1993 to June 1995). It was to be adjusted against a subsidy of Rs.15 lakh from Government of Tamil Nadu. Since the subsidy was subsequently withdrawn (May 1994) by Government, this bridge loan was converted as term loan. In the meantime, the Company sanctioned (January 1995) another term loan of Rs.11 lakh to the unit and disbursed Rs.10.81 lakh (February – March 1995) to meet the cost overrun of the project. Considering the total loan of Rs.1.05 crore, the Company should have obtained a minimum of Rs.52.39 lakh (50 **per cent** of loan) as collateral security against which the Company obtained property worth Rs.4.50 lakh only. The unit could not adhere to repayment schedules, which was stated to be due to increase in raw material cost and recession in automobile and textile industry. Due to mounting overdues, the Company foreclosed (August 1998) the loan, which accumulated to Rs.1.63 crore (including interest) as of March 2000.

The Management stated (June 2000) that steps were being taken to recover the interest overdues in the first instance. The fact remained that the Company could not recover any amount towards principal even after expiry of more than four years from commencement of scheduled repayment **viz**., January 1996. Thus, the decision of the Company to finance the Alloy Casting unit by relaxing the existing ban, citing the experience of the promoter in spite of poor performance by other units in the same industry resulted in non-recovery of Rs.1.63 crore. However, no responsibility was fixed on the officers responsible for lapse in this regard.

The matter was reported to the Government in April 2000; their replies had not been received (October 2000).

4A.7 Irregular sanction of loan

Non-recovery of dues to the extent of Rs.1.38 crore due to improper sanction of term loan and inadequate security.

Non-realisation of Rs.1.38 crore due to improper sanction of loan and inadequate collateral security.

The Company sanctioned (February 1996) a term loan of Rs.1.21 crore to Nariman H.Wadia Jewellery Techniques (South India) Limited, Coimbatore for setting up a unit for manufacture of gold and silver brazing pastes used for soldering ornaments at an estimated cost of Rs.2.01 crore. The unit was stated to have a collaboration agreement with a Swiss firm for the technology. As against the sanctioned amount, Rs.70.66 lakh was disbursed in June 1996. The repayment of loan was due from July 1997. Even before the repayment of loan was due, the Company foreclosed the accounts in February 1997 due to non-payment of interest, commitment charges, sundry dues, **etc**., and took possession of the unit in November 1997. At the time of take over, some machinery were missing and hence a police complaint was lodged in December 1997. As of March 2000, the overdues accumulated to Rs.1.38 crore and the review in audit revealed the following:

(i) The land obtained as collateral security was worth Rs.11.83 lakh only, which was much lower than the value of Rs.60.25 lakh stipulated by the Board of Directors of the Company. For the balance amount, the Company accepted a corporate guarantee from Sapphire Jewel Crafts Limited, an associate Company, which was in contravention of Section 370 of Companies Act, 1956 and it was found later that the Company was not in existence. (ii) The collaboration agreement did not provide for licensing technology for composition or making of flux binder, which was an essential ingredient to ensure quality of brazing pastes. The technical know-how was confined to alloying, powdering and mixing of products. (iii) The appraisal report identified (February 1998) specific export tie-up and potential local market including bulk consumption by the associate Company. It was found later that there was no market and the associate Company was not in existence. (iv) The Company could not dispose off the assets taken due to lack of demand from bidders even after five auctions.

The Management stated (June 2000) that before sanctioning the loan, the Company had satisfied itself about the transfer of technology in collaboration agreement and the market potentiality. The reply is not tenable since the non-transfer of the required technology for making flux binder had directly affected the viability and also the failure to establish a market for the product resulted in non-completion of the project and the ultimate foreclosure. Thus, sanction of loan without proper appraisal and acceptance of inadequate collateral security resulted in non-recovery of Rs.1.38 crore. However, no responsibility was fixed on the officers responsible for lapse in this regard.

The matter was reported to the Government in April 2000; their replies had not been received (October 2000).

4A.8 Irregular sanction of term loan and consequent accumulation of dues

Grant of loan to unviable project disregarding fundamental defects in the project resulted in non-recovery of Rs.0.85 crore.

The Company sanctioned (February 1994) a term loan of Rs.37 lakh to M/s. Midas Plant Laboratories for setting up a small scale industrial unit in Chengalpattu district to produce 33.75 lakh micro propagated plantlets (tissue culture) **per annum**. Against this sanction, an amount of Rs.36.29 lakh was disbursed (September to December 1994). The amount was repayable in 28 quarterly installments with interest at 18.5 **per cent per annum**, with moratorium of two years.

Failure to assess the viability of the project before grant of loan resulted in non-recovery of Rs.0.85 crore.

As the borrower had not repaid any amount towards principal and defaulted in payment of interest, the Company foreclosed the loan account in February 1998, without taking possession of the unit till date since the stock of plants would die. It was later found that the unit could not get adequate orders for its produce and also suffered loss due to inadequate working capital.

It was observed in Audit that (a) The Company had sanctioned the loan without conducting independent study to assess the viability of the project, especially when the proposed project was first of its kind to be assisted. Further, the management disregarded the Appraisal Officer's opinion that the borrower had not produced any evidence for justifying production capacity of the proposed unit. (b) Though uninterrupted power supply was found essential for the survival of plantlets and productivity, the need for installation of generators for use during power cut period was not contemplated with the result that there had been production loss due to frequent power cuts. (c) At the time of evaluation, the Company failed to consider the fact that the primary security cannot be taken possession since the stock of plantlets are bound to die after possession. The Company had not invoked the collateral security/personal guarantee of the borrower till date.

The Company replied (May 2000) that action was being initiated for invoking the collateral security besides taking possession of the unit in "as is where is condition". Thus, the Company's failure to assess the viability of the project and grant of loan to a new line of project, disregarding the fundamental checks to be exercised, prior to sanction resulted in non-recovery of Rs.84.62 lakh as on 31 March 2000 (principal: Rs.36.29 lakh and interest: Rs.48.33 lakh). However, no responsibility was fixed on the officers responsible for lapse in this regard.

The matter was reported to the Government in June 2000; their replies had not been received (October 2000).

TAMIL NADU CORPORATION FOR INDUSTRIAL INFRASTRUCTURE DEVELOPMENT LIMITED

4A.9 Infructuous expenditure on land acquisition

Infructuous expenditure of Rs.1.27 crore on salaries etc., for land acquisition staff due to unsuitability of land.

The Company identified (1997) lands at four places and proposed four Schemes for the formation of Industrial complexes. The Company engaged services of 142 special land acquisition staff for which approval of Government was obtained during March to December, 1997. After continuing the services of special staff for approximately two years, the Company reassessed the need for these Schemes and their viability and found that the land proposed in all the four places were not suitable as per details given below:

Sl.No.	Name of scheme	Area of acquisition (in acres)	Main reasons for not pursuing the proposal
1.	Varadarajapuram	1010	Water logging and does not meet minimum parameters for development of Industrial complex.
2.	Erumaiyur – Palanthandalam	929	Under cultivation – Possibility of introducing road access is remote.
3.	Thirukatchur	713	Approach road is very difficult.
4.	Mamandur – Pazhamathur	860	Under cultivation – Lot of representations for dropping.

Consequently, the Company dropped all the four Schemes and disbanded the special acquisition staff from July/August, 1999. The Company had already incurred Rs.1.27 crore towards salaries for land acquisition staff, advertisement, investigation charges, **etc**., which became infructuous.

Infructuous expenditure of Rs.1.27 crore on land acquisition.

The Company replied (June 2000) that the land acquisition was initiated at the instance of the State Government and the schemes were subsequently abandoned due to recessionary trends and poor off-take of industrial plots. However, the fact remained that the Company had not conducted any feasibility study to ensure marketability of the industrial plots beforehand.

The matter was reported to the Government in May 2000; their replies had not been received (October 2000).

TAMIL NADU SMALL INDUSTRIES DEVELOPMENT CORPORATION LIMITED

4A.10 Investment of funds on unproductive project

Unproductive investment of Rs.1.05 crore due to injudicious decision to construct Block-II of garment complex.

In 1994, the Company had completed construction of multi-storeyed complex Block I at Guindy Industrial estate with 64 modules for allotment to garment manufacturers at a cost of Rs.4.50 crore. Till January 1996, the Company could allot only 13 modules. Even though there was no demand for the existing garment Block, the Company took a view that there was increasing demand from entrepreneurs and decided (January 1996) to construct an additional multi-storeyed garment complex Block-II with 48 modules in the same area at a total cost of Rs.3.24 crore in five phases.

Unproductive investment of Rs.1.05 crore on construction of garment complex.

In spite of specific instructions stipulating prior approval of Government for capital expenditure exceeding Rs.50 lakh, the Company did not obtain necessary approval but awarded (March 1996) the work of construction of first phase comprising ground and first floor of the Block II to M/s. Sathya Constructions, who completed the work in May 1998 at a total cost of Rs.94.05 lakh and a sum of Rs.11.25 lakh was incurred on other allied works.

The Block-II could not be put to beneficial use due to non-creation of other infrastructural facilities like water supply, sanitary arrangements for reasons not on record. The remaining work of Block-II had not been taken up even after lapse of more than two years after completion of ground and first floor of the Block-II. It was also observed that the Block-I remained grossly under-utilised as out of 64 modules only 32 could be allotted so far (February 2000). Thus, in spite of very poor demand for the Block I, construction of Block-II (Phase-I) without infrastructural facilities lacked justification, which resulted in unproductive investment of Rs.1.05 crore apart from the earlier Block I constructed at a cost of Rs.4.50 crore remaining grossly under utilised.

The matter was reported to the Company and the Government in May 2000; their replies had not been received (October 2000).

STATE TRANSPORT UNDERTAKINGS

4A.11 Loss due to payment of damages for non-compliance of provisions of EPF Act

Non-compliance with Statutory provisions resulted in payment of damages of Rs.1.08 crore.

The Government of India had introduced Employees Pension Scheme, 1995 with effect from 16 November 1995 in the place of the existing Family Pension Fund Scheme, 1971. The contribution to the newly introduced pension scheme is to be made from the employer's share of Provident Fund Contribution at the rate of 8.33 **per cent** of the employee's basic pay PLUS dearness allowance.

Damages of Rs.1.08 crore paid due to delay in deposit of EPF contributions.

During December 1995, the Government of Tamil Nadu contemplated to make the existing Tamil Nadu State Transport Corporations' Employees Post Retirement Benefit Fund Scheme, a more beneficial pension scheme. Hence, the permission of the Provident Fund Commissioners was sought by the State Government to keep the amount of 8.33 **per cent** of the employer's contribution of the transport corporations of the State in a separate fund pending finalisation of the scheme. Based on the Government letter, the transport corporations started depositing the pension fund in the separate account with the bankers, instead of remitting the amount with the Provident Fund authorities. However, as the formulation of the new scheme was not forthcoming, the respective Regional Provident Fund Commissioners claimed damages by invoking relevant provisions of the Act for delay in depositing the dues (from November 1995 to December 1996).

A test check of records of eight transport corporations revealed that an amount of Rs.1.78 crore was paid as damages to the Regional Provident Fund Commissioners due to failure to comply with the provisions of EPF Act. Considering that the corporations earned an interest of Rs.0.70 crore by investing this amount with the bankers, the resultant loss due to payment of damages worked out to Rs.1.08 crore.

The matter was reported to the Management and the Government in July 2000; their replies had not been received (October 2000).

2-77-16a

TAMIL NADU STATE TRANSPORT CORPORATION (VILLUPURAM – DIVISION I) LIMITED

4A.12 Unproductive investment on construction of a community hall

Due to poor occupancy, an investment of Rs.0.18 crore on construction of community hall remained unproductive.

Unproductive investment of Rs.0.18 crore on construction of community hall.

An expert committee constituted by the State Government to study the working of the State Transport Undertakings (STUs), **inter alia**, recommended (January 1990) that STUs should give priority for development of infrastructure facilities for repairs/maintenance of vehicles. In case of any investment for creation of any non-earning assets, cost benefit analysis was required to be done. The Company, however, without assessing the demand/cost benefit analysis, decided (December 1991) to construct a community hall at the total cost of Rs.20 lakh at Villupuram for letting out to its employees and others for marriages and other functions. The construction of the community hall was completed in March 1995 at a cost of Rs.17.97 lakh.

During the period from April 1995 to March 1999, the Company could earn hire charges of Rs.12690 only and incurred an expenditure of Rs.13.81 lakh on maintenance (Rs.0.15 lakh) and interest on borrowed funds (Rs.13.66 lakh). Due to poor occupancy and heavy interest burden on borrowed funds, the Company could not recover even the maintenance expenses incurred on the community hall. Thus, the investment of Rs.17.97 lakh on the community hall remained unproductive.

The Management stated (June 2000) that the poor utilisation was due to subsequent construction of new marriage halls and other facilities offered by private parties. This reply is not acceptable since the hall was constructed with an objective of earning revenue and lower rent was fixed after considering the rent charged by other private halls.

The matter was reported to the Government in May 2000; their replies had not been received (October 2000).

TAMIL NADU STATE MARKETING CORPORATION LIMITED

4A.13 Avoidable loss due to non-availing of full cash discount

The Company failed to avail of the cash discount for payment within the stipulated date, resulting in loss of Rs.0.57 crore.

The Company is vested with monopoly power to purchase and sell Indian Made Foreign Spirit (IMFS) products in the State. As per the terms and conditions of the supply of IMFS by the local manufacturers, the Company can avail of cash discount of two **per cent**/ one **per cent**, if the payment is made within 7 days and 15 days respectively from the date of receipt of goods.

The Company paid 50 **per cent** of the value of goods immediately on receipt of invoice after adjusting 2 **per cent** cash discount and the balance 50 **per cent** amount was paid on receipt of Goods Receipt Acknowledgement after due verification.

Failure to make payment within seven days to avail of further discount of one per cent resulted in loss of Rs.0.57 crore.

It was, however, noticed in Audit that in respect of two out of five manufacturers, **viz**., Balaji Distilleries Limited and MAC Agro Industries Limited, the balance 50 **per cent** of the invoice value was paid after 7 days and before 15 days, in spite of keeping surplus funds. The monthly closing balance was ranging from Rs.15 crore to Rs.70 crore from June 1998 to February 1999 except in July 1998 and December 1998, which were deposited in short term deposits carrying interest of six **per cent per annum**. Hence, the Company could have paid the dues from its surplus funds to the above suppliers within 7 days and earned two **per cent** discount instead of one **per cent**.

The Management stated (June 2000) that surplus funds were not available in certain periods aggregating 53 days during the year. However, the fact remained that the Company could have availed of the cash discount by utilising the surplus funds on most of the occasions and by resorting to overdraft facilities on a few occasions, which would have resulted in a net savings of Rs.57.13 lakh.

The matter was reported to the Government in April 2000; their replies had not been received (October 2000).

4A.14 Avoidable payment of interest due to advance payment of additional vend fee and sales tax

The Company made advance payment of additional vend fee and sales tax by availing of overdraft and temporary loan from bank which resulted in avoidable interest of Rs.0.31 crore.

As per rule 15(3) of Tamil Nadu Indian Made Foreign Spirits (IMFS) (supply by wholesale) Rules 1983 and G.O.Ms.No.175, Prohibition and Excise Department, dated 30.7.99, the additional vend fee on the quantity of IMFS and Beer sold in a month was payable on or before the last working day of succeeding month. Similarly, payment of sales tax on the sale of IMFS/Beer products made in a month was payable on or before 12^{th} of the succeeding month, as per G.O.Ms.No.231, Commercial taxes Department, dated 10 November 1999.

Avoidable interest burden of Rs.0.31 crore due to payment of additional vend fee and sales tax well before the due dates.

However, the Company made the payments in advance on three occasions during 1999-2000 by availing of overdraft and temporary loans from bank resulting in avoidable payment of interest amount of Rs.30.79 lakh.

The Company replied (June 2000) that the payments were made in advance only on the instructions received from the State Government. However, the fact remained that the Company had to pay interest on borrowed funds.

The matter was reported to the Government in June 2000; their replies had not been received (October 2000).

TAMIL NADU MINERALS LIMITED

4A.15 Poor performance of Cube Cutting Plant

Failure to assess the market potential before venturing into project resulted in loss of Rs.0.42 crore besides keeping facilities worth Rs.0.36 crore idle.

Installation of cube cutting plant without ensuring market potential resulted in idle investment of Rs.0.36 crore besides loss of Rs.0.42 crore due to poor performance and additional customs duty and penalty.

In order to produce pavement stones from huge quantities of waste materials available in their quarries, the Company proposed (September 1989) to set up a cube cutting plant at an estimated cost of Rs.18 lakh. The plant with a capacity to produce 3000 MTs of pavement stones **per annum** was set up only in October 1996 at a cost of Rs.36.37 lakh and started commercial production with effect from June 1997. The plant was set up under "Export Promotion Capital Goods Scheme" by availing of concessional duty of 15 **per cent** on machinery with an obligation to export four times the CIF value of import over a period of five years.

The estimated market potential for the product in Europe, U.S.A and Japan as envisaged in 1989 was restricted only to Germany and other European countries by November 1994. Despite changed market scenario, the Company ordered for import of machinery in September 1995, without any market tie-up/survey. Consequently, after commissioning the unit in 1997, it was found that the market potential reduced because of dumping of goods by East European countries at lower price. The Company could export products worth Rs.7.56 lakh (440 MTs) only during the period from June1997 to March 2000, as against the obligation to export products for Rs.61.91 lakh. Due to non-fulfillment of the export obligation, the Company was liable to pay Rs.7.99 lakh as differential customs duty besides penal interest of Rs.12.64 lakh (up to 31 March 2000). Against this, Rs.6.60 lakh (Rs.3.99 lakh for customs duty and Rs.2.61 lakh for interest) was paid.

Thus, the failure to assess the demand before venturing into the project had resulted in gross under utilisation of facilities created at a cost of Rs.36.37 lakh with consequential loss of Rs.21.40 lakh during the three years ending March 2000 due to poor performance and additional customs duty/penalty of Rs.20.63 lakh.

The matter was reported to the Company and the Government in June 2000; their replies had not been received (October 2000).

TAMIL NADU EX-SERVICEMEN'S CORPORATION LIMITED

4A.16 Loss due to non-adherence of conditions

Failure of the Company to adhere to the agreed conditions and incorporate necessary provisions in the agreement resulted in loss of Rs.0.58 crore.

Non-incorporation of necessary provisions in the contract and non-adherence of contractual terms resulted in loss of Rs.0.58 crore.

The Company rehabilitates ex-servicemen by utilising their services for providing security to Public Sector Undertakings (PSUs) on contract basis. The Company entered into agreements with the PSUs and accordingly claimed service charges. A review of records revealed that service charges amounting to Rs.57.65 lakh remained unrecovered for a period of six to eight years and were written off in 1996-97 (Rs.13.57 lakh) and 1997-98 (Rs.44.08 lakh).

The main reasons for disallowance of claims by the clients were (i) Contrary to the terms and conditions of agreement with the clients, the Company engaged security personnel aged 45 years and above (ii) In the absence of adequate security personnel they were engaged for extra hours, which was not accepted by the clients (iii) Non-production of certificate for exemption from Employees State Insurance Corporation (ESI) regulations and Provident Fund Challans and (iv) The Company had to pay salary at the rates fixed by the Director General – Resettlement, which were revised periodically. As there was no specific provision in the agreement with the clients, certain claims were disallowed.

The Government replied (July 2000) that difficulty in mobilisation of ex-servicemen was the reason for deployment of overaged persons and their performance of extra duty/over time. Procedural delays and change of personnel in client office were attributed to non-production of ESI exemption certificate. For non-recovery of service charges at revised rate, it was stated that the Public Sector clients wanted to protect their own interest and did not agree for revision. It was also stated that necessary provision would be incorporated in the agreements in future. Thus, failure of the Company to adhere to the terms and conditions of clients and incorporate specific provision in the agreement for recovery of revised service charges resulted in non-recovery of claims amounting to Rs.57.65 lakh.

TAMIL NADU SALT CORPORATION LIMITED

4A.17 Avoidable loss of production due to delay in procurement of impeller

Delay in procurement of impeller resulted in break-down of motor and loss of production of salt leading to loss of contribution of Rs.0.44 crore.

The Company produces industrial grade salt at Mariyur Valinokkam Salt Complex (MVSC) by pumping of sea brine into crystallisers. Three 50 HP motors with impellers were installed in the pump house of the Complex. In order to achieve the optimum production, maintenance of motors is required to be carried out during the off-season from November to December every year besides keeping adequate spares of vital equipments like impeller.

Delay in procurement of vital spare parts resulted in loss of contribution of Rs.0.44 crore.

Even before commencement of the season for the year 1998, the impellers attached to the motor pumps were found to be defective and the management was apprised (November 1997) by the unit office of the urgent requirement of three impellers. In spite of this, prompt action was not taken in time for procurement of impellers. On 10 February 1998, one motor pump failed due to breakage in the impeller. Despite recurring production loss due to non-operation of one motor, orders for supply of three impellers were placed only on 7 May 1998 **i.e.**, after lapse of six months from the date of its indent communicated (3 November 1997) from Project Office. Due to delay in procurement of impellers and consequent non-operation of motor, the Company lost production of 16985 tonnes of salt due to shortage of brine during the period from 11 February 1998 to 10 May 1998. Consequently the Company lost potential contribution/profit of Rs.43.88 lakh.

The Company replied (January 2000) that there was no shortfall in brine on account of delay in purchase of impeller. The reply is not tenable as the shortfall in brine pumping during 1998-99 season was due to working of two motors instead of three motors, which resulted in shortfall in production, as observed by the Management in the monthly review meeting held in August 1998 itself.

The matter was reported to the Government in April 2000; their replies had not been received (October 2000).

TAMIL NADU SMALL INDUSTRIES CORPORATION LIMITED

4A.18 Loss on supply of furniture

Due to failure to ensure quality and quantity of furniture received, the Company lost Rs.0.17 crore.

Non-ensuring of quality and quantity of furniture received resulted in loss of Rs.0.17 crore.

In order to supply furniture items required for 560 apartments constructed by Tamil Nadu Housing Board (TNHB) at South Asian Federation Games Village at Koyambedu, the Company acted as procurement agent by awarding the work on sub-contract. After floating limited tenders, the Company placed orders (October 1995) on three firms in Delhi for supply of ten items of furniture for a total value of Rs.6.52 crore. Subsequently, as per the directions (October 1995) of the Government, orders were reduced for three items valued at Rs.2.49 crore and for the balance items, cancellation orders were issued in November 1995. Based on further requirement of Government, orders for additional items valued at Rs.1.19 crore were placed in December 1995. Though there was a time gap of five months from the date of indent and actual requirement, the Company placed orders for a value of Rs.2.49 crore by inviting limited tenders, thereby losing the benefit of competitive rates. The payments to the suppliers were made without any check on quantity or quality of the furniture received and also without taking them into the books of account. Due to supply of poor quality of furniture and rectification of defects, the Company suffered a total loss of Rs.7.45 lakh. The Company did not maintain essential records evidencing the supply or rectification. Hence, the Company could not realise a sum of Rs.9.39 lakh from TNHB as it was not able to produce any documentary evidence for having completed rectification works.

The Government replied (July 2000) that the matter was under investigation by the appropriate enquiry authority. Thus, the procurement of furniture without ensuring the quality and quantity resulted in avoidable loss to the Company to the tune of Rs.16.84 lakh.

4A.19 Purchase of machinery without feasibility study

Unproductive investment of Rs.0.15 crore on import of printing machinery for sick unit.

A special Committee of Secretaries to Government reviewed (18 May 1999) the operation of various units of the Company and decided to close down all the unviable units and re-deploy the staff to other units. But, the Company decided to improve the performance of the press at Guindy (sick unit), which was incurring losses since 1984-85. For this purpose, it was decided to purchase certain machinery for printing bus tickets. Pending ratification by the Board, the Company placed (24 May 1999) an order on Leibinger and Company, West Germany for supply of one numbering machine at a cost of Rs.15.44 lakh and opened an irrevocable Letter of credit (LOC) fixing the last date for shipment of the machine as 6 July 1999. The decision to purchase printing machinery was brought to the notice of Board of Directors after one month, who decided (28 June 1999) to cancel the orders since it was placed without inviting open tenders and the investment was not found to be in the best interest of the organisation.

Unproductive investment of Rs.0.15 crore on the purchase of machinery.

The Company intimated the cancellation order on 6 July 1999, **i.e.,** eight days after the decision of the Board. The foreign supplier, however, refused to accept the cancellation as they had already booked the consignment on 6 July 1999. Consequently, the bank released payment in August 1999 and debited the Company's account with Rs.15.06 lakh (including commission, telex charges and interest). The Company's effort to obtain an injunction order for stopping payment was not successful. In the mean time, the bank filed a case against the Company requiring it to clear the consignment from Airport Authority and to pay the dues. The case is pending in Court. The Company decided not to clear the machinery, as there was no scope for its use without allied machinery or for resale. Further as a part of revamping programme, the Board decided to close the press in September 1999.

The Government replied (July 2000) that the Court had directed the banker to clear the consignment from the Air Cargo Department and to keep it under the safe custody of the Company until the disposal of the case. On receipt of the Court order, appropriate action would be taken to file a case to get back the amount deducted by the banker along with interest. However, the fact remained that the Company's decision to import machinery for a unit, which was already proposed for closure and the subsequent cancellation of the orders lacked justification resulting in unproductive investment of Rs.15.06 lakh.

SECTION 4B

TAMIL NADU ELECTRICITY BOARD

4B.1 Loss due to delay in repairing and commissioning Unit I of Narimanam Gas Turbine Power Station

Avoidable delay in repairing and putting Unit I back into service resulted in loss of potential revenue of Rs.6.02 crore to the Board.

Unit-I of the 2 x 5 MW Narimanam Gas Turbine Power Station failed on 21 April 1997, but was put back into service only on 30 June 1999 after two years and two months due to delays by the Board in placing orders for repair and re-erection/commissioning and by the contractors as indicated below:

(1) The unit was sent in July 1997 to the United States of America, as repairs could be undertaken only at the manufacturer's repair centre. Though the firm quotation for repairs was received on 5 September 1997, the order was issued only on 6 February 1998. Further, the order for re-erection/commissioning of the unit was issued only on 17 September 1998, though the machine had been received back at site in June 1998 itself. (2) As against the time of one month allowed for completion of repairs, after opening the letter of credit (March 1998), the unit was despatched after repairs in May 1998 after one month delay. The erection and commissioning was to be completed in 12 days as per the order issued on 17 September 1998. However, the personnel of the contractor arrived in India only on 6 December 1998 after three months delay. As vibrations were noticed during trial run in December 1998, the commissioning of the unit was further delayed up to 30 June 1999. It was observed in audit that in the absence of liquidated damages clause for delay, the Board had no hold on the contractors so as to make them adhere to the time schedule.

The loss of potential revenue to the tune of Rs.6.02 crore due to delay in repairs/re-commissioning.

Had these delays been avoided at a conservative estimate, the unit could have been put back into service at least a year earlier. During this period, the Board had to pay Rs.2.08 crore for 97.23 lakh Standard Cubic Metre of gas not used by it as Minimum Guaranteed off-take quantity as per agreement with the Gas Authority of India Limited. Since the unit was generating around 90000 units per day after repairs, this quantity could have been used to generate power if the unit had been in service. The unwarranted delay in putting it back into service had resulted in loss of revenue of Rs.6.02 crore to the Board.

The Board stated (July 2000) that the delay in placing the purchase order for re-erection/re-commissioning was due to the fact that essential spares required had also to be ordered after obtaining details from the contractors, and commissioning of the unit after re-erection (December 1998) was delayed due to persisting vibration. This reply is not acceptable, as there was in-ordinate delay by the Board in issuing the orders, despite receiving the quotations well in advance. The time taken for repair was clearly excessive as on two earlier occasions (1994), when the machinery were sent to U.S.A., they were repaired and recommissioned in 13 and 16 months.

The matter was reported to the Government in August 2000; their replies had not been received (October 2000).

4B.2 Avoidable extra expenditure due to inadmissible payment of premium for gas

Avoidable extra expenditure of Rs.0.97 crore on payment of premium in respect of undrawn quantity of gas.

The Tamil Nadu Electricity Board (Board) has been purchasing natural gas from the Gas Authority of India Limited (GAIL) for its 2x5 MW Gas Turbine Power Project at Narimanam. As per the contract (i) The Board had committed to pay every month for a minimum quantity of gas calculated at 45600 Standard Cubic Metre (SCM) of gas per day, termed as "Minimum Guaranteed Off-take" (MGO), even if it had actually purchased only a lesser quantity. (ii) The price of gas would be as per the decision of Government of India from time to time, which shall apply for calorific value range of 8500 to 10000 Kcal/SCM (refixed at 10000 Kcal from October 1997). Premium would be charged or rebate allowed on the basic price, if the calorific value exceeded/fell below the aforesaid range. For this purpose, average net calorific value of gas supplied in a month would be used.

Avoidable extra expenditure of Rs.0.97 crore on payment of premium for undrawn gas.

According to terms and conditions, premium/rebate was to be charged/allowed only on the quantities of gas actually supplied. Hence, only the basic price **plus** statutory levies and pipeline cost was payable for the quantity of gas not actually drawn. The Board, however, admitted the bills of GAIL for MGO, which included premium/rebate for the shortfall in MGO quantities also amounting to Rs.96.99 lakh right from commencement of supplies in March 1992 till December 1999. Thus, due to payment for inadmissible claim, the Board had incurred an avoidable extra expenditure to the tune of Rs.96.99 lakh.

The Government stated (October 2000) that payment for the shortfall in MGO quantities were made at full gross price as per clause 5.02 (i) and Annexure-II of the contract and that gross price means basic price **plus** premium to be charged or rebate allowed. However, the reply is not tenable as the expression "gross price" mentioned in that clause did not make any reference to payment of premium and denotes payment of statutory levies and pipeline cost in addition to the price of gas as indicated in clause 11 of the contract.

4B.3 Avoidable payment of interest due to non-availing of credit period

Failure to avail of credit period for the purchase of power resulted in avoidable interest burden of Rs.1.02 crore.

The Tamil Nadu Electricity Board (Board) has been purchasing power from ten co-generating units run by sugar mills. Payments for such purchases were to be made as per the Government Order (June 1993) which **inter alia** stipulated that the Board should make payment within 30 days of receipt of invoice. Suitable rebate/surcharge is to be allowed/paid at the prevailing bank interest rate for earlier/delayed payments. A review of records relating to the purchase of power from ten co-generating units revealed that payments were made on most occasions within 6 to 27 days of receipt of invoice, without availing of rebate as provided in the Government Order **ibid**. The Board stated (June 1999) that it had decided not to adopt the above procedure and accordingly the clause for rebate/surcharge was not incorporated in the agreement with the sugar mills. Hence, it was not possible to avail of the rebate.

Avoidable interest burden of Rs.1.02 crore due to non-availing of full credit period.

In this connection, it was observed that the Board, which was consulted (March 1993) before the issue of the Government Order, had itself suggested a credit period of one month for payment of bills. Hence, in the absence of any time limit for payment of bills in the agreement, the Board should have availed of the credit period of 30 days as per the Government Order and thereby avoided payment of interest on cash credit amounting to Rs.1.02 crore on purchase of power from the ten co-generating units between February 1996 to March 2000 calculated with reference to borrowing rate of 14 **per cent per annum**. The Government stated (October 2000) that it has now been decided to make payment only on 29^{th} or 30^{th} day from the date of receipt of bills.

4B.4 Avoidable extra expenditure due to delay in finalisation of tender for purchase of XLPE power cable

Undue delay in finalising a tender within ADB loan closure date resulted in avoidable extra expenditure of Rs.0.79 crore to the Board.

The Tamil Nadu Electricity Board (Board) decided (February 1997) to implement the Tiruppur Urban Development Scheme through a loan of Rs.15.60 crore from the Power Finance Corporation (PFC). This formed part of the US $250 million loan obtained by PFC from the Asian Development Bank (ADB). The PFC had made it clear that since the loan would be closed by 30 June 1998, immediate action had to be taken to procure the materials for the scheme as per ADB's procedures. However, the Board placed orders for 40 KM of 11 KV XLPE cables for the scheme only on 30 November 1998 due to delays in seeking ADB approval for bids, processing of tenders and seeking clarification from Central Electricity Authority (CEA) regarding suitability of technology used by the lowest tenderer. Due to these delays, the materials could not be procured before the ADB loan closure date and the Board had to use its own funds. Hence, it had to forego the benefit of exemption from Excise Duty of Rs.50.40 lakh (18 **per cent** in this case) available in respect of supplies to ADB assisted project.

Failure to finalise the tender before the closure of ADB loan resulted in forfeiture of special benefit of Rs.0.79 crore.

Further, instead of placing the orders on M/s. Central Cables Limited (lowest offer), after receipt of CEA's clarification (8 May 1998) that the technology of the lowest tenderer was acceptable, the Tender Committee decided (June 1998) to call for revised offers from all the seven short listed tenderers. As the ex-factory price had increased, the orders had to be placed at the all inclusive price of Rs.870539 per KM, as compared to the price of Rs.673500 per KM quoted in November 1997, **i.e.**, an increase of Rs.197039 per KM resulting in an avoidable total extra expenditure of Rs.78.82 lakh on 40 KM of cables ordered.

The Board stated (September 2000) that even if orders were placed immediately after the receipt of CEA's clarification in June 1998 without calling for revised bid, the supply could not have been completed before the loan closure date of 30 June 1998. The reply is not tenable as the delay of five months in seeking clarification from CEA had resulted in non-placement of order in time so as to avail of the benefit of excise duty exemption.

The matter was reported to the Government in June 2000; their replies had not been received (October 2000).

4B.5 Delay in commissioning of freight-cum-passenger lift

Non-installation of a lift costing Rs.0.13 crore for four and a half years resulted in interest burden of Rs.0.08 crore.

Unproductive investment of Rs.0.13 crore on purchase of lift.

In order to reduce the time normally taken for repairs and maintenance of the Crusher House (of 39.5 meters height) in the External Coal Handling Plant at Tuticorin Thermal Power Station, the Board decided to install a freight-cum-passenger lift to facilitate quick movement of men and materials. Accordingly, orders were placed (June 1994) for supply and installation of a lift at a cost of Rs.17.83 lakh. The supplier completed delivery of the materials in April 1995, and an amount of Rs.13.03 lakh was paid in September 1995. Based on the general arrangement drawings furnished (October 1994) by the supplier, the detailed estimates for civil works necessary for installing the lift, amounting to Rs.40.47 lakh, were prepared and approved in October 1997. These works awarded (March 1999) for Rs.41.85 lakh were to be completed by December 1999, but has not yet been completed (August 2000).

It was observed in audit that there were abnormal delays by the Board in deciding the type of superstructure to be constructed, awarding of contract for civil works and supply of materials and drawings. Further, the Board's delay in utilising the lift for which Rs.13.03 lakh was spent in 1995 shows that there was no comprehensive and coordinated plan to synchronise the completion of civil works with receipt of lift materials. Hence, the Board could not derive the benefits of speeding up repairs and maintenance work. The expenditure incurred on the lift materials remained idle for four and a half years, with consequent interest burden of Rs.8.21 lakh at 14 **per cent** and the cost of civil works also increased by Rs.1.38 lakh. The performance guarantee for the lift expired in December 1996.

The Board stated (August 2000) that the delay was due to revision in designs for structure to install the lift and administrative procedures. The reply is not acceptable, as the estimates should have been prepared taking all factors into consideration initially.

The matter was reported to the Government in June 2000; their replies had not been received (October 2000).

(T.THEETHAN)
Accountant General (Audit)II
Tamil Nadu

Chennai
The 14 MAY 2001

Countersigned

V. K. Shunglu.

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

New Delhi
The 28 MAY 2001

ANNEXURES

ANNEXURE - 1

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

(Referred to in Preface and Paragraph 1.11)

(Rupees in lakh)

Sl. No.	Name of the Company	Amount of investment in equity capital up to 1999-2000
1.	South India Viscose Limited	61.25
2.	Madras Cements Limited	40.00
3.	Binny Limited	41.70

7—18a

ANNEXURE - 2

Statement showing particulars of capital, loans/equity received out of budget, other loans and loans outstanding as on 31 March 2000 in respect of Government companies and Statutory corporations.

(Referred to in Paragraphs 1.2.1, 1.2.2 and 1.4)

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

Sl. No	Sector and name of the Company/Statutory Corporation	Paid-up capital as at the end of the current year*					Equity/loans received out of Budget during the year		Other loans received during the year#	Loans** Outstanding at the close of 1999-2000			Debt equity ratio for 1999-2000 4(f)/3(e) (Previous year)
		State Government	Central Government	Holding Companies	Others	Total	Equity	Loans		Government	Others	Total	
(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
	(A) GOVERNMENT COMPANIES												
	AGRICULTURE												
1.	Tamil Nadu Poultry Development Corporation Limited	125.43	---	---	1.25	126.68	---	---	---	63.19	---	63.19	0.50:1 (0.50:1)
2.	Tamil Nadu Sugarcane Farm Corporation Limited	27.50	---	---	---	27.50	---	---	---	---	---	---	---

Note: Except in respect of Companies which finalised their accounts for 1999-2000 (Sl.Nos.2, 4, 5, 12, 13, 16, 18, 19, 20, 21, 22, 25, 28, 31, 32, 34, 35, 47, 49, 51, 53, 55, 56, 57, 60, 61, 65, 68, 71, 72, 74, 77, 81 and 82) figures are provisional and as given by the companies.

\# Includes bonds, debentures, inter-corporate deposits, etc.

* Includes share application money.

** Loans outstanding at the close of 1999-2000 represents long-term only.

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
3.	Tamil Nadu Fisheries Development Corporation Limited	445.52	---	---	---	445.52	10.00	---	---		---		--- (0.03:1)
4.	Tamil Nadu State Farms Corporation Limited	155.13	---	---	---	155.13	---	---	---	537.46	---	537.46	3.46:1 (3.46:1)
5.	Tamil Nadu Tea Plantation Corporation Limited	596.18	---	---	---	596.18	---	---	---	---	337.15	337.15	0.57:1 (0.32:1)
6.	Tamil Nadu State Tube wells Corporation Limited	31.50	---	---	---	31.50	---	---	---	---	---	---	---
7.	Tamil Nadu Dairy Development Corporation Limited	207.36	---	---	---	207.36	---	---	---	---	---	---	---
8.	Tamil Nadu Agro Industries Development Corporation Limited	435.98	165.00	---	---	600.98	145.08	---	---	477.00	212.13	689.13	1.15:1 (1.05:1)
	TOTAL	2024.60	165.00	---	1.25	2190.85	155.08	---	---	1077.65	549.28	1626.93	0.74:1 (0.72:1)
	INDUSTRY												
9.	Tamil Nadu Industrial Development Corporation Limited (TIDCO)	9779.31	---	---	---	9779.31	---	---	231.90	396.04	345.93	741.97	0.08:1 (0.32:1)
10.	Tamil Nadu Industrial Explosives Limited (Subsidiary of TIDCO)	---	---	2214.14	481.54	2695.68	---	---	---	3188.06	---	3188.06	1.18:1 (1.18:1)
11.	Tamil Nadu Magnesium and Marine Chemicals Limited		---	362.00	---	362.00	---	---	---	1282.00	29.88	1311.88	3.62:1 (3.60:1)
12.	Tamil Nadu Paints and Allied Products Limited (Subsidiary of TANSI)	---	---	2.05	---	2.05	---	---	----	---	----	---	---
13.	Tamil Nadu Small Industries Corporation Limited (TANSI)	1505.26	---	---	---	1505.26	---	---	---	1268.74		1268.74	(0.84:1) (0.84:1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
14.	Tamil Nadu Small Industries Development Corporation Limited (SIDCO)	730.00	---	---	---	730.00	---	---	---	61.89	---	61.89	0.08:1 (0.27:1)
15.	State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT)	5791.25	---	---	---	5791.25	---	---	2278.62	2297.00	15771.51	18068.51	3.12:1 (0.81:1)
16.	Tamil Nadu Ceramics Limited	186.11	---	---	---	186.11	---	---	---	---	---	---	---
17.	Tamil Nadu Salt Corporation Limited	317.01	---	---	---	317.01	---	---	---	---	---	---	---
18.	Tamil Nadu Magnesite Limited	1665.00	---	---	---	1665.00	---	---	---	1937.75	---	1937.75	1.16:1 (1.16:1)
19.	Tamil Nadu Leather Development Corporation Limited	250.00	---	---	---	250.00	---	---	---	----	---	-----	(1.27:1)
20.	Arasu Rubber Corporation Limited	200.00	---	---	---	200.00	---	---	165.00	26.45	318.85	345.30	1.73:1 (1.1:1)
21.	Tamil Nadu Graphites Limited	10.00	---	---	---	10.00	---	---	---	---	---	---	---
	TOTAL	20433.94	---	2578.19	481.54	23493.67	---	---	2675.52	10457.93	16466.17	26924.10	1.15:1 (0.69:1)
	ENGINEERING												
22.	State Engineering and Servicing Company of Tamil Nadu Limited (SESCOT) (Subsidiary of TANSI)	---	---	49.71	---	49.71	---	---	---	983.13	---	983.13	19.78:1 (21.83:1)
23.	Southern Structural Limited	3435.50	---	---	18.80	3454.30	---	---	---	2236.20	---	2236.20	0.65:1 (0.65:1)
24.	Tamil Nadu Steels Limited	392.00	---	---	---	392.00	---	---	---	584.37	465.99	1050.36	2.68:1 (2.68:1)
	TOTAL	3827.50	---	49.71	18.80	3896.01	---	---	---	3803.70	465.99	4269.69	1.10:1 (1.12:1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
	ELECTRONICS												
25.	Electronics Corporation of Tamil Nadu Limited (ELCOT)	2593.05	---	---	---	2593.05	---	---	---	---	---	----	--- (0.006:1)
26.	Tanitec Limited	1000.00	---	---	---	1000.00		---	---	---	---	---	---
	TOTAL	3593.05	---	---	----	3593.05	---	---	----	---	--	----	(0.003:1)
	TEXTILES												
27.	Tamil Nadu Textile Corporation Limited	154.00	---	---	---	154.00	---	---	---	100.87	---	100.87	0.65:1 (0.65:1)
28.	Tamil Nadu Zari Limited	34.40	---	---	---	34.40	---	---	---	---	21.63	21.63	0.63:1 (0.19:1)
	TOTAL	188.40	---	---	---	188.40	---	---	---	100.87	21.63	122.50	0.65:1 (0.80:1)
	HANDLOOM AND HANDICRAFTS												
29.	Tamil Nadu Handicrafts Development Corporation Limited	171.69	111.00	---	0.70	283.39	---	---	---	31.49	---	31.49	0.11:1 (0.08:1)
30.	Tamil Nadu Handloom Development Corporation Limited	267.00	---	---	160.85	427.85	---	---	---	--	---	-----	(0.008:1)
	TOTAL	438.69	111.00	---	161.55	711.24	---	---	---	31.49	---	31.49	0.04:1 (0.05:1)
	FOREST												
31.	Tamil Nadu Forest Plantation Corporation Limited	300.00	---	---	---	300.00	---	---	---	---			(0.38:1)
	TOTAL	300.00	---	---	---	300.00	---	---	---	---			(0.38:1)
	MINING												
32.	Tamil Nadu Minerals Limited (TAMIN)	786.90	---	---	---	786.90	---	---	---	---	---	---	---
	TOTAL	786.90	---	---	---	786.90	---	---	---	---	---	---	---

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
	CONSTRUCTION												
33.	Tamil Nadu State Construction Corporation Limited	500.00	---	---	---	500.00	---	---	---	100.00	---	100.00	0.2:1 (0.2:1)
34.	Tamil Nadu Police Housing Corporation Limited	100.00	---	---	---	100.00	---	---	11393.65		21160.55	21160.55	211.61:1 (123.61:1)
	TOTAL	600.00	---	---	---	600.00	---	---	11393.65	100.00	21160.55	21260.55	35.43:1 (20.77:1)
	DRUGS, AND CHEMICALS												
35.	Tamil Nadu Medicinal Plant Farms and Herbal Medicine Corporation Limited	20.75	---	---	---	20.75	---	---	---	---	---	---	---
36.	Tamil Nadu Medical Services Corporation Limited	300.00	---	---	---	300.00	---	---	---	---	---	---	---
	TOTAL	320.75	---	---	---	320.75	---	---	---	---	---	---	---
	SUGAR												
37.	Tamil Nadu Sugar Corporation Limited (TASCO)	679.15		---	100.00	779.15	---	---	---	50.92	----	50.92	0.07:1 (0.07:1)
38.	Perambalur Sugar Mills Limited (Subsidiary of TASCO)	---	---	221.97	195.38	417.35	---	---	---	44.80	---	44.80	0.11:1 (0.21:1)
	TOTAL	679.15	---	221.97	295.38	1196.50	---	---	---	95.72	---	95.72	0.08:1 (0.13:1)
	CEMENT												
39.	Tamil Nadu Cements Corporation Limited`	1799.13	---	---	---	1799.13	---	---	---	344.00	1765.61	2109.61	1.17:1 (0.88:1)
	TOTAL	1799.13	---	---	---	1799.13	---	---	---	344.00	1765.61	2109.61	1.17:1 (0.88:1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
	AREA DEVELOPMENT												
40.	Dharmapuri District Development Corporation Limited	15.00	---	---	---	15.00	---	---	---	-----	---	---	(0.03:1)
	TOTAL	15.00	---	---	---	15.00	---	---	---	----	---	----	(0.03:1)
	ECONOMICALLY WEAKER SECTION												
41.	Tamil Nadu Adi Dravidar Housing and Development Corporation Limited	4024.00	3219.91	---	---	7243.91	663.00	---	---	9.19	---	9.19	0.001:1 (0.002:1)
42.	Tamil Nadu Backward Classes Economic Development Corporation Limited	1119.01	---	---	---	1119.01	---	---	401.37	---	1351.06	1351.06	1.21:1 (1.17:1)
43.	Tamil Nadu Minorities Development Corporation Limited	0.007	---	----	---	0.007	0.007	----	---	---	----	---	
44.	Tamil Nadu Corporation for Development of Women Limited	40.00	38.42	---	---	78.42	---	---	---	---	---	---	---
45.	Tamil Nadu Ex Servicemens Corporation Limited	17.91	---	---	5.00	22.91	---	---	---		25.25	25.25	1.10:1 (2.35:1)
	TOTAL	5200.927	3258.33	---	5.00	8464.257	663.007	---	401.37	9.19	1376.31	1385.50	0.16:1 (0.20:1)
	PUBLIC DISTRIBUTION												
46.	Tamil Nadu Civil Supplies Corporation Limited	3255.10	---	---	---	3255.10	87.00	---	---	---	---	---	---
	TOTAL	3255.10	---	---	---	3255.10	87.00	---	---	---	---	---	---
	TOURISM												
47.	Tamil Nadu Tourism Development Corporation Limited	678.63	---	---	---	678.63	60.00	---	63.30	205.32	68.97	274.29	0.40:1 (0.33:1)
	TOTAL	678.63	---	---	---	678.63	60.00	---	63.30	205.32	68.97	274.29	0.40:1 (0.33:1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
	FINANCING												
48.	The Chit Corporation of Tamil Nadu Limited	5.92	---	---	---	5.92	---	---	---	---	---	---	---
49.	Tamil Nadu Industrial Investment Corporation Limited (TIIC)	2502.28	---	---	1747.28	4249.56	---	100.00	10386.00	8600.00	92784.00	101384.00	23.86:1 (23.07:1)
	TOTAL	2508.20	---	---	1747.28	4255.48	---	100.00	10386.00	8600.00	92784.00	101384.00	23.86:1 (23.07:1)
	INFRASTRUCTURE DEVELOPMENT												
50.	Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited	3102.00	---	---	98.00	3200.00	---	---	3445.45	---	4799.16	4799.16	1.50:1 ---
51.	Tamil Nadu Power Finance and Infrastructure Development Corporation Limited	2200.00	---	---	---	2200.00	---	---	800.00	48757.00	2571.60	51328.60	23.33:1 (15.05:1)
52.	Tamil Nadu Corporation for Industrial Infrastructure Development Limited	6600.00	1930.00	---	---	8530.00	---	---	---	2716.70	---	2716.70	0.32:1 (0.34:1)
	TOTAL	11902.00	1930.00	---	98.00	13930.00	---	---	4245.45	51473.70	7370.76	58844.46	4.22:1 (6.60:1)
	TRANSPORT												
53.	Metropolitan Transport Corporation (Chennai Division I) Limited	8381.64	---	---	---	8381.64	963.00	---	1361.50	---	3076.47	3076.47	0.37:1 (0.38:1)
54.	Tamil Nadu State Transport Corporation (Madurai Division I) Limited	3932.57	---	---	---	3932.57	900.00	---	1188.85	---	2180.69	2180.69	0.55:1 (0.64:1)
55.	Tamil Nadu State Transport Corporation (Coimbatore Division I) Limited	3238.24	---	---	---	3238.24	600.00	---	1107.05	---	2649.47	2649.47	0.82:1 (1.27:1)
56.	Tamil Nadu State Transport Corporation (Kumbakonam Division I) Limited	4013.52	---	---	---	4013.52	450.00	---	5.70	---	1573.08	1573.08	0.39:1 (0.53:1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
57.	Tamil Nadu State Transport Corporation (Salem Division I) Limited	2162.00	---	---	---	2162.00	300.00	---	1162.50	---	2206.29	2206.29	1.02:1 (1.40:1)
58.	Tamil Nadu State Transport Corporation (Madurai Division II) Limited	6211.74	---	---	---	6211.74	690.00	---	725.00	---	2059.64	2059.64	0.33:1 (0.51:1)
59.	Poompuhar Shipping Corporation Limited	2053.00	---	---	---	2053.00	---	---	---	---	3200.00	3200.00	1.56:1 (1.95:1)
60.	Tamil Nadu State Transport Corporation (Villupuram Division I) Limited	1769.00	---	---	---	1769.00	375.00	---	789.00	---	1859.16	1859.16	1.05:1 (1.66:1)
61	Tamil Nadu Transport Development Finance Corporation Limited	4303.01	---	---	1871.18	6174.19	---	---	---	---	75249.65	75249.65	--- (7.53:1)
62.	Tamil Nadu Goods Transport Corporation Limited	26.56	---	---	6.10	32.66	---	---	---	---	---	---	---
63.	State Express Transport Corporation (Tamil Nadu Division I) Limited	8533.75	---	---	---	8533.75	1530.00	---	1800.00	---	2934.68	2934.68	0.34:1 (0.47:1)
64.	Tamil Nadu State Transport Corporation (Kumbakonam Division III) Limited	3200.04	---	---	---	3200.04	413.00	---	400.00	---	1330.08	1330.08	0.42:1 (0.69:1)
65.	Tamil Nadu State Transport Corporation (Villupuram Division II) Limited	1788.94	---	---	---	1788.94	300.00	---	520.00	---	2186.70	2186.70	1.22:1 (1.33:1)
66.	Tamil Nadu State Transport Corporation (Coimbatore Division II) Limited	1790.00	---	---	---	1790.00	225.00		370.50		1415.60	1415.60	0.79:1 (1.25:1)
67.	Tamil Nadu State Transport Corporation (Madurai Division III) Limited	3642.79	---	---	---	3642.79	716.00	---	712.50	-----	1559.08	1559.08	0.43:1 (0.23:1)
68.	Pallavan Transport Consultancy Services Limited	5.00	---	---	---	5.00	---	---	---	---	---	---	---
69.	Tamil Nadu State Transport Corporation (Kumbakonam Division II) Limited	1928.00	---	---	---	1928.00	263.00	---	1042.86	148.55	2161.46	2310.01	1.20:1 (1.56:1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
70.	Tamil Nadu State Transport Corporation (Madurai Division IV) Limited	1622.00	---	---	---	1622.00	300.00	---	490.54	189.90	1723.62	1913.52	1.18:1 (0.72:1)
71.	Tamil Nadu State Transport Corporation (Salem Division II) Limited	1235.00	---	---	---	1235.00	225.00	---	728.03	140.70	1430.67	1571.37	1.27:1 (1.93:1)
72.	Tamil Nadu State Transport Corporation (Villupuram Division III) Limited	2430.16	---	---	---	2430.16	450.00	---	294.00	---	1338.07	1338.07	0.55:1 (0.97:1)
73.	State Express Transport Corporation (Tamil Nadu Division II) Limited	1714.32	---	---	---	1714.32	128.00	---	150.00	---	441.13	441.13	0.26:1 (0.07:1)
74.	Metropolitan Transport Corporation (Chennai Division II) Limited	7650.99	---	---	---	7650.99	922.00	---	765.00	---	2783.15	2783.15	0.36:1 (0.45:1)
75.	Tamil Nadu State Transport Corporation (Coimbatore Division III) Limited	1921.62	---	---	---	1921.62	525.00	---	525.00	---	1138.97	1138.97	0.59:1 (0.89:1)
76.	Tamil Nadu State Transport Corporation (Madurai Division V) Limited	1074.40	---	---	---	1074.40	675.00	---	374.22	---	740.58	740.58	0.69:1 (2.17:1)
77.	Tamil Nadu State Transport Corporation (Kumbakonam Division IV) Limited	531.51	---	---	---	531.51	150.01	---	175.00	---	898.94	898.94	1.69:1 (3.24:1)
	TOTAL	75159.80	---	---	1877.28	77037.08	11100.01	---	14687.25	479.15	116137.18	116616.33	1.51:1 (1.74:1)
	MISCELLANEOUS												
78.	Overseas Manpower Corporation Limited	15.00	---	---	---	15.00	---	---	---	---	---	---	---
79.	Tamil Nadu State Sports Development Corporation Limited	0.002	---	---	---	0.002	---	---	---	---	---	---	---
80.	Tamil Nadu Film Development Corporation Limited	1391.00	---	---	---	1391.00	---	---	---	200.73		200.73	0.14:1 (0.41:1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
81.	**Tamil Nadu State Marketing Corporation Limited (TASMAC)**	**700.00**	---	---	---	**700.00**		---	---	---	---	---	---
82.	**Tamil Nadu Spirit Corporation Limited (Subsidiary of TASMAC)**	**160.00**	---	**240.00**	---	**400.00**	---	---	---	**800.39**	---	**800.39**	**2.00:1 (2.00:1)**
	TOTAL	**2266.002**	---	**240.00**	---	**2506.002**	---	---	---	**1001.12**	---	**1001.12**	**0.40:1 (0.67:1)**
	TOTAL(A)	**135977.769**	**5464.33**	**3089.87**	**4686.08**	**149218.049**	**12065.097**	**100.00**	**43852.54**	**77779.84**	**258166.45**	**335946.29**	**2.25:1 (2.50:1)**
(B)	**STATUTORY CORPORATION**												
	POWER												
83.	**Tamil Nadu Electricity Board**	**31943.00**	---	---	---	**31943.00**	**10000.00**	---	**154546.63-**	---	**497911.99**	**497911.99**	**15.59:1 (5.1:1)**
	TOTAL	**31943.00**	---	---	---	**31943.00**	**10000.00**	---	**154546.63**	---	**497911.99**	**497911.99**	**15.59:1 (5.1:1)**
	AGRICULTURE AND ALLIED												
84.	**Tamil Nadu Warehousing Corporation**	**380.50**	**380.50**	---		**761.00**	---	---	---	---			--- (0.01:1)
	TOTAL	**380.50**	**380.50**	---		**761.00**	---	---	---	---			--- (0.01:1)
	TOTAL(B)	**32323.50**	**380.50**	---	---	**32704.00**	**10000.00**	---	**154546.63**	---	**497911.99**	**497911.99**	**15.22:1 (4.58:1)**
	GRAND TOTAL (A+ B)	**168301.269**	**5844.83**	**3089.87**	**4686.08**	**181922.049**	**22065.097**	**100.00**	**198399.17**	**7779.84**	**756078.44**	**833858.28**	**4.58:1 (3.40:1)**

ANNEXURE - 3

Summarised financial results of Government Companies and Statutory Corporations for the latest year for which accounts were finalised

(Referred to in Paragraphs 1.2.1, 1.2.2, 1.5, 1.6, 1.6.1.1, 1.7 and 1.8)

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

Sl. No.	Sector and name of the Company/Statutory Corporation	Name of the Department	Date of Incorporation	Period of accounts	Year in which accounts finalised	Net Profit(+)/ Loss (-)	Net impact of Audit Comments	Paid-up capital	Accumulated Profit(+)/ Loss (-)	Capital employed*	Total Return on capital employed	Percentage of total return on capital employed	Arrears of accounts in terms of years	Latest Status of the Company/Corporation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	(A) GOVERNMENT COMPANIES													
	AGRICULTURE													
1.	Tamil Nadu Poultry Development Corporation Limited	Animal Husbandry and Fisheries	12 July 1973	1997-98	2000-2001	(-)74.16	---	126.68	(-)424.09	(-)27.86	(-)51.61	---	2	Non-working
2.	Tamil Nadu Sugarcane Farm Corporation Limited	Agriculture	22 February 1975	1999-2000	2000-2001	(-)0.36	---	27.50	(-)17.47	10.03	(-)0.36	---	--	Non-working
3.	Tamil Nadu Fisheries Development Corporation Limited	Fisheries	11 April 1974	1998-99	1999-2000	(-)48.19	---	435.52	(-)519.48	27.83	(-)47.16	---	1	Working
4.	Tamil Nadu State Farms Corporation Limited	Agriculture	8 December 1974	1999-2000	2000-2001	0.02	---	155.13	(-)1570.72	1.24	0.02	1.6	---	Non-working
5.	Tamil Nadu Tea Plantation Corporation Limited	Environment and Forest	22 August 1975	1999-2000	2000-2001	120.78		596.18	1701.30	2270.44	147.04	6.5	---	Working
6.	Tamil Nadu State Tube wells Corporation Limited	Public Works	19 March 1982	1998-99	2000-2001	(-)2.39	---	31.50	(-)209.07	72.10	(-)2.39	---	1	Non-working

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
7.	Tamil Nadu Dairy Development Corporation Limited	Agriculture	4 May 1972	1992-93	1999-2000	(-)0.03	---	207.36	(-)40.80	166.56	(-)0.03	---	7	Non-working
8.	Tamil Nadu Agro Industries Development Corporation Limited	Agriculture	15 July 1966	1998-99	1999-2000	(-)176.20	---	553.98	(-)1648.24	2113.23	(-)40.30	---	1	Working
	TOTAL					(-)180.53	---	2133.85	(-)2728.57	4633.57	5.21	0.1		
	INDUSTRY													
9.	Tamil Nadu Industrial Development Corporation Limited (TIDCO)	Industries	21 May 1965	1998-99	1999-2000	(-)63.63	----	9779.31	2062.63	36946.68	3017.98	8.2	1	Working
10.	Tamil Nadu Industrial Explosives Limited (Subsidiary of TIDCO)	Industries	9 February 1983	1998-99	1999-2000	(-)647.22	---	2695.68	(-)1554.22	5278.21	(-)249.42	--	1	Working (BIFR referred)
11.	Tamil Nadu Magnesium and Marine Chemicals Limited (Subsidiary of TIDCO)	Industries	10 February 1987	1998-99	1999-2000	(-)65.56	---	362.00	(-)1170.28	504.94	(-)65.54	---	1	Non-working
12.	Tamil Nadu Paints and Allied Products Limited (Subsidiary of TANSI)	Small Industries	18 November 1985	1999-2000	2000-2001	0.34	---	2.05	5.65	26.46	8.42	31..8	---	Working
13.	Tamil Nadu Small Industries Corporation Limited (TANSI)	Small Industries	10 September 1965	1999-2000	2000-2001	(-)574.74	---	1505.26	(-)5823.32	4677.57	(-)108.36	---	---	Working
14.	Tamil Nadu Small Industries Development Corporation Limited (SIDCO)	Small Industries	23 March 1970	1998-99	1999-2000	42.96	---	730.00	241.70	1451.64	583.89	40.2	1	Working
15.	State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT)	Industries	25 March 1971	1998-99	1999-2000	(-)1743.02		5791.25	(-)1644.21	27822.56	1308.80	4.7	1	Working
16.	Tamil Nadu Ceramics Limited	Small Industries	14 December 1973	1999-2000	2000-2001	(-)0.42	---	186.11	(-)206.74	(-)8.21	(-)0.42	---	---	Non-working

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
17.	Tamil Nadu Salt Corporation Limited	Industries	22 July 1974	1998-99	1999-2000	90.36	---	317.01	35.85	317.15	90.36	28.5	1	Working
18.	Tamil Nadu Magnesite Limited	Industries	17 January 1979	1999-2000	2000-2001	(-)1027.68	---	1665.00	(-)3340.37	(-)2333.12	(-)452.95	---	---	Working
19.	Tamil Nadu Leather Development Corporation Limited	Small Industries	21 March 1983	1999-2000	2000-2001	(-)168.80	---	250.00	(-)1071.11	(-)76.23	(-)100.51	---	---	Working
20.	Arasu Rubber Corporation Limited	Environment and Forest	10 August 1984	1999-2000	2000-2001	(-)428.51	Loss decreased by Rs.123.99 crore	200.00	(-)1434.82	(-)866.21	(-)397.71	---	---	Working
21.	Tamil Nadu Graphites Limited	Industries	19 March 1997	1999-2000	2000-2001	---	---	10.00	---	(-)11.97	---	---	---	Under implementation
	TOTAL					(-)4585.92	---	23493.67	(-)13899.24	73729.47	3634.54	4.9		
	ENGINEERING													
22.	State Engineering and Servicing Company of Tamil Nadu Limited (SESCOT) (Subsidiary of TANSI)	Small Industries	25 April 1977	1999-2000	2000-2001	(-)142.19	---	49.71	(-)1447.63	(-)121.59	(-)82.12	---	---	Working
23.	Southern Structural Limited	Industries	17 October 1956	1998-99	2000-2001	(-)527.10	---	3454.30	(-)5815.89	1136.23	(-)330.40	--	1	Working referred to BIFR
24.	Tamil Nadu Steels Limited	Industries	17 September 1981	1998-99	1999-2000	(-)914.37	---	392.00	(-)6183.17	(-)2063.67	(-)199.51	---	1	Non-working
	TOTAL					(-)1583.66	---	3896.01	(-)13446.69	(-)1049.03	(-)612.03	---		

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	ELECTRONICS													
25.	Electronics Corporation of Tamil Nadu Limited (ELCOT)	Information and Technology	21 March 1977	1999-2000	2000-2001	3.50	---	2593.05	45.42	1173.92	6.06	0.5	--	Working
26.	Tanitec Limited	Higher Education	20 February 1998	1998-99	FIRST ACCOUNTS DUE									Under imple-mentation
	TOTAL					3.50	---	2593.05	45.42	1173.92	6.06	0.5		
	TEXTILES													
27.	Tamil Nadu Textile Corporation Limited	Handloom, Handicraft, Textiles and Khadi	24 April 1969	1998-99	1999-2000	9.39	---	154.00	(-)191.83	155.64	21.91	14.1	1	Working
28.	Tamil Nadu Zari Limited	Handloom, Handicraft, Textiles and Khadi	6 December 1971	1999-2000	2000-2001	88.73	---	34.40	288.52	388.55	92.43	23.8	---	Working
	TOTAL					98.12	---	188.40	96.69	544.19	114.34	21.0		
	HANDLOOM AND HANDICRAFTS													
29.	Tamil Nadu Handicrafts Development Corporation Limited	Handloom, Handicraft, Textiles and Khadi	26 July 1973	1998-99	1999-2000	(-)3.45	---	283.46	97.46	476.78	15.46	3.2	1	Working

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
30.	Tamil Nadu Handloom Development Corporation Limited	Handloom, Handicraft, Textiles and Khadi	10 September 1964	1998-99	1999-2000	14.14	---	428.34	(-)26.65	952.52	79.57	8.4	1	Working
	TOTAL					10.69	---	711.80	70.81	1429.30	95.03	6.6		
	FOREST													
31.	Tamil Nadu Forest Plantation Corporation Limited	Environment and Forest	13 June 1974	1999-2000	2000-2001	991.30	----	300.00	2288.25	2720.95	1017.45	37.4	---	Working
	TOTAL					991.30	---	300.00	2288.25	2720.95	1017.45	37.4		
	MINING													
32.	Tamil Nadu Minerals Limited (TAMIN)	Industries	6 April 1977	1999-2000	2000-2001	753.42	---	786.90	8220.36	6840.68	765.78	11.2	---	Working
	TOTAL					753.42	---	786.90	8220.36	6840.68	765.78	11.2		
	CONSTRUCTION													
33.	Tamil Nadu State Construction Corporation Limited	Public Works	8 February 1980	1998-99	1999-2000	39.90	---	500.00	(-)1054.53	1935.07	82.09	4.2	1	Working
34.	Tamil Nadu Police Housing Corporation Limited	Home	30 April 1981	1999-2000	2000-2001	49.95	---	100.00	438.81	22082.89	57.16	0.3	---	Working
	TOTAL					89.85	---	600.00	(-)615.72	24017.96	139.25	0.6		
	DRUGS, AND CHEMICALS													
35.	Tamil Nadu Medicinal Plant Farms and Herbal Medicine Corporation Limited	Indian Medicine and Homeopathy	27 September 1983	1999-2000	2000-2001	29.09	---	20.75	27.84	105.23	29.33	27.9	---	Working

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
36.	Tamil Nadu Medical Services Corporation Limited	Health and Family Welfare	1 July 1994	1998-99	2000-2001	5.12	---	300.00	13.60	1019.51	5.12	0.50	1	Working
	TOTAL					34.21	---	320.75	41.44	1124.74	34.45	3.1		
	SUGAR													
37.	Tamil Nadu Sugar Corporation Limited (TASCO)	Industries	17 October 1974	1998-99	1999-2000	(-)747.07	---	779.15	(-)1131.47	2967.40	(-)145.49	---	1	Working
38.	Perambalur Sugar Mills Limited (Subsidiary of TASCO)	Industries	24 July 1976	1998-99	1999-2000	(-)738.28		417.33	(-)1069.01	2506.46	(-)242.72	--	1	Working
	TOTAL					(-)1485.35	---	1196.48	(-)2200.48	5473.86	(-)388.21	---		
	CEMENT													
39.	Tamil Nadu Cements Corporation Limited	Industries	11 February 1976	1998-99	1999-2000	(-)1115.12	---	1799.13	1992.81	12839.57	142.42	1.1	1	Working
	TOTAL					(-)1115.12	---	1799.13	1992.81	12839.57	142.42	1.1		
	AREA DEVELOPMENT													
40.	Dharmapuri District Development Corporation Limited	Rural Development and Local Administration	7 November 1975	1998-99	2000-2001	(-)26.44	---	15.01	54.81	116.67	(-)25.57	---	1	Working
	TOTAL					(-)26.44	---	15.01	54.81	116.67	(-)25.57	---		
	ECONOMICALLY WEAKER SECTION													
41.	Tamil Nadu Adi Dravidar Housing and Development Corporation Limited	Adi Dravidar and Tribal Welfare	15 February 1974	1997-98	2000-2001	(-)14.47	---	6122.41	54.81	7190.31	26.30	0.4	2	Working

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
42.	Tamil Nadu Backward Classes Economic Development Corporation Limited	Backward Classes and Most Backward classes Welfare	16 November 1981	1998-99	1999-2000	5.25	---	1119.01	(-)23.98	2537.14	67.94	2.7	1	Working
43	Tamil Nadu Minorities Economic Development Corporation Limited						(FIRST ACCOUNTS DUE)							
44.	Tamil Nadu Corporation for Development of Women Limited	Social Welfare and Noon-meal Programme	9 December 1983	1997-98	1999-2000	3.94	---	78.42	(-)0.87	317.39	3.94	1.2	2	Working
45.	Tamil Nadu Ex-servicemen's Corporation Limited	Public (Ex-servicemen)	28 January 1986	1997-98	1999-2000	28.06	---	22.91	(-)1.38	82.29	42.34	51.5	2	Working
	TOTAL					22.78	---	7342.75	28.58	10127.13	140.52	1.4		
	PUBLIC DISTRIBUTION													
46.	Tamil Nadu Civil Supplies Corporation Limited	Food and consumer protection	21 April 1972	1998-99	1999-2000	---	Decrease of debtors by Rs.189.95 lakh Increase of prior period expenditure by Rs.279.91 lakh	3168.10	(-)7007.12	67230.42	3197.74	4.8	1	Working
	TOTAL					---	---	3168.10	(-)7007.12	67230.42	3197.74	4.8		

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	TOURISM													
47.	Tamil Nadu Tourism Development Corporation Limited	Information and Tourism	30 June 1971	1999-2000	2000-2001	16.25	---	678.63	(-)196.56	1130.38	53.65	4.7	---	Working
	TOTAL					16.25	---	678.63	(-)196.56	1130.38	53.65	4.7		
	FINANCING													
48.	The Chit Corporation of Tamil Nadu Limited	Commercial Taxes	11 January 1984	1998-99	2000-2001	(-)4.23	---	5.92	(-)35.32	(-)8.22	(-)0.63	---	1	Non-working
49.	Tamil Nadu Industrial Investment Corporation Limited (TIIC)	Small Industries	26 March 1949	1999-2000	2000-2001	(-)3368.61	---	4249.56	(-)14702.73	107522.05	9174.96	8.5	---	Working
	TOTAL					(-)3372.84	---	4255.48	(-)14738.05	107513.83	9174.33	8.5		
	INFRASTRUCTURE DEVELOPMENT													
50.	Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited	Municipal Administration and Water supply	21 March 1990	1998-99	1999-2000	1690.05	---	3200.00	473.01	29945.10	1970.23	6.6	1	Working
51.	Tamil Nadu Power Finance and Infrastructure Development Corporation Limited	Energy	27 June 1991	1999-2000	2000-2001	1849.39	Profit decreased by Rs.302.07 lakh	2200.00	709.11	111141.88	15136.74	13.6	---	Working
52.	Tamil Nadu Corporation for Industrial Infrastructure Development Limited	Industries	21 March 1992	1998-99	1999-2000	7.82	---	8530.00	17.96	11424.17	7.86	0.1	1	Working
	TOTAL					3547.26	---	13930.00	1200.00	152511.15	17114.83	11.2		

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	TRANSPORT													
53.	Metropolitan Transport Corporation (Chennai Division I) Limited	Transport	10 December 1971	1999-2000	2000-2001	(-)3222.12	---	8381.64	(-)24217.73	(-)6459.17	(-)2591.69	---	---	Working
54.	Tamil Nadu State Transport Corporation (Madurai Division I) Limited	Transport	10 December 1971	1998-99	1999-2000	(-)3055.71	---	3032.57	(-)9344.37	(-)1171.02	(-)2322.78	---	1	Working
55.	Tamil Nadu State Transport Corporation (Coimbatore Division I) Limited	Transport	17 February 1972	1999-2000	2000-2001	(-)1473.00	---	3238.24	(-)7106.16	392.57	(-)866.21	---	---	Working
56.	Tamil Nadu State Transport Corporation (Kumbakonam Division I) Limited	Transport	17 February 1972	1999-2000	2000-2001	(-)972.99	---	4013.52	(-)9469.49	(-)863.87	(-)270.85	---	---	Working
57.	Tamil Nadu State Transport Corporation (Salem Division I) Limited	Transport	23 January 1973	1999-2000	2000-2001	(-)996.44	---	2162.00	(-)6556.73	(-)485.32	(-)427.77	---	---	Working
58.	Tamil Nadu State Transport Corporation (Madurai Division II) Limited	Transport	12 December 1973	1998-99	1999-2000	(-)3437.95	---	5521.74	(-)14535.21	(-)1395.51	(-)2173.52	---	1	Working
59.	Poompuhar Shipping Corporation Limited	Highways	11 April 1974	1998-99	1999-2000	(-)1144.35	---	2053.00	1632.99	9082.24	(-)540.29		1	Working
60.	Tamil Nadu State Transport Corporation (Villupuram Division I) Limited	Transport	9 January 1975	1999-2000	2000-2001	44.81	---	1769.00	(-)2696.45	1834.45	561.24	30.6	---	Working
61.	Tamil Nadu Transport Development Finance Corporation Limited	Transport	25 March 1975	1999-2000	2000-2001	2139.19	---	6174.19	3380.36	79822.82	12120.88	15.2	---	Working
62.	Tamil Nadu Goods Transport Corporation Limited	Transport	26 March 1975	1989-90	---	0.21	---	32.66	(-)132.55	(-)29.85	6.57	---	10	Non-working and under liquidation

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
63.	State Express Transport Corporation (Tamil Nadu Division I) Limited	Transport	14 January 1980	1998-99	1999-2000	(-)3530.77	---	7003.75	(-)17046.53	(-)1886.43	(-)2249.75	---	1	Working
64.	Tamil Nadu State Transport Corporation (Kumbakonam Division III) Limited	Transport	1 September 1982	1998-99	1999-2000	(-)1795.38	---	2787.04	(-)8335.90	(-)577.41	(-)916.28	---	1	Working
65.	Tamil Nadu State Transport Corporation (Villupuram Division II) Limited	Transport	11 November 1982	1999-2000	2000-2001	(-)1022.66	---	1788.94	(-)5738.57	420.51	(-)419.56	--	---	Working
66.	Tamil Nadu State Transport Corporation (Coimbatore Division II) Limited	Transport	28 December 1982	1998-99	1999-2000	(-)1079.34	---	1565.00	(-)2757.02	761.24	(-)734.80	---	1	Working
67.	Tamil Nadu State Transport Corporation (Madurai Division III) Limited	Transport	16 February 1983	1998-99	1999-2000	(-)2139.33	---	2926.79	(-)8663.63	(-)745.63	(-)1384.64	---	1	Working
68.	Pallavan Transport Consultancy Services Limited	Transport	20 February 1984	1999-2000	2000-2001	(-)26.55	---	5.00	5.50	6.43	(-)25.19	----	---	Working
69.	Tamil Nadu State Transport Corporation (Kumbakonam Division II) Limited	Transport	1 January 1985	1998-99	1999-2000	(-)1467.14	---	1665.00	(-)3834.55	1093.49	(-)1030.11	---	1	Working
70.	Tamil Nadu State Transport Corporation (Madurai Division IV) Limited	Transport	19 March 1986	1998-99	1999-2000	(-)1381.95	---	1322.00	(-)4261.48	(-)140.09	(-)1329.70	---	1	Working
71.	Tamil Nadu State Transport Corporation (Salem Division II) Limited	Transport	26 March 1987	1999-2000	2000-2001	(-)432.05	---	1235.00	(-)2987.47	352.68	(-)115.38	---	---	Working
72.	Tamil Nadu State Transport Corporation (Villupuram Division III) Limited	Transport	24 February 1992	1999-2000	2000-2001	(-)1449.59	---	2430.16	(-)8079.44	(-)684.08	(-)789.10	---	1	Working
73.	State Express Transport Corporation (Tamil Nadu Division II) Limited	Transport	1 October 1993	1998-99	1999-2000	(-)837.97	---	1586.32	(-)3833.13	644.73	(-)342.45	---	1	Working

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
74.	Metropolitan Transport Corporation (Chennai Division II) Limited	Transport	18 October 1993	1999-2000	2000-2001	(-)2606.47	---	7650.99	(-)12451.70	352.91	(-)2100.07	---	---	Working
75.	Tamil Nadu State Transport Corporation (Coimbatore Division III) Limited	Transport	29 December 1993	1998-99	1999-2000	(-)1580.43	---	1396.62	(-)5383.88	(-)1337.14	(-)1147.32	---	1	Working
76.	Tamil Nadu State Transport Corporation (Madurai Division V) Limited	Transport	8 March 1996	1998-99	1999-2000	(-)1115.89	---	399.40	(-)1845.15	(-)325.64	(-)966.17	---	1	Working
77.	Tamil Nadu State Transport Corporation (Kumbakonam Division IV) Limited	Transport	8 March 1996	1999-2000	2000-2001	(-)613.26	---	531.51	(-)2461.14	145.13	(-)369.58	---	---	Working
	TOTAL					(-)33197.13	---	70672.08	(-)156719.43	78808.04	(-)10424.52	---		
	MISCELLANEOUS													
78.	Overseas Manpower Corporation Limited	Labour and Employment	30 November 1978	1998-99	1999-2000	5.56	---	15.00	20.08	29.65	7.16	24.1	1	Working
79.	Tamil Nadu State Sports Development Corporation Limited	Education	15 November 1984	1988-89	1996-97	36.38	---	0.002	59.96	77.69	41.32	53.2	11	Non-working
80.	Tamil Nadu Film Development Corporation Limited	Information and Tourism	12 April 1972	1998-99	2000-2001	(-)222.33	---	1391.00	(-)991.46	1437.86	(-)30.68	---	1	Working
81.	Tamil Nadu State Marketing Corporation Limited (TASMAC)	Prohibition and Excise	23 May 1983	1999-2000	2000-2001	126.60	---	700.00	203.22	4107.61	274.05	6.7	---	Working
82.	Tamil Nadu Spirit Corporation Limited (Subsidiary of TASMAC)	Prohibition and Excise	10 July 1989	1999-2000	2000-2001	(-)133.00	---	400.00	(-)988.54	1459.77	19.07	1.3	---	Non-working and under merger
	TOTAL					(-)186.79	---	2506.002	(-)1696.74	7112.58	310.92	4.4		
	TOTAL(A)					(-)40166.40	---	140588.092	(-)199209.35	558029.38	24496.19	4.4		

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
(B)	**STATUTORY CORPORATIONS**													
	POWER													
83.	**Tamil Nadu Electricity Board**		**1 July 1957**	**1998-99**	**1999-2000**	**33494.00**	**Net surplus is decreased by Rs.7650 lakh**	**21943.00**	**265001.00**	**930362.00**	**75316.00**	**8.1**	**1**	**Working**
	AGRICULTURE													
84.	**Tamil Nadu Warehousing Corporation**	**Food and Consumer protection**	**2 May 1958**	**1998-99**	**1999-2000**	**197.34**	**---**	**761.00**	**1841.50**	**2632.00**	**201.97**	**7.7**	**1**	**Working**
	TOTAL(B)					**33691.34**	**---**	**22704.00**	**266842.50**	**932994.00**	**75517.97**	**8.1**	**---**	**---**
	GRAND TOTAL (A + B)					**(-)6475.06**	**---**	**163292.092**	**67633.15**	**1491023.38**	**100014.16**	**6.7**	**---**	**---**

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

ANNEXURE - 4

Statement showing subsidy received, guarantees received, waiver of dues, loans on which moratorium allowed and loans converted in to equity during the year and subsidy receivable and guarantees outstanding at the end of March 2000

(Referred to in Paragraph 1.4)

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

Sl. No.	Name of the Company/Statutory Corporation	@Subsidy received during the year				Guarantees received during the year and outstanding at the end of the year **					Waiver of dues during the year				Loans on which morato-rium allowed	Loans converted into equity during the year
		Central Govern-ment	State Govern-ment	Others	Total	Cash credit from banks	Loans from other sources	Letters of credit opened by banks in respect of imports	Payment obligation under agreement with foreign consultants or contracts	Total	Loans repay-ment written off	Inte-rest waived	Penal interest waived	Total		
(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
	(A) Government Companies										---	---	---	---	---	---
1.	Tamil Nadu Tea Plantation Corporation Limited	---	---	---	---	---	(337.15)	---	---	(337.15)	---	---	---	---	---	---
2.	Tamil Nadu Agro Industries Development Corporation Limited	---	---	---	---	---	(212.13)	---	---	(212.13)	---	---	---	---	---	---
3.	Tamil Nadu State Marketing Corporation Limited	---	---	---	---	3500.00 (3500.00)	----	---	---	3500.00 (3500.00)	---	---	---	---	---	---

@ Subsidy includes subsidy receviable at the end of the year, which is shown in brackets.

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

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
4.	Tamil Nadu Small Industries Corporation Limited	---	----	---	-----	--- (950.00)	--- (300.00)	---	---	(1250.00)	---	---	---	---	---	---
5.	State Industries Promotion Corpora-tion of Tamil Nadu Limited (SIPCOT)	---	565.00 (250.00)	---	565.00 (250.00)	---	---	---	---	----	---	---	---	---	---	---
6.	Tamil Nadu Leather Development Corporation Limited	---	---	---	---	75.00 (75.00)	---	----	---	75.00 (75.00)	---	---	---	---	---	---
7.	Tamil Nadu Handi-crafts Development Corporation Limited	35.52	15.00	---	50.52	---	---	---	---	---	---	---	---	---	---	---
8.	Tamil Nadu Handloom Development Corpo-ration Limited	---	---	---	---	550.00 (550.00)	---	---	---	550.00 (550.00)	---	---	---	---	---	---
9.	Tamil Nadu State Construction Corporation Limited	---	---	---	---	(250.00)	---	---	---	(250.00)	---	---	---	---	---	---
10.	Tamil Nadu Cements Corporation Limited	---	---	---	---	---	(112.50)	---	---	(112.50)	---	---	---	---	---	---
11.	Tamil Nadu Adi Dravidar and Housing Development Corpor-ation Limited	2516.68	507.62	---	3024.30	--	1500.00 (544.00)	---	---	1500.00 (544.00)	---	---	---	---	---	---
12.	Tamil Nadu Civil Supplies Corporation Limited	---	69500.00	---	69500.00	5000.00 (5000.00)	---	---	---	5000.00 (5000.00)	---	---	---	---	---	---
13.	Tamil Nadu Industrial Investment Corporation Limited (TIIC)	---	600.00 (250.00)	---	600.00 (250.00)	---	6500.00 (50686.00)	---	---	6500.00 (50686.00)	---	---	---	---	---	---

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
14.	**Tamil Nadu Urban Finance and Infra-structure Development Corporation Limited**	1558.24	2489.26	7.13	4054.63	5000.00 (3445.00)	--- (1354.16)	---	---	5000.00 (4799.16)	---	---	---	---	---	---
15.	**Metro Transport Corporation (Chennai Division I) Limited**	---	1800.47 (1220.85)	---	1800.47 (1220.85)	---	---	----	---	---	---	---	---	---	---	---
16.	**Tamil Nadu State Transport Corporation (Madurai Division I) Limited**	---	---	---	----	150.00 (NIL)	---	---	---	150.00 (NIL)	---	---	---	---	---	---
17	**Tamil Nadu State Transport Corporation (Coimbatore Division I) Limited**	---	837.88 (487.88)	---	837.88 (487.88)	---	---	---	---	---	---	---	---	---	---	---
18.	**Tamil Nadu State Transport Corporation (Kumbakonam Division I) Limited**	---	725.56 (375.56)	---	725.56 (375.56)	---	600.00 (325.00)	---	---	600.00 (325.00)	---	---	---	---	---	---
19.	**Tamil Nadu State Transport Corporation (Salem Division I) Limited**	---	549.64 (132.87)	---	549.64 (132.87)	200.00 (100.00)	--- (910.00)	---	---	200.00 (1010.00)	---	---	---	---	---	---
20.	**Tamil Nadu State Transport Corporation (Madurai Division II) Limited**	---	424.35 (24.35)	---	424.35 (24.35)	600.00 (319.38)	--- (37.92)	---	---	600.00 (357.30)	---	---	---	---	---	---
21.	**Tamil Nadu State Transport Corporation (Villupuram Division I) Limited**	--	793.30 (443.30)	--	793.30 (443.30)	---	100.00 (NIL)	--	---	100.00 (NIL)	---	---	---	---	---	---

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
22.	State Express Trans-port Corporation (Tamil Nadu Division I) Limited	---	506.48 (206.48)	---	506.48 (206.48)	100.00 (450.00)	0.00 (1549.00)	---	---	100.00 (1999.00)	---	---	---	---	---	---
23.	Tamil Nadu State Transport Corporation (Kumbakonam Division III) Limited	-	---	---	---	180.00 (117.67)	--	---	---	180.00 (117.67)	---	---	---	---	---	---
24.	Tamil Nadu State Transport Corporation (Villupuram Division II) Limited	---	627.71 (277.71)	---	627.71 (277.71)	450.00 (133.20)	280.00 (280.00)	---	---	730.00 (413.20)	---	---	---	---	---	---
25.	Tamil Nadu State Transport Corporation (Madurai Division III) Limited	---	388.70 (88.70)	---	388.70 (88.70)	120.00 (513.21)	--- (2392.00)	---	---	120.00 (2905.21)	---	---	---	---	---	---
26.	Tamil Nadu State Transport Corporation (Kumbakonam Division II) Limited	---	676.47 (326.47)	---	676.47 (326.47)	---	---	---	---	---	---	---	---	---	---	---
27.	Tamil Nadu State Transport Corporation (Madurai Division IV) Limited	---	447.17 (147.17)	---	447.17 (147.17)	184.32 (184.32)	---	---	---	184.32 (184.32)	---	---	---	---	---	---
28.	Tamil Nadu State Transport Corporation (Salem Division II) Limited	---	458.96 (158.96)	---	458.96 (158.96)	---	---	---	---	---	---	---	---	---	---	---
29.	Tamil Nadu State Transport Corporation (Villupuram Division III) Limited	---	584.78 (234.78)	---	584.78 (234.78)	250.00 (66.64)	---	---	---	250.00 (66.64)	---	---	---	---	---	---
30.	State Express Transport Corporation (Tamil Nadu Division II) Limited	---	---	---	---	60.00 (60.00)	--- (1200.00)	---	---	60.00 (1260.00)	---	---	---	---	---	---

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
31.	Metropolitan Transport Corporation (Chennai Division II) Limited	---	1691.61 (1091.61)	---	1691.61 (1091.61)	---	---	---	---	---	---	---	---	---	---	---
32.	Tamil Nadu State Transport Corporation (Coimbatore Division II) Limited	---	454.92 (254.92)	---	454.92 (254.92)	---	--- (5.00)	---	---	(5.00)	---	---	---	---	---	---
33.	Tamil Nadu Police Housing Corporation Limited	---	---	---	---	---	8072.00 (27225.06)	---	---	8072.00 (27225.06)	---	---	---	---	---	---
34.	Tamil Nadu Backward Classes and Minorities Economic Development Corporation Limited	---	(9.53)	---	(9.53)	---	--- (1351.06)	---	---	(1351.06)	---	---	---	---	---	---
35.	Tamil Nadu Film Development Corporation Limited	---	---	---	---	--	--- (837.00)	---	---	(837.00)	---	---	---	---	---	---
36.	Tamil Nadu Corporation For Development of Women Limited	---	1216.25	---	1216.25	---	---	--	--	-----	---	---	---	---	---	---
37.	Tamil Nadu Power Finance and Infrastructure Development Corporation Limited	---	---	---	---	---	6000.00 (5571.60)	---	---	6000.00 (5571.60)	---	---	---	---	---	---
38.	Tamil Nadu State Transport Corporation (Madurai Division V) Limited	---	--	---	---	---	75.00 (75.00)	125.00	---	200.00 (75.00)	---	---	---	---	---	---
39.	Tamil Nadu State Transport Corporation (Kumbakonam Division IV) Limited	---	200.00	---	200.00	50.00 (35.00)	86.84 (49.34)	---	---	136.84 (84.34)	---	---	---	---	---	---

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
40.	Tamil Nadu Fisheries Development Corporation Limited	5.00	---	---	5.00	---	---	---	---	---	---	---	---	---	---	---
	Total	4115.44	86061.13 (5981.14)	7.13	90183.70 (5981.14)	16469.32 (15749.42)	23213.84 (95353.92)	125.00	---	39808.16 (111103.34)	---	---	---	---	---	---
	(B) Statutory Corporation										---	---	---	---	---	---
	Tamil Nadu Electricity Board	6.88	25000.00	---	25006.88	---	134100.00 (315527.00)	---	---	134100.00 (315527.00)	---	---	---	---	---	---
	Grand Total	4122.32	111061.13 (5981.14)	7.13	115190.58 (5981.14)	16469.32 (15749.42)	157313.84 (410880.92)	125.00	---	173908.16 (426630.34)	---	---	---	---	---	---

ANNEXURE - 5

Statement showing financial position of Statutory Corporations

(Referred to in Paragraph 1.2.2)

(Rupees in crore)

1. TAMIL NADU ELECTRICITY BOARD

	Particulars	1997-98	1998-99	1999-2000
				(Provisional)
(A)	LIABILITIES			
	Equity capital	788.11	219.43	319.43
	Loans from Government	---	---	---
	Working capital from banks	---	---	---
	Other long term loans (including bonds)	3528.04	4099.87	4979.12
	Reserves and surplus	2988.82	3525.36	2482.52
	Others (subsidy)	1397.60	1510.09	1659.25
	Current liabilities and provisions	3418.64	3613.76	4128.96
	TOTAL (A)	12121.21	12968.51	13569.28
(B)	Gross fixed assets	8658.30	9596.45	10463.09
	LESS: Depreciation	2268.24	2719.51	3271.62
	Net fixed assets	6390.06	6876.94	7191.47
	Capital works-in-progress	2568.67	2763.34	3252.96
	Assets not in use	4.33	4.45	4.57
	Deferred cost	2.40	2.79	3.18
	Current assets	3118.95	3277.10	3073.54
	Investments	36.80	43.89	43.56
	Miscellaneous expenditure	---	---	---
	Accumulated losses	---	---	---
	TOTAL (B)	12121.21	12968.51	13569.28
(C)	Capital employed♣	8659.04	9303.62	9389.01

2. Tamil Nadu Warehousing Corporation

As per information given in Annexure-15.

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

ANNEXURE - 6

Statement showing Working Results of Statutory Corporations

(Referred to in Paragraph 1.6)

(Rupees in crore)

1. TAMIL NADU ELECTRICITY BOARD

		Particulars	1997-98	1998-99	1999-2000
					(Provisional)
1.	(a)	Revenue receipts	5311.05	5682.53	6325.41
	(b)	Subsidy/subvention from Government	570.06	1076.22	250.07
		Total	5881.11	6758.75	6575.48
2.		Revenue expenditure (net of expenses capitalised) including write off of intangible assets but excluding depreciation and interest	4767.80	5432.22	6474.66
3.		Gross surplus(+)/deficit(-) for the year (1-2)	1113.31	1326.53	100.82
4.		Adjustments relating to previous years	(-)48.99	(-)130.34	(-)261.04
5.		Final gross surplus(+)/deficit(-) for the year (3-4)	1064.32	1196.19	(-)160.22
6.		Appropriations:			
	(a)	Depreciation (Less: capitalised)	378.73	443.03	547.09
	(b)	Interest on Government loans	12.74	---	---
	(c)	Interest on others, bonds, advance, *etc.*, and finance charges	540.05	595.73	716.22
	(d)	Total interest on loans and finance charges (b) + (c)	552.79	595.73	716.22
	(e)	Less: Interest capitalised	140.84	177.51	231.39
	(f)	Net interest charged to revenue (d) – (e)	411.95	418.22	484.83
	(g)	Total appropriations (a) + (f)	790.68	861.25	1031.92
7.		Surplus(+)/deficit(-) before accounting for subsidy from State Government (5) – 6(g) - 1(b)	(-)296.42	(-)741.28	(-)1442.21

	Particulars	1997-98	1998-99	1999-2000
8.	Net surplus(+)/deficit(-) {(5) – 6 (g)}	273.64	334.94	(-)1192.14
9.	Total return on capital employed♦	685.59	753.16	(-)707.31
10.	Percentage of return on capital employed	8.0	8.1	---

2. Tamil Nadu Warehousing Corporation

As per information given in Annexure-16.

♦ **Total return on capital employed represents net surplus/deficit PLUS total interest charged to profit and loss account.**

ANNEXURE - 7

Statement showing operational performance of State Transport Undertakings and Statutory Corporations

(Referred to in Paragraphs 1.6.1.3 and 1.6.2.2)

1. STATE TRANSPORT UNDERTAKINGS

	Particulars	1997-98	1998-99	1999-2000
	Average number of vehicles held	17284	17008	17033
	Average number of vehicles on road	15918	15817	15841
	Percentage of utilisation of vehicles	92.1	93.0	93.0
	Number of employees	116806	124665	125580
	Employee vehicle ratio	6.76:1	7.33:1	7.37:1
	Number of routes operated at the end of the year	8592	8650	8847
	Route kilometres	12340	11074	16414
	Kilometres operated (in lakh)			
(a)	Gross	22285.33	23613.83	23560.00
(b)	Effective	21743.37	23072.06	22991.00
(c)	Dead	491.96	541.77	569.00
	Percentage of dead kilometres to gross kilometres	2.2	2.3	2.4
	Average kilometres covered per bus per day	415.57	420.38	418.90
	Operating revenue per kilometre (Paise)	924.35	946.14	1082.40
	Average expenditure per kilometre (Paise)	1048.72	1132.23	1219.40
	Profit(+)/Loss(-) per kilometre (Paise)	(-)124.37	(-)186.09	(-)137.00
	Number of operating depots	297	290	299
	Average number of breakdown per lakh kilometres	0.06	0.04	0.04
	Average number of accidents per lakh kilometres	0.66	0.58	0.41
	Passenger kilometre operated (in crore)	6396.62	9485.54	10514.66
	Occupancy ratio*	70.9 to 93.0	72.4 to 95.0	75 to 96

* Occupancy ratio in respect of 21 State Transport Undertakings

	Particulars	1997-98	1998-99	1999-2000
	Kilometres obtained per litre of:			
(a)	Diesel oil	4.2	4.2	4.26
(b)	Engine oil	681.85	684.32	749.00

2. TAMIL NADU ELECTRICITY BOARD

	Particulars	1997-98	1998-99	1999-2000 (Provisional)
(1)	(2)	(3)	(4)	(5)
	Installed capacity		(MW)	
(a)	Thermal	2970	2970	2970
(b)	Hydel	1956	1963	1993
(c)	Gas	130	130	130
(d)	Others	19	19	19
	Total	5075	5082	5112
	Normal maximum demand	4918	5196	5580
			(MKWH)	
	Power generated			
(a)	Thermal	17682	17076	18861
(b)	Hydel	5287	4918	4444
(c)	Gas	79	124	217
(d)	Others	19	23	27
	Total	23067	22141	23549
	LESS: Auxiliary consumption			
(a)	Thermal	1589	1564	1697
	(Percentage)	8.99	9.16	9.0
(b)	Hydel	17	79*	59*
	(Percentage)	0.3	1.6	1.3
(c)	Gas	2	0	0
	(Percentage)	2.5	0	0
	Total	1608	1643	1756
	(Percentage)	7.0	7.4	7.5
	Net power generated	21459	20498	21793

* Includes Kadamparai Pump Mode 60 MKWH.

(1)	(2)	(3)	(4)	(5)
	Power purchased:			
(a)	Within the State:			
	(i) Government	---	---	---
	(ii) Private	994	1579	3096
(b)	Other States	---	776	880
(c)	Central grid	10004	10676	10788
	Total power available for sale	32457	33529	34557
	Power sold:			
(a)	Within the State:	26740	27657	30238
(b)	Outside the State	203	205	196
	Transmission and distribution losses	5514	5667	6123
	Load factor (percentage)			
(a)	Thermal	68.0	65.6	72.3
(b)	Hydel	31.0	28.6	25.2
	Percentage of transmission and distribution losses to total power available for sale	17.0	16.9	16.8
	Number of villages/towns electrified (in lakh)	0.64	0.64	0.64
	Number of pump sets/wells energised (in lakh)	16.08	16.43	16.79
	Number of sub-stations	782	831	876
	Transmission/distribution lines (in lakh KMs)			
(a)	High/Medium voltage	1.27	1.30	1.37
(b)	Low voltage	4.06	4.09	4.15
	Connected load (in MW)	20170	22424	23416
	Number of consumers (in lakh)	117.17	124.03	133.03
	Number of employees (in lakh)	0.96	0.94	0.99
	Consumer/employees ratio (in thousand)	8.1	7.6	7.4
	Total expenditure on staff during the year (Rupees in crore)	1068.88	1268.33	1504.28
	Percentage of expenditure on staff to total revenue	19.4	20.6	20.8
	Units sold		(MKWH)	
(a)	Agriculture	7275	7556	8983
	Percentage of share to total units sold	27.0	27.1	29.5

(1)	(2)	(3)	(4)	(5)
(b)	Industrial	11514	11054	11152
	Percentage of share to total units sold	42.7	39.7	36.6
(c)	Commercial	2240	2200	2731
	Percentage of share to total units sold	8.3	7.9	9.0
(d)	Domestic	4270	5280	5805
	Percentage of share to total units sold	15.9	18.9	19.1
(e)	Others	1644	1772	1763
	Percentage of share to total units sold	6.1	6.4	5.8
	Total	26943	27862	30434
			(Paise per KWH)	
(a)	Revenue (excluding subsidy from Government)	197	202	208
(b)	Expenditure[♠]	189	210	216
(c)	Profit(+)/Loss(-)	8	(-)8	(-)8
(d)	Average subsidy claimed from Government	21	9	8
(e)	Average interest charges	19	19	24

2. **Tamil Nadu Warehousing Corporation**

(As per information given in the table of Paragraph 3A.8.1)

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

ANNEXURE-8

Financial Position of Tamil Nadu Industrial Development Corporation Limited

(Referred to in Paragraph 2A.6)

(Rupees in lakh)

		1995-96	1996-97	1997-98	1998-99	1999-2000
	LIABILITIES					
(a)	Paid-up capital (including advance for shares)	9779.31	9779.31	9779.31	9779.31	9779.31
(b)	Reserves and surplus	2561.72	2686.39	2823.03	3028.87	3076.09
(c)	Borrowings:					
	Short term and long term	14452.92	15764.78	26335.64	20261.21	91398.55
	Cash credit	---	---	---	1885.99	1913.83
(d)	Trade dues and other liabilities (including provisions)	2189.14	3169.35	3785.42	5287.90	7226.25
	Total	28983.09	31399.83	42723.40	40243.28	113394.03
	ASSETS					
(a)	Gross block	87.18	112.60	127.88	141.10	171.29
(b)	LESS: Depreciation	60.57	72.42	82.23	93.66	109.07
(c)	Net fixed assets	26.61	40.18	45.65	47.44	62.22
(d)	Capital work-in-progress	--	---	---	---	59.14
(e)	Investments	18517.66	20672.87	21833.45	24144.37	24822.67
(f)	Current assets	1884.18	937.63	1982.15	1409.01	51016.76
(g)	Loans and advances	8025.18	9519.19	18389.93	13950.95	36163.51
(h)	Intangible assets					
	Miscellaneous expenditure	529.46	229.96	472.22	691.51	1269.73
	Total	28983.09	31399.83	42723.40	40243.28	113394.03
	Capital employed[1]	26183.81	27512.22	33584.23	36946.68	70561.58
	Net worth[2]	11811.57	12235.74	12130.12	12116.67	11585.67

NOTE:

1. Capital employed represents the mean of paid-up capital, reserves and surplus and borrowings as at the end of the current year.

2. Net worth represents paid-up capital PLUS free reserves LESS intangible assets.

ANNEXURE-9

Working results of Tamil Nadu Industrial Development Corporation Limited

(Referred to in Paragraph 2A.6)

(Rupees in lakh)

	Particulars	1995-96	1996-97	1997-98	1998-99	1999-2000
	INCOME					
(a)	Interest	1240.16	1436.38	2672.51	1918.50	5370.26*
(b)	Dividend	1171.82	1219.15	1227.83	1492.31	1414.50@
(c)	Profit on sale of investment	209.64	---	385.15	3.41	160.80
(d)	Miscellaneous income	2.18	33.46	55.44	119.34	233.98
	Total	2623.80	2688.99	4340.93	3533.56	7179.54
	EXPENDITURE					
(i)	Salaries and wages	116.87	125.69	187.31	196.65	239.79
(ii)	Interest on loans	1913.21	2115.44	3349.45	3081.61	6867.18*
(iii)	Bad debts written off	5.23	83.33	41.99	18.31	---
(iv)	Other expenses	230.67	195.58	493.83	300.60	152.65
	Total	2265.98	2520.04	4072.58	3597.17	7259.62
	Profit (+)/Loss (-) as per accounts	357.82	168.95	268.35	(-)63.61	(-)80.08
	Adjustment for prior period	(-)36.55	100.47	4.29	269.47	127.30
	Profit/Loss for the year	321.27	269.42	272.64	205.86	47.22

@ Includes dividend on units purchased from UTI.

* Expenditure/Income includes interest of Rs.38.64 crore on bonds issued on behalf of Government and recovered from Government.

ANNEXURE-9A

Statement showing investment by Tamil Nadu Industrial Development Corporation Limited and dividend income

(Referred to in Paragraph 2A.6.1)

(Rupees in crore)

Years		Name of the Company						
		Titan	TPL	TANFAC	SPIC	Cheslind	Others (74)	Total
1995-96	Investment	35.68	20.60	2.60	4.42	---	91.56	154.86
	Dividend	3.54	3.48	0.36	2.65	---	0.07	10.10
	Per cent	9.92	16.89	13.85	59.95	---	0.08	6.52
1996-97	Investment	35.68	20.60	2.60	4.42	2.06	89.20	154.56
	Dividend	3.89	3.96	0.29	2.65	---	0.16	10.95
	Per cent	10.90	19.22	11.15	59.95	---	0.18	7.08
1997-98	Investment	35.68	20.60	2.60	4.42	2.06	102.20	167.56
	Dividend	3.89	3.49	0.36	2.65	0.21	0.17	10.77
	Per cent	10.90	16.94	13.85	59.95	10.19	0.17	6.43
1998-99	Investment	35.68	20.60	2.60	4.42	2.06	105.58	170.94
	Dividend	2.95	3.48	0.39	2.65	0.21	---	9.68
	Per cent	8.27	16.89	15.00	59.95	10.19	---	5.66
1999-2000	Investment	35.68	20.60	2.60	4.42	2.06	106.56	171.92
	Dividend	3.06	3.80	0.44	2.21	0.25	0.08	9.84
	Per cent	8.58	18.45	16.92	50.00	12.14	0.08	5.72

TITAN : Titan Industries Limited

TPL : Tamil Nadu Petro Products Limited

TANFAC: Tamil Nadu Flourides and Alkalies Limited

SPIC : Southern Petrochemicals Industries Corporation Limited

Cheslind: Cheslind Textiles Limited

ANNEXURE-9B

Statement showing projects developed by Tamil Nadu Industrial Development Corporation Limited

(Referred to in Paragraph 2A.7)

Sl.No.	Stages of projects	Number of projects		
		Up to 1994-95	1995-96 to 1999-2000	Total
(A)	Projects with promoters agreement			
(i)	Projects taken up	107	29	136
(ii)	Under production	65	14	79
(iii)	Under implementation	2	9	11
(iv)	Abandoned projects	40	6	46
(v)	Percentage of (iv) to (i)	37	21	34
(B)	Projects without promoters agreement			
(i)	Projects identified	—	235	235
(ii)	Projects under implementation	—	12	12
(iii)	Projects not yet taken up for implementation	—	147	147
(iv)	Projects written off	—	76	76

ANNEXURE – 10

The summarised financial position of 21 State Transport Undertakings

For the five years up to 1999-2000

(Referred to in Paragraph 2B.6.1)

(Rupees in lakh)

		1995-96	1996-97	1997-98	1998-99	1999-2000
	LIABILITIES					
(a)	Paid-up capital	3519.50	22763.28	37672.23	57672.23	68772.22
(b)	Reserves and supluses	498.91	518.71	2539.27	2802.05	2991.50
(c)	Borrowings					
	(a) Short-term and Long term	53651.41	64781.88	77669.05	71952.59	92015.26
	(b) Cash credit	6067.41	5631.21	6347.53	6637.84	10337.57
(d)	Trade dues and other liabilities	42846.59	48286.00	57401.47	72747.69	70380.79
	Total	106583.82	141981.08	181629.55	211812.40	244497.34
	ASSETS					
(a)	Gross block	95707.58	106561.81	128519.12	131686.10	137057.02
(b)	Less : Depreciation	61580.74	71527.69	80122.36	87948.32	98279.69
(c)	Net fixed assets	34126.84	35034.12	48396.76	43737.78	38777.33
(d)	Capital work in progress	1360.25	4159.74	2383.30	423.40	1562.49
(e)	Other assets/investments	871.54	1075.63	1859.82	1876.55	1876.54
(f)	Current assets, loans and advances	16922.57	17343.26	21683.93	17331.05	22045.64
(g)	Intangible assets and accumulated losses	53302.62	84386.33	107305.74	148443.62	180235.34*
	Total	106583.82	141981.08	181629.55	211812.40	244497.34

* This includes Rs.20.39 lakh on account of preliminary expenses.

ANNEXURE – 11

Working results of 21 State Transport Undertakings

For five years up to 1999 – 2000

(Referred to in Paragraph 2B.6.2)

(Rupees in lakh)

		1995-96	1996-97	1997-98	1998-99	1999-2000
1.	INCOME					
(a)	Operational income	158871.96	163309.39	197485.47	209836.06	247889.03
(b)	Non-operational income	6675.68	7860.13	11770.83	10807.56	3262.96
	Total	165547.64	171169.52	209256.30	220643.62	251151.99
2.	EXPENDITURE					
(a)	Operational expenditure	170817.94	182197.11	204768.23	236828.24	260357.92
(b)	Non-operational expenditure	15606.98	20176.18	27197.70	22275.11	22237.20
	Total	186424.92	202373.29	231965.93	259103.35	282595.12
3.	Operational loss	11945.98	18887.72	7282.76	26992.18	12468.89
4.	Net loss	20877.28	31203.77	22709.63	38459.73	31443.13
5.	Interest cost	7822.83	10068.81	14679.64	12645.21	13519.07
6.	Establishment cost	75384.29	80310.46	89252.80	111921.39	124872.92

ANNEXURE – 12

Statement showing fleet utilisation/efficiency of operation of State Transport Undertakings

(Referred to in Paragraphs 2B.7.3 and 2B.7.5)

Sl. No		1995-96	1996-97	1997-98	1998-99
1.	Average number of buses with fleet during the year	11700	12153	12807	12984
2.	Average number of buses on road	10967	11282	11772	12099
3.	Percentage of fleet utilisation	93.73	92.83	91.92	93.18
4.	Scheduled KMs to be operated (in lakh)	16663.20	14437.76	18023.37	18293.65
5.	Actual KMs operated (in lakh)	16203.43	16716.73	17294.76	17818.87
6.	Percentage of 5 to 4	97.24	95.86	95.96	97.40

Note: Figures represent performance of 16 out 21 STUs (Serial Numbers 54 to 58, 63, 65 to 67, 69 to 72, 74, 76 and 77 of Annexure-3).

ANNEXURE-13

Statement showing route analysis in respect of 13 State Transport Undertakings

(Referred to in Paragraph 2B.7.7)

Year	Profble		Break-even		Loss making		Total Number of routes
	Number of routes	Percentage	Number of routes	Percentage	Number of routes	Percentage	
1995-96	332	5.86	469	8.28	4863	85.86	5664
1996-97	326	5.71	467	8.18	4916	86.11	5709
1997-98*	1037	17.64	851	14.48	3990	67.88	5878
1998-99	175	2.85	324	5.27	5649	91.88	6148

Serial numbers 54, 55, 57, 58, 63, 65, 66, 67, 69, 70, 72, 74 and 75 of Annexure-3.

* **Variation is due to fare increase.**

ANNEXURE – 14

Statement showing cost of operation of State Transport Undertakings

(Referred to in Paragraph 2B.13.2)

(Figures in paise)

Sl. No.	Name of the Transport Corporation	1995-96			1996-97			1997-98			1998-99		
		Variable cost	Fixed cost	Total	Variable cost	Fixed cost	Total	Variable cost	Fixed cost	Total	Variable cost	Fixed cost	Total
1.	Tamil Nadu State Transport Corporation (Madurai – Division I) Limited	310	572	882	339	609	948	401	729	1130	415	834	1249
2.	Tamil Nadu State Transport Corporation (Villupuram – Division II) Limited	287	512	799	326	542	868	360	591	951	371	646	1017
3.	Tamil Nadu State Transport Corporation (Kumbakonam – Division I) Limited	324	515	839	350	563	913	375	607	982	367	686	1053
4.	Tamil Nadu State Transport Corporation (Salem – Division II) Limited	289	497	786	343	545	888	366	594	960	359	651	1010
5.	Tamil Nadu State Transport Corporation (Salem – Division I) Limited	303	528	831	348	571	919	377	579	956	363	667	1030
6.	Tamil Nadu State Transport Corporation (Madurai – Division II) Limited	319	578	897	340	601	941	370	722	1092	378	799	1177

Sl. No.	Name of the Transport Corporation	1995-96			1996-97			1997-98			1998-99		
		Variable cost	Fixed cost	Total	Variable cost	Fixed cost	Total	Variable cost	Fixed cost	Total	Variable cost	Fixed cost	Total
7.	**Tamil Nadu State Transport Corporation (Madurai – Division IV) Limited**	298	539	837	318	536	854	367	617	984	368	687	1055
8.	**Tamil Nadu State Transport Corporation (Coimbatore – Division II) Limited**	293	497	790	310	520	830	338	556	894	339	624	963
9.	**Tamil Nadu State Transport Corporation (Madurai – Division III) Limited**	321	552	873	371	637	1008	362	703	1065	361	791	1152
10.	**Tamil Nadu State Transport Corporation (Coimbatore – Division I) Limited**	304	540	844	330	566	896	351	627	978	356	683	1039
11.	**Tamil Nadu State Transport Corporation (Kumbakonam – Division II) Limited**	306	489	795	334	506	840	376	549	925	364	637	1001
12.	**Tamil Nadu State Transport Corporation (Villupuram – Division III) Limited**	305	526	831	346	605	951	385	676	1061	376	720	1096
13.	**Metro Transport Corporation (Chennai – Division II) Limited**	365	789	1154	435	898	1333	462	1038	1500	417	1149	1566
14.	**Tamil Nadu State Transport Corporation (Kumbakonam – Division IV) Limited**	---	---	---	362	452	814	386	539	925	373	606	979

Sl. No.	Name of the Transport Corporation	1995-96			1996-97			1997-98			1998-99		
		Variable cost	Fixed cost	Total	Variable cost	Fixed cost	Total	Variable cost	Fixed cost	Total	Variable cost	Fixed cost	Total
15.	Tamil Nadu State Transport Corporation (Madurai – Division V) Limited	---	---	---	---	---	---	---	---	991	---	---	1060
16.	State Express Transport Corporation (Tamil Nadu – Division I) Limited	274	435	709	325	525	850	348	569	917	356	698	1054

ANNEXURE - 15

Summarised financial position of the Tamil Nadu Warehousing Corporation for the last five years ended 31 March 2000.

(Referred to in Paragraph 3A.7)

(Rupees in lakh)

		1995-96	1996-97	1997-98	1998-99	1999-2000 (Provisional)
A.	Liabilities					
	Paid-up capital	761.00	761.00	761.00	761.00	761.00
	Reserves and surplus	1424.81	1547.41	1621.45	1841.50	2103.63
	Borrowings	---	59.30	34.10	8.90	---
	Subsidy	25.99	25.99	25.99	20.70	20.29
	Current liabilities and provisions	395.53	504.36	603.69	488.99	520.16
	Provision for gratuity and pension	27.00	17.98	19.22	43.98	44.66
	Total	2634.33	2916.04	3065.45	3165.07	3449.74
B.	ASSETS					
	Gross block	2888.66	3120.95	3155.29	3212.14	3288.53
	LESS: Depreciation	564.75	613.09	678.80	738.23	814.66
	Net fixed assets	2323.91	2507.86	2476.49	2473.91	2473.87
	Investments	0.10	0.10	0.10	0.10	0.10
	Current assets, loans and advances#	310.32	408.08	588.86	691.06	975.77
	TOTAL	2634.33	2916.04	3065.45	3165.07	3449.74
	Capital employed•	2211.70	2393.60	2442.44	2632.00	2884.82
	Return on capital employed	210.82	246.77	144.18	201.97	351.06
	Percentage of return on capital employed	9.53	10.31	5.90	7.67	12.17
	Net worth♣	2185.81	2308.41	2382.45	2602.50	2864.63

Having cash and bank balances of Rs.1.78 crore, 1.64 crore and Rs.4.15 crore in 1997-98, 1998-99 and 1999-2000 (provisional) respectively.

• Capital employed represents net fixed assets plus working capital.

♣ Net worth represents paid-up capital plus reserves and surplus LESS intangible assets.

ANNEXURE - 16

Summarised working results of the Tamil Nadu Warehousing Corporation for the last five years ended 31 March 2000.

(Referred to in Paragraph 3A.7)

(Rupees in lakh)

	1995-96	1996-97	1997-98	1998-99	1999-2000 (Provisional)
INCOME					
Warehousing charges	727.83	790.14	927.92	1082.83	1260.24
Supervision charges	19.95	22.90	32.01	36.85	66.96
Other income	24.16	26.62	30.92	34.92	56.96
TOTAL	771.94	839.66	990.85	1154.60	1384.16
EXPENDITURE					
Employees' cost	354.30	380.45	490.88	584.68	672.11
Other costs	152.35	144.71	286.61	306.24	273.39
Interest	6.54	13.78	7.76	4.63	0.49
Deprecication	50.38	51.25	58.94	59.33	78.67
Bad and doubtful debts	4.09	16.48	10.24	2.38	8.93
TOTAL	567.66	606.67	854.43	957.26	1033.59
Profit for the year	204.28	232.99	136.42	197.34	350.57
Prior year adjustment	(-)104.15	(-)85.66	(-)55.73	39.24	(-)2.05
Excess provision written back	2.67	0.92	1.87	9.14	12.46
Provision for income tax	0.25	0.54	0.15	0.34	6.00
Profit after tax	102.55	147.71	82.41	245.38	354.98
Percentage of net profit to warehousing receipts	14.09	18.69	8.88	22.66	28.17
Percentage of increase in warehousing receipts over 1995-96	---	8.56	27.49	48.78	73.15
Percentage of increase in total cost over 1995-96	---	6.87	50.52	68.63	82.08
Percentage of increase in employees' cost over 1995-96	---	7.38	38.55	65.02	89.70
Average capacity utilisation (in per cent)	78.06	73.97	87.22	83.12	81.50

2-27—31

ANNEXURE - 16A

Details of land acquired by Tamil Nadu Warehousing Corporation and kept idle

(Referred to in Paragraph 3A.8.2.3)

Sl. No.	Name of place	Extent of land in acre	Month/year of acquisition	Cost of land (Rupees in lakh)	Remarks
1.	Sivaganga	4.49	September 1997	0.39	No steps were taken for construction of godown
2.	Pattukottai	2.58	May 1991	3.95	No steps were taken for construction of godown though the Corporation runs hired warehousing centres there.
3.	Batlagundu	1.56	August 1991	1.29	
4.	Ariyalur	1.02	November 1992	0.48	
5.	Attur	4.50	March 1988	24.40	
6.	Vellore	1.27	May 1989	16.36	No steps were taken for construction of godown
7.	Musiri	7.66	June 1990	0.84	40 cents of the land whose present value is Rs.11.05 lakh has been under encroachment since 1992.
8.	Kankeya-nallur	7.50	February 1996	1.55	Due to non-availability of approach road, expansion could not be undertaken.

ANNEXURE – 17

Statement showing revision of tariff in Tamil Nadu Electricity Board

(Referred to in Paragraph 3B.4.1)

	Tariff Revision effected on 15.2.1997	Tariff Revision effected on 20.7.1998	Tariff Revision effected on 7.1.2000
(A) High Tension			
Tariff-I – Industrial	DC Rs.125 per KVA	DC Rs.150 per KVA	DC Rs.150 per KVA
	EC Rs.2.90 per unit	EC Rs.3.30 per unit	EC Rs.3.50 per unit
Tariff-II – Educational institution, hospitals, etc.	DC Rs.100 per KVA	DC Rs.110 per KVA	DC Rs.125 per KVA
	EC Rs.2.20 per unit	EC Rs.2.55 per unit	EC Rs.2.90 per unit
Tariff-III – Commercial	DC Rs.150 per KVA	DC Rs.170 per KVA	DC Rs.200 per KVA
	EC Rs.3.00 per unit	EC Rs.3.45 per unit	EC Rs.3.90 per unit
Tariff-IV -Lift Irrigation Co-operative Societies	Rs.0.25 per unit	Rs.0.25 per unit	Rs.0.25 per unit
(B) Low Tension			
Tariff -I A – Domestic	Rs.0.65 to 2.50 per unit	Rs.0.65 to 2.75 per unit	Rs.0.65 to 3.05 per unit
Tariff-I-B Hut service	NIL	NIL	NIL
Tariff-II A Public Water Supply and Public lighting	Rs.1.60 to 1.75 per unit	Rs.1.60 to 1.75 per unit	Rs.1.60 to 1.75 per unit
Tariff-II B Educational Institutions, Hospitals, etc.	Rs.2.50 per unit	Rs.2.85 per unit	Rs.3.10 per unit
Tariff-III A Cottage and Tiny industries	Rs.1.30 to 2.40 per unit	Rs.1.30 to 2.40 per unit	Rs.1.40 to 2.50 per unit
Tariff-III B Other Industries	Rs.2.80 to 3.30 per unit	Rs.3.10 to 3.70 per unit	Rs.3.30 to 4.00 per unit
Tariff –III C Information Technology	---	---	Rs.3.10 to 3.70 per unit
Tariff-IV Agriculture	No Charge	No Charge	No Charge
Under Self Financing Scheme	Rs.250 per HP p.a or Rs.0.50 per unit	Rs.250 per HP p.a or Rs.0.50 per unit	Rs.250 per HP p.a or Rs.0.50 per unit
Tariff V – Commercial	Rs.3.30 to 3.80 per unit	Rs.3.40 to 4.00 per unit	Rs.3.85 to 4.35 per unit

D.C: Demand charges E.C: Energy charges

ANNEXURE – 18

Statement showing Rate of Return of Tamil Nadu Electricity Board

(Referred to in Paragraph 3B.4.3)

		1995-96	1996-97	1997-98	1998-99	1999-2000 (Provi-sional)
				(Rupees in crore)		
1.	**Revenue**	4128.27	4490.49	5311.05	5682.53	6325.41
2.	**Expenditure**	4205.01	4747.37	5607.47	6423.81	7767.62
3.	**Deficit (-)**	76.74	256.88	296.42	741.28	1442.21
4.	**Rate of Return (Percentage)**	(-)1.90	(-)5.82	(-)5.30	(-)11.5	(-)23.18
5.	**Rate of return at three per cent of value of net fixed assets at the beginning of the year**	120.88	132.41	167.76	174.58	186.62
6.	**Subsidy**	415.93	586.51	570.06	1076.22	250.07*
7.	**Surplus**	339.19	329.63	273.64	334.94	(-)1192.14
8.	**Rate of return (after including subsidy) (in Percentage)**	8.42	7.47	4.89	5.76	(-)19.16

* **Orders regarding final subsidy awaited from Government.**

ANNEXURE – 18A

Statement showing revenue, expenditure and loss per unit in Tamil Nadu Electricity Board

(Referred to in Paragraph 3B.4.3.2)

		1995-96	1996-97	1997-98	1998-99	1999-2000 (Provisional
1.	Number of consumers (in lakh)	105.15	110.41	117.17	124.03	133.31
2.	Unit sold (Million Units)	24610	25659	26943	27862	30434
3.	Revenue per unit sold excluding subsidy (in paise)	167.75	175.00	197.12	203.95	207.84
4.	Expenditure per unit (in paise)	170.87	185.02	208.12	230.56	255.22
5.	Loss per unit (in paise)	3.12	10.02	11.00	26.61	47.38
6.	Total loss (Rupees in crore)	76.74	256.88	296.42	741.28	1442.21

ANNEXURE-19

CATEGORY-WISE DETAILS OF CONSUMER AND
(Referred to in

		1995-96					1996-97					
			Sales		Revenue			Sales		Revenue		
		No. of consumer	MU	Per cent	Amount	Per cent	No. of consumer	MU	Per cent	Amount	Per cent	No. of consumer
1.	Domestic	6287221	4065	16.52	493.71	12.27	6662292	4083	15.91	536.16	12.27	7140790
2.	Huts	1195331	85	0.34	---	---	1236234	98	0.38			1276139
3.	Cottage industries	17418	309	1.26	47.87	1.19	25112	359	1.40	76.10	1.74	30524
4.	Recognised educational institutions, etc.	117349	169	0.69	93.03	2.31	120312	396	0.72	118.46	2.71	123519
5.	Commercial, miscellaneous and others	1054213	2377	9.66	656.88	16.33	1110636	2481	9.67	730.95	16.74	1192920
6.	Public lighting/water works	121200	524	2.13	76.48	1.90	127486	577	2.25	76.79	1.76	140708
7.	Irrigation and De-watering and lift irrigation	1417096	6626	26.92	0.97	0.02	1450256	6678	26.85	5.33	0.12	1494892
8.	Industrial (Low Tension)	300509	2179	8.85	505.63	12.57	305506	2353	9.17	509.56	11.66	314833
9.	Industrial (High Tension *	4153	8005	32.53	2121.19	52.72	2922	8347	32.53	2298.79	52.62	3051
10	Bulk supply licensee and other States	---	271	1.10	27.83	0.69	5	287	1.12	16.47	0.38	5
	Total	10514490	24610	100	4023.59	100	11040761	25659	100	4368.61	100	11717381

* Reduction in 1996-97 is due to reclassification under other categories

REVENUE OF TAMIL NADU ELECTRICITY BOARD
Paragraph 3B.4.3.2)

1997-98			1998-99						1999-2000 (Provisional)				
Sales		Revenue		Sales			Revenue		Sales			Revenue	
MU	Per cent	Amount	Per cent	No. of consumer	MU	Per cent	Amount	Per cent	No. of consumer	MU	Per cent	Amount	Per cent
4169	15.48	671.50	12.97	7650728	5183	18.60	821.99	14.94	8337734	5678	18.66	906.26	14.87
101	0.37	---	---	1313234	97	0.35	---	---	1351440	127	0.42	---	---
332	1.23	65.45	1.26	40241	556	2.00	99.00	1.80	46870	504	1.66	89.80	1.47
557	2.07	137.58	2.66	126811	616	2.21	161.35	2.93	130815	641	2.11	182.15	2.99
2536	9.42	854.08	16.50	1318898	2533	9.09	898.27	16.34	1391224	2731	8.97	1056.60	17.34
588	2.18	102.85	1.98	155721	511	1.83	87.77	1.59	182116	740	2.43	124.99	2.05
7275	27.00	11.63	0.22	1475010	7556	27.12	7.20	0.13	1561561	8983	29.52	10.86	0.18
2244	8.33	629.43	12.15	319494	2377	8.53	711.32	12.94	325929	2369	7.78	753.44	12.36
8938	33.17	2683.90	51.83	3067	8121	29.15	2686.27	48.86	3134	8279	27.20	2944.89	48.31
203	0.75	22.13	0.43	10	312	1.12	25.71	0.47	10	382	1.25	26.30	0.43
26943	100	5178.55	100	12403214	27862	100	5498.88	100	13330833	30434	100	6095.29	100

ANNEXURE – 20

Statement showing category-wise contribution/cross subsidisation of Tamil Nadu Electricity Board

(Referred to in Paragraph 3B.4.3.2)

(In paise)

		1995-96			1996-97			1997-98			1998-99			1999-2000 (Provisional)		
		A	B	C	A	B	C	A	B	C	A	B	C	A	B	C
1.	Domestic	171	121	(-)50	185	131	(-)54	208	161	(-)47	231	159	(-)72	255	160	(-)95
2.	Commercial	171	276	(+)105	185	295	(+)110	208	337	(+)129	231	355	(+)124	255	387	(+)132
3.	Industrial	171	255	(+)84	185	261	(+)76	208	293	(+)85	231	316	(+)85	255	340	(+)85
4.	Agricultural	171	---	(-)171	185	---	(-)185	208	1	(-)207	231	1	(-)230	255	1	(-)254
5.	Others	171	188	(+)17	185	156	(-)29	208	181	(-)27	231	179	(-)52	255	176	(-)79

A: Pooled cost per unit

B: Average realisation per unit

C: Profit(+)/Loss(-)

ANNEXURE – 21

Statement showing Loss on Agricultural services in Tamil Nadu Electricity Board

(Worked out with reference to cost per unit)

(Referred to in Paragraph 3B.4.3.3)

Year	Units (in MU)	Cost per KWH (in Paise)	Realisation per KWH (in Paise)	Loss per KWH (in Paise)	Total loss (Rupees in crore)
1995-96	6626	171	NIL	171	1133.05
1996-97	6678	185	NIL	185	1235.43
1997-98	7275	208	NIL	208	1513.20
1998-99	7556	231	NIL	231	1745.44
1999-2000 (Provisional)	8983	255	NIL	255	2290.66
				Total	7917.78

ANNEXURE – 22

Statement showing cases of violation/theft detected by APTS of Tamil Nadu Electricity Board

(Referred to in Paragraph 3B.7)

Year	Total number of HT & LT Services inspected	Violation (Number)	Amount (Rupees in lakh)	Theft (Number)	Amount (Rupees in lakh)
1995	85826	10515	552.17	662	1724.65
1996	87049	10956	767.12	415	1495.49
1997	85836	9183	881.18	409	4665.78
1998	94912	7763	1526.88	390	1187.42
1999	57425	7673	963.76	439	2168.00
Total	411048	46090	4691.11	2315	11241.34

ANNEXURE – 23

Statement showing amounts assessed and collected in respect of cases of theft of energy/violations of Tamil Nadu Electricity Board

(Referred to in Paragraph 3B.7)

	Theft of energy		Violation		Revision of Bills		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
				(Amount – Rupees in lakh)				
				1997-98				
Opening Balance	1230	2976.01	2570	461.45	180	60.50	3980	3497.96
Addition	313	506.23	5477	448.73	467	132.61	6257	1087.57
Total	1543	3482.24	8047	910.18	647	193.11	10237	4585.53
Collection	430	112.40	5659	410.77	428	85.56	6517	608.73
Closing Balance	1113	3369.84	2388	499.41	219	107.55	3720	3976.80
				1998-99				
Opening Balance	1113	3369.84	2388	499.41	219	107.55	3720	3976.80
Addition	398	1845.55	4822	556.57	806	163.70	6026	2565.82
Total	1511	5215.39	7210	1055.98	1025	271.25	9746	6542.62
Collection	404	100.85	5299	486.84	628	125.15	6331	712.84
Closing Balance	1107	5114.54	1911	569.14	397	146.10	3415	5829.78
				1999-2000 (Upto December 1999)				
Opening Balance	1107	5114.54	1911	569.14	397	146.10	3415	5829.78
Addition	322	1004.54	3677	455.21	450	89.27	4449	1549.02
Total	1429	6119.08	5588	1024.35	847	235.37	7864	7378.80
Collection	280	117.96	3538	415.26	459	62.76	4277	595.98
Closing Balance	1149	6001.12	2050	609.09	388	172.61	3587	6782.82

ANNEXURE – 24

Statement showing unauthorised extension of supply for construction purposes in Tamil Nadu Electricity Board

{Referred to in Paragraph 3B.7 (ii)}

Sl. No	Name of the consumer	Name of the Circle	Date of Inspection by APTS	Amount assessed (Rupees in lakh)
1.	LMW GKD Institute of Technological resources	Coimbatore (South)	21.12.1996	1.68
2.	LMW Spindle and Rings (Unit IX)	Coimbatore (South)	14.9.1998	1.20
3.	Premier Polytronics	Coimbatore (South)	15.9.1998	1.08
4.	Sri Ranganathan Valves	Coimbatore (South)	22.10.1998	0.27
5.	Kayatar Corporation Limited	Coimbatore (South)	22.12.1998	3.70
			Total	7.93

ANNEXURE – 25

Statement showing details of Assessment, Collections and balance of Revenue in Tamil Nadu Electricity Board

(Referred to in Paragraph 3B.8.1)

(Rupees in crore)

Sl. No.		1995-96	1996-97	1997-98	1998-99	1999-2000
1.	Opening Balance	142.78	195.78	249.04	489.71	643.79
2.	Assessment	3994.00	4322.14	5156.41	5475.09	6072.52
3.	Total	4136.78	4517.92	5405.45	5964.80	6716.31
4.	Collection	3941.00	4268.88	4915.74	5321.01	6142.66
5.	Closing Balance	195.78	249.04	489.71	643.79	573.65
6.	Percentage of Collection to Assessment (4 to 2)	98.6	98.7	95.3	97.2	101.2
7.	Closing Balance in terms of months assessment	0.59	0.69	1.14	1.41	1.13

http://cagindia.org/States/Tamil Nadu/1999-2000

Printed at Government Central Press, Chennai 600 079