

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

FOR THE YEAR 1984-85

(COMMERCIAL)

GOVERNMENT OF WEST BENGAL

IX
53-B-2

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PREFACE

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

- Government Companies;
- Statutory Corporations; and
- Departmentally-managed commercial undertakings.

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

3. There are, however, certain companies in which the Government have invested funds, but the accounts of which are not subject to audit by the Comptroller and Auditor General of India, as the Government or the Government owned|controlled companies|corporations hold less than 51 *per cent* of the shares. A list of such undertakings in which Government investment as on 31st March 1985 was more than Rs.10 lakhs is given in Annexure 1.

4. In respect of the three State Road Transport Corporations and the West Bengal State Electricity Board, which are statutory corporations, the Comptroller and Auditor General of India is the sole auditor. In respect of West Bengal Financial Corporation and West Bengal State Warehousing Corporation, he has the right to conduct the audit of their accounts independently of the audit conducted by the Chartered Accountants appointed under the respective Acts. The audit of the accounts of the West Bengal Industrial Infrastructure Development Corporation was entrusted to the

(ii)

Comptroller and Auditor General of India under section 19(3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, initially for a period of 5 years from 6th June 1978 and was subsequently extended for another 5 years from 6th June 1983 in September 1983. The audit reports on the annual accounts of all these Corporations are being forwarded separately to the Government of West Bengal.

5. The cases mentioned in this Report are those which came to notice in the course of audit of accounts during the year 1984-85 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports. Matters relating to the period subsequent to 1984-85 have also been included, wherever considered necessary.

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CHAPTER I

1. General view of Government Companies and Statutory Corporations

1.1. Introductory

This chapter contains particulars about the investment, state of accounts, etc., of the Government Companies and Statutory Corporations.

Paragraph 1.2 deals with Government Companies, paragraph 1.3 deals with general aspects relating to the Statutory Corporations and paragraphs 1.4 to 1.10 give more details about each Statutory Corporation including its financial and operational performance.

1.2. Government Companies

1.2.1. There were 44 Government Companies (including eleven subsidiaries) as on 31st March, 1985, as against 39 (including eight subsidiaries) at the close of the previous year. According to the information received by Audit during the year 1984-85, seven companies had become Government Companies and one of them as well as another existing Government Company viz., West Bengal Cements Limited, ceased to be Government Companies during the year. The particulars in respect of the seven Companies which had become Government Companies are given below :

| Name of Company | Date of incorporation | Date of becoming Gov- ernment Company | Authorised capital (Rupees in lakhs) | Remarks |
|---|------------------------|---|---|--|
| 1. Webel Sen Capacitors Limited | 15th May 1981 | 20th April 1983 | 1,50.00 | Ceased to be a Gov- ernment Company with effect from 17th January 1985. |
| 2. Webel Computers Limited | 28th November 1981 | 28th November 1981 | 20.00 | |
| 3. Webel Crystals Limi- ted | 19th March 1982 | 19th March 1982 | 75.00 | |
| 4. Neo Pipes and Tubes Company Limited | 12th January 1983 | 12th January 1983 | 2,00.00 | |
| 5. Lime Light Industries Limited | 5th May 1983 | 5th May 1983 | 5.00 | |
| 6. Silpabarta Printing Press Limited | 23rd September 1983 | 23rd September 1983 | 24.00 | |
| 7. West Bengal Projects Limited | 9th February 1984 | 9th February 1984 | 1,00.00 | |

1.2.2. A statement as per Annexure 2 gives the particulars of paid-up capital, outstanding loans, amount of guarantees outstanding, working results, etc. The position is summarised as under :

- (a) Against the aggregate paid-up capital of Rs.121,98.97 lakhs in 39 Companies (including 8 subsidiaries) as on 31st March 1984, the aggregate paid-up capital as on 31st March 1985 in respect of 44 Companies stood at Rs.13111.72 lakhs, as shown below :

| Particulars | Number of Companies | Investment by | | | Total investment |
|---|---------------------|-------------------|--------------------|---------|------------------|
| | | State Government | Central Government | Others | |
| | | (Rupees in lakhs) | | | |
| 1. Companies wholly owned by State Government | 22 | 99,36.14 | ... | ... | 99,36.14 |
| 2. Company jointly owned with the Central Government/others | 9 | 22,16.60 | 364.03 | 2,07.75 | 27,88.38 |
| 3. Subsidiary Companies | 11 | 2.81 | 12.00 | 3,72.39 | 3,87.20 |
| | (@)42 | 1,21,55.55* | 3,76.03 | 5,80.14 | 1,31,11.72 |

- (b) The balance of long-term loans outstanding in respect of 27 Companies as on 31st March 1985 was Rs.29541.18 lakhs (State Government Rs.22527.00 lakhs**, others : Rs.6904.16 lakhs, deferred payment credits : Rs.110.02 lakhs) as against Rs.259,53.74 lakhs as on 31st March 1984.

- (c) The State Government had guaranteed the repayment of loans raised by 18 Companies and payment of interest thereon. The amounts guaranteed and outstanding thereagainst as on 31st March 1985 were Rs.7595.93 lakhs and Rs.5390.14 lakhs respectively.

The Companies have to pay guarantee commission in consideration of the guarantees given by the Government. As on 31st March 1985, the payment of guarantee commission was in arrears to the extent of Rs.68.10 lakhs in the case of nine Companies as shown in Annexure 2. It would be observed that West Bengal Industrial Development Corporation Limited alone accounted for dues of Rs.54.25 lakhs.

1.2.3. A synoptic statement showing the financial results of all the 44 Companies based on the latest available accounts is given in Annexure 3.

(@) Details of 2 Companies Sl. 43, 44 of Annexure 2 awaited.

*The amount as per Finance Accounts is Rs. 71,32.31 lakhs and the difference of Rs. 50,23.24 lakhs is under reconciliation.

**The amount as per Finance Accounts is Rs. 1,83,25.85 lakhs and the difference of Rs. 42,01.16 lakhs is under reconciliation.

Nine Companies (including one subsidiary) have finalised their accounts for the year 1984-85 (serial numbers 4, 7, 11, 17, 21, 23, 27, 30 and 32 of the Annexure). In addition, 19 Companies have finalised their accounts for some earlier years since the previous report (serial numbers 2, 3, 5, 6, 8, 9, 10, 12, 28, 31, 33, 34, 36, 37, 38, 39, 40, 41 and 42 of the Annexure).

It will be observed from Annexures 2 and 3 that the accounts of 35* Companies (including 9 subsidiaries) are in arrears. The position is summarised as under :

| Extent of arrears | No. of years in- volved | Number of Companies involved | | Investment | | | | Reference to serial number of Annexure 3 |
|----------------------|----------------------------------|------------------------------------|-------------------------|-------------------|----------|---------|-------|---|
| | | | | Government | | Holding | | |
| | | Com- panies | Subsidiary Companies | Capital | Loans | Capital | Loans | |
| | | | | (Rupees in lakhs) | | | | |
| 1977-78 to 1984-85 | 8 | 1 | ... | 10.00 | 1,95.08 | — | — | 22 |
| 1979-80 to 1984-85 | 6 | 2 | 1 | 7,92.15 | 5,76.01 | 95.50 | NA | 9, 15, 29 |
| 1980-81 to 1984-85 | 5 | 3 | ... | 6,38.27 | NA | — | ... | 2, 14, 26 |
| 1981-82 to 1984-85 | 4 | 6 | 2 | 12,58.49 | 28,25.74 | 26.59 | 5.61 | 3, 8, 10, 18, 24, 25, 36, 38 |
| 1982-83 to 1984-85 | 3 | 3 | 3 | 4,94.81 | 23,05.19 | 63.42 | NA | 1, 13, 28, 33, 37, 39 |
| 1983-84 to 1984-85 | 2 | 9 | 2 | 41,68.22 | NA | 53.19 | 25.48 | 5, 6, 12, 16, 19, 20, 31, 34, 35, 40 41 |

The position of arrears in finalisation of accounts was last brought to the notice of the Government in June 1986.

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

1.2.4.1. In respect of 9 Companies, which finalised the accounts for 1984-85, the following position is reflected :

(a) Three Companies earned profit during 1984-85. Particulars in respect of them, giving the comparative position of the previous year, are given below :

| Name of Company | Paid-up capital | | Profit | | Percentage of profit to paid-up capital | |
|---|-------------------|---------|---------|---------|---|---------|
| | 1984-85 | 1983-84 | 1984-85 | 1983-84 | 1984-85 | 1983-84 |
| | (Rupees in lakhs) | | | | | |
| 1. West Bengal Industrial Development Corporation Limited | 9,80.42 | 8,80.42 | 17.94 | 79.87 | 1.8 | 9.1 |
| 2. West Bengal Essential Commodities Supply Corporation Limited | 1,08.00 | 1,03.00 | 3,02.70 | 2,67.22 | 2,80.3 | 2,59.4 |
| 3. Webel Telecommunication Industries Limited (Subsidiary) | 1,00.00 | 1,00.00 | 1,99.00 | 1,27.19 | 1,99.0 | 1,27.2 |

*Details of 2 Companies are awaited, Sl. 43 and 44 of Annexure 3

The decline in profit in 1984-85 in the case of West Bengal Industrial Development Corporation Limited in comparison to 1983-84 was due to loss of Rs.60.08 lakhs on the disposal of shares and increase in expenditure of Rs.15.84 lakhs in raising finance.

(b) Six Companies incurred losses during the year 1984-85. Particulars in respect of them giving the comparative position of the previous year are given below :

| Name of Company | Paid-up capital | | Loss | |
|---|-------------------|----------|---------|---------|
| | 1984-85 | 1983-84 | 1984-85 | 1983-84 |
| | (Rupees in lakhs) | | | |
| 1. The Durgapur Projects Limited* | 31,49.91 | 29,80.41 | 8,24.16 | 1,57.91 |
| 2. West Bengal Mineral Development and Trading Corporation Limited | 1,98.08 | 1,98.08 | 36.06 | 49.53 |
| 3. West Bengal Pharmaceutical and Phytochemical Development Corporation Limited | 1,31.10 | 1,01.10 | 8.84 | 6.83 |
| 4. West Dinajpur Spinning Mills Limited | 4,36.00 | 3,11.01 | 47.38 | 20.49 |
| 5. West Bengal Tea Development Corporation Limited | 2,41.00 | 2,16.00 | 47.38 | 33.04 |
| 6. West Bengal Film Development Corporation Limited | 1,66.57 | 1,41.57 | 13.73 | 5.04 |
| Total | 43,22.66 | 39,48.17 | 9,77.55 | 2,72.84 |

1.2.4.2. During the year 1984-85 two Companies (including one subsidiary) declared dividend as indicated below :

| Name of Company | Distributable surplus | Amount retained in business | Dividend declared | Percentage of dividend to paid-up capital |
|---|-----------------------|-----------------------------|-------------------|---|
| | (Rupees in lakhs) | | | |
| 1. West Bengal Essential Commodities Supply Corporation Limited | 68.49 | 57.74 | 10.75 | 10.0 |
| 2. Webel Telecommunication Industries Limited (Subsidiary) | 68.80 | 53.80 | 15.00 | 15.0 |

*The increase in loss during 1984-85 over that of previous year was mainly due to fall in production and sales.

1.2.4.3. The accumulated losses in respect of the following ten Companies as reflected in the accounts received up to the period noted against each had exceeded their paid-up capital :

| Name of Company | Year | Paid-up capital | Accumulated loss |
|--|---------|-----------------|------------------|
| (Rupees in lakhs) | | | |
| 1. The Durgapur Projects Limited | 1984-85 | 31,49.91 | 50,11.72 |
| 2. Durgapur Chemicals Limited | 1983-84 | 5,09.31 | 36,90.63 |
| 3. The State Fisheries Development Corporation Limited | 1983-84 | 1,15.00 | 1,19.01 |
| 4. The Shalimar Works (1980) Limited | 1983-84 | 75.50 | 1,98.14 |
| 5. The Kalyani Spinning Mills Limited' | 1982-83 | 1,58.21 | 27,45.88 |
| 6. West Bengal Sugar Industries Development Corporation Limited` | 1982-83 | 2,36.60 | 4,19.48 |
| 7. Westinghouse Saxby Farmer Limited | 1981-82 | 1,00.00 | 22,57.55 |
| 8. West Bengal Ceramic Development Corporation Limited | 1981-82 | 97.73 | 1,69.83 |
| 9. Electro Medical and Allied Industries Limited .. | 1981-82 | 25.00 | 1,52.58 |
| 10. Basumati Corporation Limited | 1977-78 | 10.00 | 49.62 |

1.2.5. There was one Company viz., West Bengal Filaments and Lamps Limited, covered under section 619-B of the Companies Act, 1956. As per the accounts of the Company for 1984-85, the loss incurred amounted to Rs.53.47 lakhs. There was no direct investment of the State Government in the Company.

1.2.6. The Companies Act, 1956, empowers the Comptroller and Auditor General of India to issue directives to the Auditors of Government Companies in regard to the performance of their functions. In pursuance of the directives so issued, special reports of the Company Auditors on the accounts of seven Companies were received during the year. Important points noticed in the report are summarised below :

| Nature of defects | Number of Companies in which defects were noticed (serial number of Companies as per Annexure 2 in brackets) |
|--|--|
| 1. Non-maintenance of an accounting manual .. | 4 (2, 7, 17 and 27) |
| 2. Lack of effective system of reconciliation of books of accounts. | 1 (7) |
| 3. Non-maintenance of internal audit manual defining the scope of work of the internal auditors. | 4 (2, 7, 17 and 21) |
| 4. Non-preparation of annual budget | 3 (2, 7 and 21) |
| 5. Lack of confirmation of huge outstanding loans .. | 1 (7) |
| 6. Absence of regular costing system | 1 (27) |
| 7. Absence of effective system of obtaining confirmation of debts. | 5 (2, 21, 27, 30 and 41) |
| 8. Non-fixation of norms of requirement/deployment of manpower. | 1 (41) |
| 9. Non-maintenance of fixed assets register | 1 (2) |
| 10. Non-fixation of production target and non-maintenance of periodical quantity accounts. | 1 (17) |
| 11. Absence of system of ascertaining idle time for labour and machinery. | 1 (27) |

1.2.7. Under Section 619(4) of the Companies Act, 1956, the Comptroller and Auditor General of India has a right to comment upon or supplement the audit reports of Company Auditors. Under this provision, review of the annual accounts of Government Companies is conducted in selected cases. Some of the major errors| omissions, etc., noticed in the course of review of annual accounts not pointed out by Company's Auditors are mentioned below :

- (1) West Bengal Industrial Development Corporation Limited in respect of accounts for the year 1984-85—Interest accrued on suit-filed cases and interest from those loanees from whom no recovery of loans and interest could be made during the last 3 years have not been reflected in Profit and Loss Account. This has resulted in partial switchover to the cash system of accounting which is contrary not only to the accepted principles of commercial accounting but also to the mandatory provisions of sections 209 and 211 of the Companies Act, 1956.
- (2) The Durgapur Projects Limited in respect of accounts for the year 1984-85—(a) Sundry Debtors include Rs.1.78 crores representing irrecoverable debts from the West Bengal State Electricity Board on various accounts (Rs.13.40 lakhs for short payment of bills raised during 1971-72, Rs.79.53 lakhs for non-payment against supplementary bills for power supply, Rs.15.86 lakhs for fuel surcharge bills and Rs.69.35 lakhs for non-payment against delayed payment of surcharge bills) which the Company had decided to forego in February 1985.
- (b) Sundry debtors also include Rs.10.64 lakhs due from a private Company (since vested in a Government Company) for supply of power between December 1970 and December 1973, the claim for which had become irrecoverable as the same was not lodged within the prescribed time limit.
- (3) West Bengal Tea Development Corporation Limited in respect of accounts for the year 1984-85—There was short provision of Rs.1.75 lakhs as interest due on loans granted by Government of India.

1.3. Statutory Corporations : General aspects

1.3.1. There were six Statutory Corporations in the State as on 31st March 1985 :

- West Bengal State Electricity Board,
- West Bengal Financial Corporation,
- West Bengal State Warehousing Corporation,
- North Bengal State Transport Corporation and
- Durgapur State Transport Corporation.

In addition, the audit of West Bengal Industrial Infrastructure Development Corporation, incorporated in November 1973 under the West Bengal Industrial Infrastructure Corporation Ordinance, 1973 (subsequently replaced by West Bengal Industrial Infrastructure Development Corporation Act, 1974), was entrusted in June 1978 to the Comptroller and Auditor General of India by the State Government initially for a period of 5 years up to 1982-83, which was further extended in August 1983 for another period of 5 years up to 1987-88.

1.3.2. The accounts of the following Statutory Corporations are in arrears for the periods indicated against each (June 1986) :

| Name of the statutory corporation | Extent of arrears | Government investment as on 31st March 1985 | |
|--|---------------------|---|----------|
| | | Capital | Loans |
| | | (Rupees in lakhs) | |
| 1. North Bengal State Transport Corporation | 1976-77 to 1984-85 | 8,21.06 | 22,96.00 |
| 2. Durgapur State Transport Corporation .. | 1977-78 to 1984-85 | 13,34.86 | NA |
| 3. West Bengal State Warehousing Corporation | 1983-84 and 1984-85 | NA | NA |
| 4. Calcutta State Transport Corporation .. | 1984-85 | 7,08.46 | 72,49.78 |

The position of arrears in the finalisation of accounts was last brought to the notice of the State Government in June 1986.

A synoptic statement showing the summarised financial results of the Corporations, based on the latest available accounts, is given in Annexure 4.

1.4. West Bengal State Electricity Board

1.4.1. The West Bengal State Electricity Board was formed on 1st May 1955 under Section 5(i) of the Electricity (Supply) Act, 1948.

1.4.2. The capital requirements of the Board are provided in the form of loans from Government, the public, the banks and other financial institutions.

The aggregate of long-term loans (including loans from Government) obtained by the Board was Rs.1137.09 crores at the end of 1984-85 and represented an increase of Rs.100.76 crores (9.7 per cent) on the long-term loans of Rs.1036.33 crores at the end of the previous year. Details of loans obtained from different sources and outstanding at the close of the two years up to 31st March 1985 are as follows :

| Source | Amount outstanding as on 31st March | | Percentage increase |
|------------------|-------------------------------------|----------|---------------------|
| | 1984 | 1985 | |
| | (Rupees in crores) | | |
| State Government | 4,58.42 | 5,04.37 | 10.0 |
| Other sources | 5,77.91 | 6,32.72 | 9.5 |
| Total | 10,36.33 | 11,37.09 | |

1.4.3. Government had guaranteed the repayment of loans raised by the Board to the extent of Rs.744.14 crores (figures are provisional) and the payment of interest thereon. The amount of principal guaranteed and outstanding thereagainst as on 31st March 1985 was Rs.577.66 crores (figures are provisional). Amount of guarantee fees in arrears as on 31st March 1985 was Rs.8.54 crores (figures are provisional).

1.4.4. The financial position of the Board at the close of the three years up to 1984-85 is summarised in the following table (figures for 1983-84 and 1984-85 are provisional).

| A. Liabilities | | | | 1982-83 | 1983-84 (Provisional) | 1984-85 (Provisional) |
|--|----|----|----|--------------------|--------------------------|--------------------------|
| | | | | (Rupees in crores) | | |
| 1. Loans from Government | .. | .. | .. | 4,08.21 | 4,58.42 | 5,04.37 |
| 2. Other long-term loans (including bonds) | .. | .. | .. | 5,27.58 | 5,77.91 | 6,32.72 |
| 3. Deposits from public | .. | .. | .. | 40.84 | 47.28 | 56.44 |
| 4. Reserves and surplus | .. | .. | .. | 49.76 | 51.70 | 51.31 |
| 5. Current liabilities | .. | .. | .. | 2,34.05 | 2,94.20 | 3,74.18 |
| Total—A | | | | 12,60.44 | 14,29.51 | 16,19.02 |
| B. Assets | | | | | | |
| 1. Gross fixed assets | .. | .. | .. | 5,11.11 | 5,52.94 | 5,89.59 |
| 2. Less : Depreciation | .. | .. | .. | 34.64 | 27.41 | 27.41 |
| 3. Net fixed assets | .. | .. | .. | 4,76.47 | 5,25.53 | 5,62.18 |
| 4. Capital works-in-progress | .. | .. | .. | 4,55.31 | 5,37.40 | 6,70.30 |
| 5. Current assets | .. | .. | .. | 3,28.66 | 3,66.58 | 4,06.54 |
| Total—B | | | | 12,60.44 | 14,29.51 | 16,19.02 |
| C. Capital employed* | .. | .. | .. | 5,71.08 | 5,97.91 | 5,74.54 |

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

1.4.5. The working results of the Board for three years up to 1984-85 are summarised below (figures for 1983-84 and 1984-85 are provisional) :

| | | | 1982-83 | 1983-84 (Provi- sional) | 1984-85 (Provi- sional) |
|--|----|----|---------|-------------------------------|-------------------------------|
| (Rupees in crores) | | | | | |
| 1. (a) Revenue receipts | -- | .. | 2,08.42 | 2,14.50* | 2,14.08 |
| (b) Subsidy from State Government | .. | .. | 13.18 | 13.17 | 13.17 |
| Total | .. | .. | 2,21.60 | 2,27.73 | 2,27.25 |
| 2. Revenue expenditure including write-off of intangible assets. | | | 1,83.59 | 1,89.99 | 2,06.15 |
| 3. Gross surplus for the year | -- | -- | 38.01 | 37.74 | 21.10 |
| 4. Adjustment relating to previous year | .. | .. | .. | .. | 20.98 |

1.4.6. The revenue receipts of the Board during the three years up to 1984-85 (i.e., gross surplus after meeting the operating, maintenance and management expenses) were not adequate to meet fully the other liabilities mentioned in section 67 of the Electricity (Supply) Act, 1948 and, therefore, the Board distributed the surplus towards the following liabilities :

| | | | 1982-83 | 1983-84 (Provi- sional) | 1984-85 (Provi- sional) |
|--|----|----|---------|-------------------------------|-------------------------------|
| (Rupees in crores) | | | | | |
| (i) Gross surplus available including subvention from Government and after write-off of intangible assets | | | 38.01 | 37.74 | 42.03 |
| (ii) Add: Depreciation provided (not covered by revenue surplus during 1980-81, charged in accounts but withdrawn) | | | .. | .. | .. |
| (iii) Amount available for appropriation | .. | -- | 38.01 | 37.74 | 42.05 |
| (iv) Appropriated to meet payment of interest on loans not guaranteed under Section 66 of the Act, <i>ibid</i> | | | 5.23 | 7.08 | 6.60 |
| (v) Interest on cash credit guaranteed under Section 66 of the Act, <i>ibid</i> | | | -- | 0.06 | 0.47 |
| (vi) Contributions to repayment of loans raised under Section 65 of the Act, <i>ibid</i> | | | 14.35 | 6.44 | 7.87 |
| (vii) Payment of interest on loans guaranteed under Section 66 of the Act, <i>ibid</i> | | | 18.43 | 24.16 | 27.09 |
| Total | | | 38.01 | 37.74 | 42.03 |

*Revenue receipts for 1983-84 include Rs. 722.60 lakhs withdrawn from depreciation reserve

1.4.7. Liability towards interest not provided for in the accounts amounted to Rs.125.33 crores for the year 1984-85 alone. Depreciation not provided for in the accounts amounted to Rs.46.86 crores in 1982-83, Rs.64.29 crores in 1983-84 and Rs.84.28 crores in 1984-85. Total cumulative liability not provided for in respect of interest and depreciation during three years up to 1984-85 amounted to Rs.96.39 crores, Rs.164.46 crores and Rs.209.60 crores.

1.4.8. The following table depicts the profitability position of the Board if all accrued charges towards interest and depreciation were provided for during the three years up to 1984-85 :

| | 1982-83 | 1983-84 (Provi- sional) | 1984-85 (Provi- sional) |
|--|--------------------|-------------------------------|-------------------------------|
| | (Rupees in crores) | | |
| 1. Revenue receipts including subsidy from State Govern- ment for the year | 2.21.60 | 2,27.73 | 2,27.26 |
| 2. (a) Operating, maintenance and management expenses and depreciation for the year | 1.96.40 | 2,07.19 | 2,26.14 |
| (b) Interest on loans for the year | 38.36 | 81.94 | 59.32 |
| (c) Total revenue expenditure for the year | 2,34.76 | 2,89.13 | 2,85.46 |
| 3. Deficit for the year | 13.16 | 61.39 | 58.20 |
| 4. Add: Interest charged to profit and loss account | 38.36 | 81.94 | 59.32 |
| 5. Actual return on capital employed | 25.20 | 20.55 | 1.12 |
| | (per cent) | | |
| 6. Rate of return on capital employed (per cent) | 4.3 | 3.4 | 0.2 |

1.4.9. The following table indicates the operational performance of the Board for the three years up to 1984-85 (figures for 1983-84 and 1984-85 are provisional) :

| Particulars | 1982-83 | 1983-84 (Provi- sional) | 1984-85 (Provi- sional) |
|--------------------------|---------|-------------------------------|-------------------------------|
| | (In MW) | | |
| 1. Installed capacity : | | | |
| (i) Thermal | 1024.00 | 1024.00 | 1024.00 |
| (ii) Hydel | 37.40 | 45.80 | 45.80 |
| (iii) Others | 120.00 | 120.00 | 120.00 |
| Total | 1181.40 | 1189.80 | 1189.80 |
| 2. Normal maximum demand | 876.00 | 751.00 | 983.00 |

| | | | | | 1982-83 | 1983-84 (Pro- visional) (In MkWh) | 1984-85 (Pro - visional) |
|---|----|----|----|----|---------|--|--------------------------------|
| 3. Power generated : | | | | | | | |
| (i) Thermal | - | - | - | - | 3025.00 | 3272.24 | 3538.65 |
| (ii) Hydel | - | - | - | - | 99.00 | 111.69 | 131.91 |
| (iii) Others | - | - | - | - | 226.00 | 75.03 | 71.22 |
| Total | - | - | - | - | 3350.00 | 3458.96 | 3741.78 |
| Less : Auxiliary consumption | | | | | | | |
| | - | - | - | - | 311.60 | 349.84 | 380.02 |
| (In MW) | | | | | | | |
| 4. Net power generated | .. | .. | .. | .. | 3038.40 | 3109.12 | 3361.76 |
| 5. Power purchased | .. | .. | .. | .. | 1178.20 | 925.82 | 819.39 |
| 6. Total power available for sale | .. | .. | .. | .. | 4216.60 | 4034.94 | 4181.15 |
| 7. Power sold | .. | .. | .. | .. | 3500.70 | 3203.20 | 3250.40 |
| 8. (i) Transmission and distribution losses | .. | .. | .. | .. | 715.90 | 830.44 | 929.45 |
| (ii) Free supply to Bhutan | .. | .. | .. | .. | .. | 1.30 | 1.30 |
| (per cent) | | | | | | | |
| 9. Load factor | .. | .. | .. | .. | 59.0 | 61.9 | 69.1 |
| 10. Percentage of transmission and distribution loss to power available for sale. | | | | | 17.0 | 20.6 | 22.2 |
| (kWh) | | | | | | | |
| 11. Number of units generated per kW of installed capacity | | | | | 2835.6 | 2907.0 | 3145.0 |

1.4.10. The following table gives data of power sold to various categories of consumers and of revenue earned, expenses incurred and profit/loss per unit sold, during the three years up to 1984-85 (figures for 1983-84 and 1984-85 are provisional) :

| | | | | | 1982-83 | 1983-84 Pro- visional) (MkWh) | 1984-85 (Pro- visional) |
|-------------------------------|----|----|----|----|----------|--|-------------------------------|
| 1. Units sold : | | | | | | | |
| (a) Agricultural | .. | .. | .. | .. | 74.50 | 100.10 | 111.49 |
| (b) Industrial | .. | .. | .. | .. | 1174.20 | 1129.29 | 1156.21 |
| (c) Commercial | .. | .. | .. | .. | 263.90 | 259.41 | 263.01 |
| (d) Domestic | .. | .. | .. | .. | 184.70 | 212.93 | 211.93 |
| (e) Others | .. | .. | .. | .. | 1802.10 | 1501.47 | 1507.16 |
| Total | | | | | 3499.40 | 3203.20 | 3250.40 |
| (in paise) | | | | | | | |
| 2. (a) Revenue per kWh | .. | .. | .. | .. | 54.13 | 63.14 | 64.26 |
| (b) Expenditure per kWh | .. | .. | .. | .. | 57.46 | 64.75 | 68.20 |
| (c) Profit(+)/Loss(-) per kWh | .. | .. | .. | .. | (-)3.33 | (-)1.61 | (-)3.94 |

Certain aspects of the working of the Board are discussed in Chapter III.

1.5. West Bengal Financial Corporation

1.5.1. The West Bengal Financial Corporation was formed on 1st March 1954 under Section 3(i) of the State Financial Corporation Act, 1951.

1.5.2. The paid-up capital of the Corporation as on 31st March 1985 was Rs.8,31.27 lakhs (State Government : Rs.3,91.52 lakhs, Industrial Development Bank of India (IDBI) : Rs.3,91.52 lakhs, others : Rs.48.23 lakhs) as against Rs.7,34.27 lakhs as on 31st March 1984 (State Government : Rs.3,43.02 lakhs, IDBI : Rs.3,43.02 lakhs, others : Rs.48.23 lakhs).

1.5.3. Government has guaranteed the repayment of share capital of Rs.7,81.27 lakhs* (excluding special share capital of Rs.50 lakhs) under Section 6(i) of the Act, *ibid*, and payment of minimum dividend thereon at 3.5. *per cent*. Subvention paid by Government (up to 31st March 1985) towards the guaranteed dividend amounted to Rs.11.87 lakhs which was outstanding for repayment as on 31st March 1985.

Government has also guaranteed repayment of market loans (through bonds and debentures) of Rs.24,20 lakhs** raised by the Corporation. Amount of principal outstanding thereagainst as on 31st March 1985 was Rs.24,20 lakhs***.

1.5.4. The table below summarises the financial position of the Corporation under broad heads for the three years up to 1984-85 :

| A. Liabilities. | 1982-83 | 1983-84 | 1984-85 |
|--|-------------------|----------|----------|
| | (Rupees in lakhs) | | |
| 1. Paid-up capital | 7,05.27 | 8,31.27 | 9,36.27@ |
| 2. Reserve fund, other reserves and surplus | 3,96.62 | 4,15.44 | 4,56.35 |
| 3. Borrowings : | | | |
| (i) Bonds and debentures | 17,60.00 | 19,80.00 | 24,20.00 |
| (ii) Others | 18,76.73 | 23,82.74 | 29,50.76 |
| 4. Subvention paid by State Government on account of dividend. | 11.87 | 11.87 | 11.87 |
| 5. Other liabilities and provisions | 2,14.08 | 2,56.75 | 3,35.29 |
| Total—A | 49,64.57 | 58,78.07 | 71,10.54 |

*The figure as per Finance Accounts is Rs. 16,96.20 lakhs. The difference of Rs. 914.93 lakhs is under reconciliation.

**The figure as per Finance Accounts is Rs. 32,51.27 lakhs. The difference of Rs. 8,31.27 lakhs is under reconciliation.

***The figure as per Finance Accounts is Rs. 15 lakhs. The difference of Rs. 24.05 lakhs is under reconciliation.

@Includes Rs. 105 lakhs of share application money.

| B. Assets : | | | | 1982-83 | 1983-84 | 1984-85 |
|---|----|----|----|-------------------|----------|----------|
| | | | | (Rupees in lakhs) | | |
| 1. Cash and Bank balance | .. | .. | .. | 2,18.80 | 1,79.78 | 1,60.93 |
| 2. Investment | .. | .. | .. | 14.53 | 14.28 | 16.28 |
| 3. Loans and Advances | .. | .. | .. | 45,62.92 | 55,18.60 | 67,30.16 |
| 4. Debentures, shares etc., acquired under underwriting agreements. | | | | 37.37 | 37.37 | 37.37 |
| 5. Net fixed assets | .. | .. | .. | 12.29 | 10.16 | 9.71 |
| 6. Dividend deficit account | .. | .. | .. | 11.87 | 11.87 | 11.87 |
| 7. Other assets | .. | .. | .. | 1,06.79 | 1,06.01 | 1,44.22 |
| Total—B | | | | 49,64.57 | 58,78.07 | 71,10.54 |
| C Capital employed* | .. | .. | .. | 43,66.15 | 51,31.21 | 61,43.38 |
| D Capital invested** | .. | .. | .. | 46,83.03 | 54,72.06 | 66,12.59 |

1.5.5. The following table gives the details of the working results of the Corporation for three years up to 1984-85 :

| Particulars | | | | 1982-83 | 1983-84 | 1984-85 |
|---|----|----|----|-------------------|---------|---------|
| | | | | (Rupees in lakhs) | | |
| (1) Income— | | | | | | |
| (a) Interest on loans and advances | .. | .. | .. | 2,70.99 | 3,84.85 | 5,34.17 |
| (b) Other income | .. | .. | .. | 5.17 | 19.92 | 10.71 |
| Total | | | | 2,76.16 | 4,04.77 | 5,44.88 |
| (2) Expenditure— | | | | | | |
| (a) Interest on long-term loans | .. | .. | .. | 1,89.07 | 2,81.19 | 3,92.71 |
| (b) Other expenses | .. | .. | .. | 47.43 | 64.35 | 63.40 |
| Total | | | | 2,36.50 | 3,45.54 | 4,56.11 |
| (3) Profit before tax | .. | .. | .. | 39.66 | 59.23 | 88.77 |
| (4) Provision for tax | .. | .. | .. | 1.75 | 12.00 | 24.00 |
| (5) Other appropriations | .. | .. | .. | 15.86 | 23.69 | 35.51 |
| (6) Amount available for dividend | .. | .. | .. | 22.05 | 23.54 | 29.26 |
| (7) Dividend paid | .. | .. | .. | 1.87 | 1.69 | NA |
| (8) Total return on capital employed | .. | .. | .. | 2,28.73 | 3,40.42 | 4,81.48 |
| (9) Total return on capital invested | .. | .. | .. | 2,28.73 | 3,40.42 | 4,81.48 |
| | | | | (per cent) | | |
| (10) Percentage of return on capital employed | .. | .. | .. | 5.2 | 6.6 | 7.8 |
| (11) Percentage of return on capital invested | .. | .. | .. | 4.9 | 6.2 | 7.3 |

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

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

1.5.6. The following table shows the position regarding receipt and disposal of applications and loans disbursed during the three years up to 1984-85 :

| Sl. No. | Particulars | 1982-83 | | 1983-84 | | 1984-85 | | Cumulative | |
|---------|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | Number | Amount | Number | Amount | Number | Amount | Number | Amount |
| | | (Rupees in lakhs) | (Rupees in lakhs) | (Rupees in lakhs) | (Rupees in lakhs) | (Rupees in lakhs) | (Rupees in lakhs) | (Rupees in lakhs) | (Rupees in lakhs) |
| 1. | Applications pending at the beginning of the year. | 83 | 4,70.84 | 246 | 5,13.46 | 362 | 5,37.62 | -- | -- |
| 2. | Applications received -- -- | 1116 | 24,81.08 | 1649 | 31,44.65 | 2426 | 32,10.48 | 9291 | 2,37,48.80 |
| 3. | Total -- -- -- | 1199 | 29,51.92 | 1895 | 36,58.11 | 2788 | 37,48.10 | 9291 | 2,37,48.80 |
| 4. | Applications sanctioned -- | 894 | 19,20.15 | 1314 | 24,85.84 | 2162 | 27,59.11 | 7480 | 1,70,18.67 |
| 5. | Applications cancelled/withdrawn/rejected. | 59 | 3,20.83 | 108 | 5,46.85 | 281 | 3,35.19 | 1099 | 41,89.09 |
| 6. | Applications pending at the close of the year. | 246 | 5,13.46 | 362 | 5,37.62 | 271 | 3,03.76 | 271 | 3,03.76 |
| 7. | Loans disbursed -- -- | 635 | 10,06.63 | 1205 | 11,97.96 | 1814 | 15,68.85 | 5199 | 84,50.41 |
| 8. | Amounts outstanding at the close of the year. | 1537 | 50,75.93 | 2336 | 61,09.68 | 3546 | 76,52.84 | 3546 | 76,52.84 |
| 9. | Amounts overdue for recovery at the close of the year— | | | | | | | | |
| | (a) Principal -- -- | | 6,77.76 | | 9,18.38 | | 4,49.14 | | 4,49.14 |
| | (b) Interest | | 7,07.71 | | 9,87.76 | | 6,69.02 | | 6,69.02 |
| | (c) Total | | 13,85.47 | | 19,06.14 | | 11,18.16 | | 11,18.16 |
| 10. | Percentage of default to total loans outstanding. | | 27.3 | | 32.5 | | 15.2 | | 15.2 |

1.5.7. Investment made by the Corporation at the close of the year 1984-85 included Rs.10.53 lakhs towards share capital and Rs.816.80 lakhs towards loans (including Rs.417.32 lakhs as interest) in 70 units lying closed or considered sick. The percentage of investment as share capital and loans in closed/sick units was 24 and 10.6 of the total investment as share capital and loans, respectively.

1.6. West Bengal State Warehousing Corporation

1.6.1. The West Bengal State Warehousing Corporation was formed on 31st March 1958 under the Agricultural Produce (Development and Warehousing) Corporations Act, 1956, subsequently replaced by the Warehousing Corporations Act, 1962, for providing warehousing facilities in the State for storage and scientific preservation of agricultural produce, seeds, manures, fertilisers, etc.

1.6.2. The paid-up capital of the Corporation as on 31st March 1985 was Rs.379.40 lakhs (State Government Rs.204.70 lakhs; Central Warehousing Corporation : Rs.174.70 lakhs) which was the same as on 31st March 1984.

1.6.3. The table below summarises the financial position of the Corporation under broad heads for the three years up to 1982-83 :

| A Liabilities : | | | | | 1980-81 | 1981-82 | 1982-83 |
|---|----|----|----|----|-------------------|---------|---------|
| | | | | | (Rupees in lakhs) | | |
| 1. Paid-up capital | .. | .. | .. | .. | 2,54.40 | 3,19.40 | 3,19.40 |
| 2. Reserves and surplus | .. | .. | .. | .. | 72.58 | 1,01.34 | 1,18.44 |
| 3. Trade dues and other current liabilities | .. | .. | .. | .. | 80.82 | 1,08.93 | 1,32.51 |
| Total—A | | | | | 4,07.80 | 5,29.67 | 5,70.35 |
| | | | | | | | |
| B Assets : | | | | | | | |
| 1. Gross block | .. | .. | .. | .. | 1,15.69 | 1,45.69 | 1,53.76 |
| 2. Net fixed assets | .. | .. | .. | .. | 88.09 | 1,15.43 | 1,21.02 |
| 3. Capital works-in-progress | .. | .. | .. | .. | 10.19 | 5.38 | 7.80 |
| 4. Investment | .. | .. | .. | .. | 11.77 | 19.25 | 25.68 |
| 5. Current assets, loans and advances | .. | .. | .. | .. | 2,97.75 | 3,89.61 | 4,15.85 |
| Total—B | | | | | 4,07.80 | 5,29.67 | 5,70.35 |
| | | | | | | | |
| C. Capital employed* | .. | .. | .. | .. | 3,05.02 | 3,96.11 | 4,04.36 |

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

1.6.4. The following table gives details of the working results of the Corporation for the three years up to 1982-83 :

| Particulars | | | | 1980-81 | 1981-82 | 1982-83 |
|---|----|----|----|-------------------|---------|---------|
| | | | | (Rupees in lakhs) | | |
| 1. Income— | | | | | | |
| (i) Warehousing charges | .. | .. | .. | 1,15.51 | 1,55.92 | 1,64.89 |
| (ii) Other receipts | .. | .. | .. | 4.99 | 3.83 | 7.21 |
| Total | | | | 1,20.50 | 1,59.75 | 1,72.10 |
| 2. Expenditure— | | | | | | |
| (i) Establishment charges | .. | .. | .. | 49.29 | 58.38 | 72.06 |
| (ii) Other expenses | .. | .. | .. | 57.23 | 65.51 | 67.05 |
| Total | | | | 1,06.52 | 1,23.89 | 1,39.11 |
| 3. Profit before tax | .. | .. | .. | 13.97 | 35.86 | 32.99 |
| 4. Provision for tax | .. | .. | .. | 2.84 | 2.13 | 4.07 |
| 5. Other appropriations | .. | .. | .. | 3.65 | 6.07 | 6.15 |
| 6. Amount available for dividend | .. | .. | .. | 11.13 | 33.73 | 28.92 |
| 7. Dividend paid | .. | .. | .. | NA | 2.27 | NA |
| 8. Total return on capital employed | .. | .. | .. | 13.97 | 35.86 | 32.99 |
| | | | | (per cent) | | |
| 9. Percentage of return on capital employed | .. | .. | .. | 4.8 | 9.8 | 8.2 |

1.6.5. The following table gives details of the storage capacity created, capacity utilised and other information about performance of the Corporation for the three years up to 1984-85 :

| | | | | 1982-83 | 1983-84 | 1984-85 |
|--|----|----|----|---------|---------|---------|
| 1. Number of stations covered | .. | .. | .. | 38 | 38 | 39 |
| 2. Storage capacity created up to the end of the year (tonnes in lakhs)— | | | | | | |
| (a) Owned | .. | .. | .. | 0.36 | 0.45 | 0.53 |
| (b) Hired | .. | .. | .. | 1.56 | 1.50 | 1.55 |
| Total | | | | 1.92 | 1.95 | 2.08 |
| 3. Average capacity utilised during the year (tonnes in lakhs) | | | | 1.79 | 1.85 | 1.80 |
| 4. Percentage utilisation | .. | .. | .. | 93 | 95 | 28 |
| 5. Average revenue per tonne (Rupees) | .. | .. | .. | 92.27 | 82.63 | 82.00 |
| 6. Average expenses per tonne (Rupees) | .. | .. | .. | 77.85 | 78.94 | 75.00 |

1.7. Calcutta State Transport Corporation

1.7.1. The Calcutta State Transport Corporation was formed on 15th June 1960 under the Road Transport Corporation Act, 1950 for providing public transport for the people of Calcutta.

1.7.2. As on 31st March 1985, the capital of the Corporation under Section 23(i) of the Act, *ibid*, was Rs.708.46** lakhs (State Government : Rs.608.46 lakhs, Central Government : Rs.100 lakhs). Interest is payable on capital received from the State and the Central Government at 4 to 6 per cent and 6.25 per cent respectively.

1.7.3. In 1972-73, the State Government had guaranteed the repayment of market loan of Rs.110 lakhs raised by the Corporation and of the payment of interest thereon. The whole amount of the guarantee was outstanding as on 31st March 1984. The loan was, however, redeemed on 9th November 1984 by taking subsidy of Rs.100 lakhs from the State Government.

1.7.4. The table below summarises the financial position of the Corporation under broad heads for the three years up to 1983-84 (figures for 1983-84 are provisional).

| A Liabilities: | | | | | 1981-82 | 1982-83 | 1983-84 (Pro- visional) |
|----------------|---|----|----|----|-------------------|------------|-------------------------------|
| | | | | | (Rupees in lakhs) | | |
| 1. | Capital | .. | .. | .. | 7,08.46 | 7,08.46 | 7,08.46 |
| 2. | Reserves and surplus | .. | .. | .. | 18,18.30 | 20,78.87 | 24,30.84 |
| 3. | Borrowings | .. | .. | .. | 42,85.78 | 59,13.78 | 72,49.78 |
| 4. | Trade dues and other current liabilities .. | .. | .. | .. | 24,32.57 | 35,36.47 | 33,18.15 |
| Total—A | | | | | 92,45.11 | 1,22,37.58 | 1,37,07.23 |
| B Assets | | | | | | | |
| 1. | Gross block | .. | .. | .. | 39,21.45 | 60,33.10 | 67,35.32 |
| 2. | Less ; Depreciation | .. | .. | .. | 23,75.85 | 27,71.93 | 30,92.90 |
| 3. | Net fixed assets | .. | .. | .. | 15,45.60 | 32,61.17 | 36,42.42 |
| 4. | Capital works-in-progress | .. | .. | .. | 63.24 | 81.00 | 1,27.02 |
| 5. | Investments | .. | .. | .. | 15,52.06 | 17,43.18 | 20,13.46 |
| 6. | Current assets, loans and advances .. | .. | .. | .. | 19,33.08 | 21,94.25 | 2306.60 |
| 7. | Accumulated losses | .. | .. | .. | 41,51.13 | 49,57.98 | 5621.73 |
| Total—B | | | | | 92,45.11 | 1,22,37.58 | 1,37,07.23 |
| C. | Capital invested** | .. | .. | .. | 49,94.23 | 66,22.24 | 79,58.23 |
| D. | Capital employed*** | .. | .. | .. | 9,35.57 | 18,34.60 | 25,87.83 |

*The figure is provisional.

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

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

1.7.5. The accounts of the Corporation for the year 1984-85 are in arrears (June 1986). The following table gives details of the working results of the Corporation for the three years up to 1983-84 :

| Particulars | | | | 1981-82 | 1982-83 | 1983-84 |
|----------------------------------|----|----|----|-------------------|-------------|-------------|
| | | | | (Rupees in lakhs) | | |
| (1)(a) Operating : | | | | | | |
| Revenue | .. | .. | .. | 14,73.44 | 15,32.85 | 16,28.95 |
| Expenditure | .. | .. | .. | 28,96.82 | 33,49.66 | 36,17.01 |
| Deficit | .. | .. | .. | 14,23.38 | 18,16.81 | 19,88.06 |
| 1)(b) Non-operating: | | | | | | |
| Revenue | .. | .. | .. | 42.43 | 46.00 | 90.95 |
| Expenditure | .. | .. | .. | 3,13.12 | 3,35.67 | 4,23.28 |
| Deficit | .. | .. | .. | 2,70.69 | 2,89.67 | 3,32.33 |
| (c) Total : | | | | | | |
| Revenue | .. | .. | .. | 15,15.87 | 15,78.85 | 17,19.90 |
| Expenditure | .. | .. | .. | 32,09.94 | 36,85.32 | 40,40.29 |
| Net loss | .. | .. | .. | 16,94.07 | 21,06.47 | 23,20.39 |
| (2) Interest on capital and loan | .. | .. | .. | 3,18.53 | 3,43.69 | 4,35.72 |
| (3) Total return on: | | | | | | |
| Capital employed | .. | .. | .. | (-13,75.54 | (-)17,62.78 | (-)18,84.67 |
| Capital invested | .. | .. | .. | (-13,75.54 | (-)17,62.78 | (-)18,84.67 |

1.7.6. The following table indicates the operational performance of the Corporation for the three years up to 1984-85 (figures for 1984-85 are provisional) :

| | | | | 1982-83 | 1983-84 | 1984-85 (Provisional) |
|-----|--|----|----|----------|---------|--------------------------|
| 1. | Average number of vehicles held | .. | .. | 1,130 | 1,172 | 1,145.5 |
| 2. | Average number of vehicles on road per shift | .. | .. | 735 | 714 | 653 |
| 3. | Percentage of utilisation | .. | .. | 65.4 | 60.9 | 57.0 |
| 4. | Kms covered in lakhs): | | | | | |
| (a) | Gross | .. | .. | 461 | 440 | 395.36 |
| (b) | Effective | .. | .. | 436 | 417 | 374.38 |
| (c) | Dead | .. | .. | 25 | 23 | 20.97 |
| 5. | Percentage of dead kms to gross kms | .. | .. | 5.4 | 5.2 | 5.31 |
| 6. | Average kms covered per vehicle per day | .. | .. | 163 | 160 | 160 |
| 7. | Average revenue per km (paise) | .. | .. | 351.00 | 391.14 | 409.94 |
| 8. | Average expenditure per km (paise) | .. | .. | 836.00 | NA | 1132.53 |
| 9. | Loss per km (paise) | .. | .. | 485.00 | NA | 722.59 |
| 10. | Route kms | .. | .. | 10083.40 | 9822.40 | 9828.16 |
| 11. | Number of operating depots | .. | .. | 8 | 9 | 9 |
| 12. | Average number of breakdowns per lakh kms | .. | .. | 218.00 | 241.00 | 265.22 |
| 13. | Average number of accidents per lakh kms | .. | .. | 1.33 | 1.45 | 1.40 |
| 14. | Passenger kms scheduled (in lakhs) | .. | .. | 39401 | 38970 | 30496 |
| 15. | Passenger kms operated (in lakhs) | .. | .. | 30000 | 28316 | 26324 |
| 16. | Occupancy ratio* | .. | .. | 125 | 124 | 87 |

*Occupancy ratio means total seat kilometres occupied out of total seat kilometres offered, expressed in percentage.

1.8. North Bengal State Transport Corporation

1.8.1. The North Bengal State Transport Corporation was formed on 15th April 1960 under the Road Transport Corporations Act, 1950, for providing public transport for the people of five North Bengal districts and also for co-ordinating road transport with rail transport.

1.8.2. As on 31st March 1985, the capital of the Corporation under Section 23(i) of the Act, *ibid*, was Rs.821.06 lakhs (State Government : Rs.587.04 lakhs; Central Government : Rs.234.02 lakhs) which was the same as on 31st March 1984. Interest on capital is payable at 6.25 per cent per annum. In addition, the Corporation owned loans amounting to Rs.2296.00 lakhs from the State Government as on 31st March 1985.

1.8.3. The table below gives details of guarantees given by the Government for repayment of loans raised by the Corporation and for payment of interest thereon :

| Particulars of guarantee | Year of guarantee | Amount guaranteed | Amount outstanding as on 31st March 1985 | | |
|--|-------------------|-------------------|--|----------|-------|
| | | | Principal | Interest | Total |
| | | | (Rupees in lakhs) | | |
| 1. Loan from Industrial Development Bank of India. | .. | .. | .. | 2.02 | 2.02 |
| 2. Cash credit from Central Bank of India. | 1981-82 | 30.00 | 33.45 | 1.09 | 34.54 |

The amount of guarantee fees in arrears as on 31st March 1985 was Rs.3.99 lakhs.

1.8.4. The accounts of the Corporation are in arrears since 1976-77. The operating results of the Corporation for the three years up to 1984-85, based on provisional figures, are summarised below :

| | | | 1982-83 | 1983-84 | 1984-85. |
|--|----|----|---------------|---------|----------|
| | | | (Provisional) | | |
| 1. Effective Kilometres operated (in lakhs) | .. | .. | 234.85 | 210.50 | N.A. |
| 2. Earnings* : | | | | | |
| (i) Total operating earnings (rupees in lakhs) | .. | .. | 4,84.05 | 4,82.05 | 4,66.74 |
| (ii) Earnings per kilometre (in paise) | .. | .. | 206 | 229 | N.A. |
| 3. Cost of operation* : | | | | | |
| (i) Total operating cost (rupees in lakhs) | .. | .. | 7,25.51 | 7,46.21 | 9,84.98 |
| (ii) Cost per kilometre (in paise) | .. | .. | 309 | 354 | N.A. |
| 4. Operating loss* : | | | | | |
| (i) Total operating loss (rupees in lakhs) | .. | .. | 2,41.46 | 2,64.16 | 5,18.24 |
| (ii) Loss per kilometre (in paise) | .. | .. | 103 | 125 | N.A. |

*Includes figures for goods transport service for which separate accounts are not maintained.

1.8.5. The Corporation has been incurring losses continuously since 1966-67. The accumulated loss of the Corporation amounted to Rs.38.58 crores as on 31st March 1985.

1.8.6. The table below indicates the operational performance of the Corporation for two years up to 1983-84 based on initial records in the absence of compiled accounts : (data for 1984-85 not available).

| | | | | 1982-83 | 1983-84 |
|---|----|----|----|----------|----------|
| 1. Average number of vehicles held* | .. | .. | .. | 455 | 408 |
| 2. Average number of vehicles on road** | .. | .. | .. | 278 | 254 |
| 3. Percentage of utilisation | .. | .. | .. | 61 | 62 |
| 4. Kilometres covered (in lakhs) | .. | .. | .. | | |
| Gross | .. | .. | .. | 228.82 | 207.38 |
| Effective | .. | .. | .. | 227.21 | 205.70 |
| Dead | .. | .. | .. | 1.61 | 1.68 |
| 5. Percentage of dead kms to gross kms | .. | .. | .. | 0.70 | 0.81 |
| 6. Average kms covered per bus per day | .. | .. | .. | 224 | 222 |
| 7. Average revenue per km (paise)*** | .. | .. | .. | 220 | 243 |
| 8. Average expenditure per km (paise)*** | .. | .. | .. | 485 | 576 |
| 9. Loss per km (paise)*** | .. | .. | .. | 265 | 333 |
| 10. Total route kms | .. | .. | .. | 22381 | 23108 |
| 11. Number of operating depots | .. | .. | .. | 17 | 17 |
| 12. Average number of breakdowns per lakh kms | .. | .. | .. | 15 | 15 |
| 13. Average number of accidents per lakh kms | .. | .. | .. | 0.20 | 0.20 |
| 14. Passenger kms scheduled (in lakhs) | .. | .. | .. | 11587.71 | 10490.19 |
| 15. Passenger kms operated (in lakhs) | .. | .. | .. | 7300.26 | 6294.11 |
| 16. Occupancy ratio (per cent) | .. | .. | .. | 63 | 60 |

1.9. Durgapur State Transport Corporation

1.9.1. The Durgapur State Transport Corporation was formed on 7th December 1973 under the Road Transport Corporation Act, 1950, for providing public transport in the Durgapur Industrial Complex, besides co-ordinating road transport with rail transport.

*Excludes 66 trucks held in 1982-83 and 46 trucks held in 1983-84.

**Excludes 20 trucks in 1982-83 and 15 trucks in 1983-84 on road.

***Includes information in respect of goods transport service.

1.9.2 As on 31st March 1985, the Capital of the Corporation under Section 23(i) of the Act, *ibid*, was Rs.1334.86 lakhs (wholly subscribed by the State Government) as against the capital of Rs.1217.85 lakhs as on 31st March 1984. Interest on capital is payable at 6.25 per cent per annum.

1.9.3. The operating results of the Corporation for the three years up to 1984-85 are summarised below (figures for all years are provisional) :

| | 1982-83 | 1983-84 | 1984-85 |
|---|---------------|---------|---------|
| | (Provisional) | | |
| 1. Earnings | | | |
| (a) Total operating earnings (Rupees in lakhs) .. | 133.30 | 156.32 | 178.52 |
| (b) Per kilometre earnings (in paise) .. | 231 | 257 | 262 |
| 2. Cost of operations | | | |
| (a) Total operating cost (Rupees in lakhs) .. | 296.04 | 352.32 | 388.70 |
| (b) Per kilometre cost (in paise) .. | 514 | 580 | 588 |
| 3. Operating loss | | | |
| (a) Total operating loss (Rupees in lakhs) .. | 162.74 | 196.00 | 215.18 |
| (b) Per kilometre loss (in paise) .. | 283 | 322 | 325 |

1.10. West Bengal Industrial Infrastructure Development Corporation

1.10.1. The West Bengal Industrial Infrastructure Development Corporation was formed on 9th November 1973 under the West Bengal Industrial Infrastructure Development Corporation Act, 1974, with the object of providing industrial infrastructure facilities like road, water supply, power, housing accommodation, railway siding, etc., in the backward areas of the State of West Bengal.

The audit of the accounts was taken up by the Comptroller and Auditor General of India at the request of the State Government under section 19(3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, initially for a period of five years commencing from 6th June 1978 and the period was further extended in September 1983 to another five years from 6th June 1983.

1.10.2. The Corporation obtained long-term loans from the Government of West Bengal from time to time, outstanding balance of which as on 31st March 1985 was Rs.466.64 lakhs (figure is provisional).

1.10.3. The Corporation revised its accounts on mercantile basis for the years 1974-75 to 1984-85 and submitted the same for audit by the Accountant General on 13th March 1986. The accounts are under audit scrutiny (June 1986).

CHAPTER II

2. Government Companies—Reviews

2.1. The Durgapur Projects Limited

Installation of 6th Unit of 110

MW capacity Power Plant at Durgapur

PUBLIC UNDERTAKINGS DEPARTMENT

2.1.1. *Introductory*

2.1.1.1. In order to reduce the power shortage prevailing in West Bengal, the Company decided in November 1973 to add a 6th Unit of 110 MW to its existing power plant of 285 MW capacity at an estimated cost of Rs.29.44 crores, for which a project report prepared in November 1973 by a firm of consultants was submitted to the Planning Commission and the Central Electricity Authority (CEA) in the same month. In anticipation of the clearance of the project by the Planning Commission but without ensuring the availability of resources for the project, the Board of Directors decided in January 1974, with the approval of the State Government, to place orders for main equipment of turbo-generator and boiler with 10 *per cent* advance payments. Accordingly, out of a loan of Rs.100 lakhs provided by the State Government, letters of intent were issued in February 1974 to Bharat Heavy Electricals Limited (BHEL) for supply of a turbo-generator (TG) with an advance of Rs.60 lakhs and to a firm of Durgapur for supply of boiler with an advance of Rs.30.90 lakhs. No further steps could be taken by the Management from 1973-74 to 1976-77 for implementation of the Project due to paucity of funds, as the Planning Commission intimated in April 1974 their inability to finance the project from plan outlay. Institutional finance sought for by the State Government did not materialise owing to unwillingness of the nationalised banks and the Life Insurance Corporation of India to finance such a project. The State Cabinet had, however, decided in September 1975 not to abandon the project and directed the Company to incur only essential expenditure on the project for the time being till adequate funds could be arranged.

After persuasion by the State Government, the Planning Commission agreed in April 1976 to include the project in the annual plan for 1977-78 on a clear assurance from the Government of West Bengal that funds to the extent of Rs.3 crores would be arranged by the State Government or the Company during 1976-77. The assurance could not be kept up. However, the Planning Commission continued to approve construction expenditure on the project from year to year while sanctioning annual plan outlays for the power sector of West Bengal from 1977-78 onwards.

The revised project report submitted in August 1976 by the Company to the Planning Commission, providing outlay of Rs.37.73 crores, has not been approved by the Commission so far (December 1985) mainly due to frequent changes in the estimated project cost, non-settlement of the problem of evacuation of power, non-settlement of the mode of coal transportation for the project and non-submission of clearance certificate of the competent authority in respect of air pollution. Management stated in September 1985 that the Company had applied to the Inspector of Smoke Nuisance in July 1982 for his clearance and as soon as the same was received, it would be forwarded to the CEA.

2.1.1.2. The project estimate of Rs.29.44 crores prepared in November 1973 was revised to Rs.37.73 crores in August 1976, to Rs.50.16 crores in January 1979, to Rs.73.09 crores in August 1981 and to Rs.84.95 crores in October 1982. The estimates have been further revised in October 1985 to Rs.94.29 crores, as instructed by the CEA. Approval of the Planning Commission to the revised estimate is awaited (May 1986). The break up of cost on various components of the project in various project estimates is shown in Annexure 5.

2.1.1.3. Expenditure of Rs.70.49 crores was incurred on the project by March 1985. Data of yearwise availability of funds and expenditure thereagainst is given in Annexure 6 from which it would be observed that funds provided by the State Government together with the unutilised amount of the previous year were generally at par with those recommended by the CEA. The Company, however, could not utilise the available funds to the extent of 3.7 to 35.4 *per cent* during the years 1977-78 to 1984-85 when the problem of paucity of funds was no longer there.

2.1.1.4. The target date of commissioning of the unit was shifted from the end of 1979 to June 1982, December 1983, December 1984 and March 1985. The plant was lighted up in July 1985 but could not be commissioned as civil works in power house building, coal and ash handling system, cooling tower and cooling water pump house have not been completed (September 1985).

The Company has not analysed the reasons for increase in cost as per the revised estimates prepared in October 1985. Increase in cost from the revised estimates of Rs.50.16 crores of January 1979, when activity of the project commenced in a regular way to the revised estimate of Rs.84.95 crores of October 1982 was 69.37 *per cent* and was ascribed by the Management to (a) increase in prices (Rs.6.33 crores), (b) excess work (Rs.2.63 crores), (c) extra items of work

not included in the estimate (Rs.2.33 crores), (d) escalation in price of contracts (Rs.5.60 crores), (e) payment of interest on capital expenditure and unforeseen liability not provided for (Rs.6.66 crores), (f) other reasons (Rs.8.38 crores) and for reasons not analysed (Rs.2.86 crores).

Against the provision of only Rs.6.66 crores made in the estimates of October 1982 for interest, the actual interest liability provided in the accounts as on 31st March 1985 was Rs.16.45 crores which is due to delay in commissioning the unit.

2.1.1.5. Before its formal appointment as consultant, a firm of Calcutta was entrusted with the preparation of the project report in November 1973 and other associated activities till November 1978. Their offer of November 1973 on single tender basis at a fee of 2.75 *per cent* of the project cost (Rs.23 crores) with a clause for escalation was approved by the Board of Directors in February 1974. The State Government approved in April 1976 a fee of 2.25 *per cent* of the then total estimated cost of Rs.26.75 crores *plus* an amount of Rs.1.50 crores being the cost of additional items of work, with 15 *per cent* price escalation limit if the unit was installed within five years. The Board of Directors approved in August 1982 the basic project cost of Rs.34.63 crores and final fees payable to consultant at Rs.89.62 lakhs including 15 *per cent* escalation. In the agreement there was no clause for imposing penalty on the consultant for any failure|delay in rendering contractual services.

2.1.2. *Overall view of works executed*

The table in annexure 7 summarises the position of major contracts awarded for the project with data of anticipated and actual period|dates of completion.

It is observed that, compared to the targetted completion dates, delay in (a) furnishing tender specification by the consultants varied from 1 to 34 months in 10 cases, (b) ordering by the Management from 2 to 77 months and (c) supply and erection by suppliers from 19 to 65 months. These delays led to escalation of cost of contracts due to increase in prices which had to be negotiated with the existing contractors for original quantities of work, additional quantities required to be done and additional items entrusted, thus vitiating the principle of execution of works on competitive tenders as shown by major cases of contracts discussed hereunder,

2.1.3. Civil Engineering Works

2.1.3.1. Out of seven items of civil works, the following five major items were allotted to a single firm 'A' of Calcutta which has not completed two works as yet (May 1986)

| Sl. No. | Name of the work | Estimated cost of January 1979 | Original contracted cost | Actual cost | Excess over contractual cost | | | Scheduled date of completion as per contract | Actual date of completion |
|-------------------|--|--------------------------------|--------------------------|-------------|------------------------------|------------------------|--------|--|---------------------------|
| | | | | | Due to increased quantities | Due to increased rates | Total | | |
| (Rupees in lakhs) | | | | | | | | | |
| 1. | Foundation of TG and boiler .. | 106.82 | 106.82 | 170.19 | 45.33 | 18.04 | 63.37 | March 1980 | September 1981 |
| 2. | Fabrication and erection of structural steel | 125.00 | 125.54 | 254.01 | 87.91 | 40.56 | 128.47 | December 1980 | Not yet completed |
| 3. | Concrete and allied work in power house building | 109.70 | 142.40 | 39.87 | Nil | 0.50 | 0.50 | July 1982 | Not yet completed |
| 4. | Civil works on cooling water pump house and outdoor facilities | 64.00 | 63.59 | 117.18 | 53.59 | Nil | 53.59 | November 1982 | July 1985 |
| 5. | Chimney | 27.93 | 27.04 | 30.47 | Nil | 2.54 | 2.54 | March 1981 | June 1985 |

It would be observed that there was inordinate delay in completion of various civil works, which not only resulted in extra cost that had to be paid to this firm at negotiated prices for the works executed by it but also resulted in delays in installation of mechanical and electrical equipment with consequent delay in commissioning of the unit and extra payments due to escalations as mentioned in various sub-paragraphs of paragraph 2.1.4.

Salient points relating to 3 works at serial numbers 1, 2, and 4 as indicated above in which there were heavy extra payments over the contractual cost are mentioned below :

- (a) Foundation of Turbo-Generator (TG) and boiler was entrusted to the firm in March 1979 at the instance of the State Government at a cost of Rs.106.82 lakhs in preference to the lowest offer of Rs.99.12 lakhs quoted by a company in the public sector. As per terms of the contract, the work was required to be completed by March 1980. The estimated quantity of earthwork was 25,000 cum and that of structural concrete work 8,800 cum, with a provision for an increase up to 25 *per cent*.

The contractor could complete earthwork of 24,000 cum and structural concrete work of 3,950 cum up to April 1980, but due to increase of the earthwork to 45,000 cum (increase of 80 *per cent*) and structural concrete work to 11,000 cum (increase of 25 *per cent*) the contractor was eligible for proportionate extension of time for completion of the work up to September-October 1980. However, after several extensions, the contractor executed 46,810 cum of earthwork (increase of 87.24 *per cent*) and 12,452 cum of concrete work (increase of 41.5 *per cent*). The work is yet to be completed (September 1985).

In September 1985, the management ascribed the delay in completion of the work by the contractor to delay in submission of layout drawings by the consultant, inadequate mobilisation of resources by the contractor, and supplementary work not included in the tender. Even after allowing extension of time up to October 1980 for extra and excess work over estimate, the contractor could not complete the work up to August 1985 for which a compensation of Rs.10.68 lakhs (10 *per cent* of estimated value of Rs.106.82 lakhs) was leviable as per the contract, but it has not been imposed so far (April 1986).

- (b) For fabrication and erection of structural steel, open tenders were invited in May 1978. Firm 'A' was not found technically suitable for such an important and vital work of a power plant and was not, therefore, recommended either by the consultant or by the Departmental Tender Committee or the Development Sub-Committee though the tender was the lowest. On the order of the State Government given in December 1978, the work was awarded to the above firm in April 1979 at a cost of Rs.125.54 lakhs for an estimated quantity of 2,500 tonnes with the stipulation that the work would be completed before December 1980 and that the price would remain firm so long as the value of the work did not vary *plus* or *minus* 25 per cent of the tendered amount.

The contractor started fabrication of steel structures in October 1979. With the release of detailed design|drawings in December 1980, the quantity of fabrication and erection work increased from 2,500 tonnes to 3,200 tonnes (an increase by 28 per cent). As per terms of contract, the contractor was required to fabricate and erect up to 3,125 tonnes (2,500 tonnes *plus* 25 per cent) without any increase in contract price. However, on the request of the contractor for enhancement of the rate of fabrication and erection, the Board approved in December 1980 increase in rates for transport and fabrication of 1,800 tonnes and erection of 3,125 tonnes of steel, involving an avoidable extra expenditure of Rs.20.52 lakhs.

The actual structural steel work (involving transportation, erection and fabrication) increased from 3,200 tonnes to 4,000 tonnes and miscellaneous steel work of 100 tonnes had to be done for which the contractor demanded further enhancement of rates, which was agreed to by the Board in November 1984 as per the terms of the contract, involving further expenditure of Rs.69.35 lakhs.

The Management stated in September 1985 that after ordering for the equipment, the equipment suppliers furnished loading|design data to consultants for finalisation of design and that, thereafter, detailed drawings were prepared, from which correct quantity of structural steel could be determined. However, this does not justify payment of enhanced rates for structural work not exceeding 3,125 tonnes which was to be executed at the rates stipulated in the contract.

- (c) As per contract, the work was required to be completed within 20 months from the date of order (April 1979) i.e., by December 1980. As the quantum of work increased by 60 *per cent*, the contractor was entitled to extension of time proportionately and the structural steel work of 4,100 tonnes was required to be completed by December 1981. The contractor started the work in October 1979 but could not complete the same even by July 1985 mainly due to delay in procurement of steel material by the Management, delay in releasing layout and detailed drawings by the consultant, excess work (975 tonnes, representing 31.2 *per cent* increase) and inadequate mobilisation of resources by the contractor.

The delay in completion of the structural steel work ultimately affected the erection work of TG, boiler and other erection work in the power house building. The Company has not imposed penalty of Rs.12.55 lakhs (at 10 *per cent* of the contract value) on the contractor for such delay in completing the work, so far (May 1986).

The Management stated in September 1985 that delay in releasing the drawings by consultant and excess work were not unusual in such a big work. Scrutiny in audit revealed that the firm was required to fabricate at the rate of 200 tonnes per month but due to delay in preparation of drawings, the same could not be achieved. Further, though excess work was not unusual in such a big work, the actual excess quantity was more than 60 *per cent* of the estimated quantity, which was unusual.

- (d) For the civil works on cooling water pump house and outdoor facilities, when tenders were invited in January 1981 three offers were received and the consultant recommended the second lowest tenderer 'C' who quoted Rs.62.30 lakhs against estimated cost of Rs.64 lakhs. However, as it was felt that firm 'C' might not be able to complete the work in time in addition to the civil engineering work of coal handling plant awarded to it earlier, Management requested firm 'A' in September 1981 to quote for the job. The firm quoted the same rate as firm 'C' and an extra charge of Rs.1.29 lakhs for staging work of the high roof of the pump house. On the basis of its satisfactory performance in respect of other works as reported by the Chief Engineer (Construction), a letter of intent was issued to the firm

in November 1981 for execution of the work to be completed within twelve months i.e., by November 1982, at a cost of Rs.63.59 lakhs. In the light of the performance of the firm 'A' on the three works awarded earlier, two of which are discussed in sub-paragraphs (a) and (b) of paragraph 2.1.3. above, the recommendation of the Chief Engineer (Construction) lacked justification.

The Management had contended in April 1983 that the firm could not complete the work even on the basis of drawings released from time to time owing to inadequate mobilisation of work force. However, extensions were nevertheless allowed from time to time and work was completed in July 1985 at a cost of Rs.117.18 lakhs. No penalty was imposed for delay attributable to the firm even though the work was awarded to it initially at an extra cost of Rs.1.29 lakhs.

2.1.3.2. *Construction of cooling tower*

The work of construction of cooling tower was awarded in March 1981 to the lowest tenderer, National Project Construction Corporation Limited (NPCC), a Government of India Undertaking, at a cost of Rs.65.90 lakhs. In May 1981, NPCC claimed an additional amount of Rs.1.10 lakhs which had been set off by the Company against certain services to be rendered to it as per terms of tender. It was, however, decided in June 1981 that the Company would pay the total price of Rs.67 lakhs claimed by NPCC subject *inter alia*, to the condition that the completion time along with the clause for penalty for delay in completion stipulated in the work order of March 1981 would remain unchanged.

As per work order, the work was due to be completed by September 1982. However, only 87 per cent of the work was completed even up to July 1985. Penalty amounting to Rs.3.35 lakhs leviable as per the terms of the order for delay, which according to the Management, was attributable to NPCC, has not been imposed (March 1986).

2.1.3.3.(i) *Site development and ground levelling*

Additional earthwork in the Switchyard and adjacent area was awarded in November 1979 to a contractor of Durgapur at the rate of Rs.27.30 per cum for a total quantity of 1.01 lakhs cum estimated on the basis of drawings released by the consultants and was to be completed by February 1980. Owing to delay in handing over part of the site and due to delay in shifting of a 11 KV transmission line

over the remaining area, the contractor executed work of 0.17 lakh cum from May 1981 to November 1981 and was paid Rs.1.73 lakhs extra on his claiming enhanced rate of Rs.37.51 per cum due to delay in handing over the site, which was approved by the Company in November 1984.

Realising in March 1979 that the quantity of the work had been estimated erroneously on the basis of the drawings pertaining to a part of the work, the Company invited in April 1983 fresh tenders and awarded the remaining earthwork of 0.32 lakh cum to the same contractor at the rate of Rs.49.94 per cum in October 1983, involving extra cost of Rs.7.24 lakhs. The work was finally completed in June 1984.

(ii) *Extra cost in roads and drainage works*

After inviting open tenders the work of construction of roads, drainage and other associated work of the unit was awarded in December 1984 to NPCC, third lowest tenderer, at a cost of Rs.172.15 lakhs to be completed within 12 months i.e., by December 1985, on the ground of its satisfactory performance in the construction of cooling tower (mentioned in paragraph 2.1.3.2.) and uncertainty about the capacity of the two lower tenderers (quotations : Rs.158.64 lakhs and Rs.164.58 lakhs) to complete the work in the same time.

The construction of cooling tower awarded to NPCC in March 1981 had already been delayed by 25 months by December 1984 when this work was awarded to them. Further, NPCC had till September 1985 (date of audit) executed work valuing only Rs.8.14 lakhs, representing 4.73 per cent of the total value of work. Extra liability of Rs.13.51 lakhs incurred by the Company in ignoring the lowest tenders thus lacked justification.

2.1.4. *Delays and extra expenditure in connection with supply and erection of mechanical and electrical equipment*

2.1.4.1. *Delays and extra expenditure in supply and erection of turbo-generator (TG)*

The work of supply of turbo-generator and of its erection, installation, testing and commissioning was entrusted to BHEL. The following points were observed :

- (a) As already stated in paragraph 2.1.1.1, the Company issued a letter of intent to BHEL in February 1974 for supply of the TG set a cost of Rs.600 lakhs which was the adhoc price quoted in December 1973 by BHEL subject to revision after finalisation of technical specifications. After finalisation of technical specifications, the price was raised by BHEL in February 1975 to Rs.660 lakhs

subject to payment of interest on outstanding bills and storage charges, if delivery was not taken within one month from the date the equipment was kept ready for despatch at its workshop. The delivery was to be completed within 36 months from the date of purchase order.

According to the conditions stipulated by BHEL in February 1975, 10 *per cent* of the cost of equipment was payable with the order, 20 *per cent* immediately after 6 months and further 20 *per cent* immediately after 15 months, from the date of the order. Without a formal purchase order from the Company, BHEL raised demands totalling to Rs.270 lakhs by July 1975 (in addition to Rs.60 lakhs already paid as advance in February 1974), being the balance of 50 *per cent* of the quoted price (Rs.660 lakhs) of the equipment. The Company paid Rs.6 lakhs in December 1975, Rs.10 lakhs in April 1976 and Rs.5 lakhs in July 1976, total payments working out to Rs.81 lakhs out of Rs.330 lakhs payable as advance amounts; and kept the contract open on the strength of the letter of intent.

By March 1976, BHEL had completed manufacture of a substantial portion of TG equipment (710 tonnes out of 910 tonnes) and sought the Company's clearance in January 1976 for its despatch. As mentioned in paragraph 7.03 of Section VII of the Report of the Comptroller and Auditor General of India (Commercial), Government of West Bengal, for the year 1983-84, the Company had to pay storage charge of Rs.18 lakhs for not having arranged its own storage facilities in time.

In August 1979, BHEL submitted a revised offer for Rs.922.69 lakhs including some additional items specifically asked for by the Company, but in a meeting between representatives of the BHEL and the Company held in June 1980, the final price was settled at Rs.871.35 lakhs comprising Rs.660 lakhs for TG sets, Rs.33 lakhs for escalation at 5 *per cent*, Rs.90.91 lakhs for additional items with 10 *per cent* escalation, Rs.69.44 lakhs for interest on outstanding bills and Rs.18 lakhs for storage charges. After ten years and six months from the date of the letter of intent, the contract was signed in June 1984 for Rs.871.35 lakhs stipulating delivery of TG equipment by July 1984 and of additional items by September 1984.

Out of a total supply of 1,125 tonnes of equipment, BHEL supplied 1,089 tonnes up to July 1985. Thus, delay in taking delivery of the TG sets resulted in extra expenditure towards interest charges of Rs.69.44 lakhs and storage charges of Rs.18 lakhs in addition to loss of interest on advances kept with the supplier for twelve years instead of the normal period of only 4½ years required for installation of such a unit.

- (b) The work of erection, installation, testing and commissioning of the TG and accessories was also awarded to BHEL in July 1981 at a lump sum price of Rs.98 lakhs plus escalation, to be completed within 22 months from the date of commencement of the work. The contract also envisaged payment of overrun charges as a rate to be mutually agreed upon if the work could not be completed within the stipulated time due to reasons not attributable to BHEL after the contract period and after six months' grace period.

On the basis of the clearance given by the Company, the BHEL mobilised its personnel in September 1981 and started erection work in May 1982. The work was completed in December 1985, i.e., after 22 months of normal time envisaged in the contract. The delay in completion of the work was mainly due to failure on the part of the Company to supply necessary inputs in time including civil foundation, crane and side cladding of main turbine hall. BHEL also failed to supply some of the materials as per earlier programme. Delay in supply of necessary inputs resulted in payment of Rs.39.51 lakhs as overrun charges for 21 months.

2.1.4.2. *Extra expenditure in supply and erection of boiler*

(a) As was mentioned in paragraph 2.1.1.1., the Company placed a letter of intent on single quotation basis on a firm of Durgapur in February 1974 for supply of boiler of 110 MW capacity. Although the effective date of contract was fixed as May 1975, the final price payable was settled only in February 1984. All attempts made by the Central Water and Power Commission (CWPC) and the high power committee set up by the Company failed to settle the price of the boiler claimed at Rs.7.16 crores. The CWAC and the committee set up by the Company analysed the price of the boiler and stated that the price of the boiler should be between Rs.6.17 crores and Rs.6.27 crores as the letter of intent was placed 10 years back and advance payments amounting to Rs.1.25 crores had already been made, the Company had no other

alternative but to settle the price of the boiler with the supplier at Rs. 7 crores in consultation with the State Government.

It was observed in audit that as per letter of intent issued in December 1976 by the Madhya Pradesh State Electricity Board (MPSEB) on the basis of tender of July 1976, the BHEL had supplied a boiler of slightly higher capacity of 120 MW for Korba Thermal Power Station (Extension Scheme IV) at a total cost of Rs.5.70 crores. Placing order on a single quotation basis without inviting tenders thus deprived the Company of the benefit of competitive prices.

(b) The work of erection of boiler was also awarded in June 1978 to the same firm on a single quotation basis at an agreed price of Rs.1.53 crores.

It was noticed in audit that the price agreed upon by BHEL for identical work for MPSEB (Korba Thermal Power Station Extension IV) for which an order was placed in April 1977 was Rs.84.00 lakhs. Allowing for an increase in the consumer price index for industrial workers from April 1977 to June 1978 by two points and for consumables during the same period by 7.8 points, the ruling price in June 1978 works out to about Rs.85.56 lakhs only, as against Rs.1.51 crores agreed to be paid to this firm.

The following other points were also noticed :

- (i) Advance payments amounting to Rs.22.95 lakhs (15 per cent of the contract price) were made to the contractor between September and November 1978. As per the letter of intent, the boiler was due to be ready for commissioning in 24 months from the date the boiler foundation was made available to the firm. But the firm could not start the work before January 1980 due to delay in completion of civil foundation work. Thus, the firm was per force allowed to retain the advance amount of Rs.22.95 lakhs for more than a year.
- (ii) Due to delay in completion of civil work, the Management had also to change the terms and conditions of the letter of intent (placed in June 1978) and allow unlimited escalation to the firm beyond 24 months. Escalation of Rs.39.31 lakhs up to 31st January 1983 had already been paid in November 1984.
- (iii) As per the contract, the boiler was due to be ready for commissioning by June 1983. Up to October 1985, the firm completed 97.1 per cent of the erection work (value : Rs.147.30 lakhs, excluding escalation). The main

reason for delay in erection of boiler was the failure on the part of the Management to provide necessary inputs (working fronts, valves, etc.) to the firm in time. This delay covered the delay on the part of the firm in supply of materials for erection of the boiler, which was to be completed by January 1980 but was actually completed in September 1985. In April 1984, the contractor applied for extension of the completion period up to December 1984. The request of the contractor is under consideration (March 1986).

2.1.4.3. *Extra expenditure in supply and erection of coal handling plant*

Of the five offers received in July 1979, the lowest at Rs.147.00 lakhs was rejected on the ground of lack of experience of the tenderer. As per Board's decision of July 1980, negotiations were held with other four tenderers and they were asked to submit their offers afresh and confirm the supplies of bought-out items. All the four firms quoted afresh in September 1980. Out of the revised tenders received in September 1980, the first and second offers of Rs.281.70 lakhs and Rs.283.10 lakhs, respectively, were rejected on the recommendation of the consultants on the ground of lack of experience. The consultants, however, stated that the offer of the lowest tenderer conformed to the specifications excepting certain deviations and they further stated in February 1980 that the firm had received order for coal handling plant at Bhusawal Thermal Power Station of Maharashtra State Electricity Board (MSEB). In reply to an enquiry made in May 1980, the MSEB informed the Company in June 1980 that the lowest tenderer had got a number of such orders and that his over-all performance was satisfactory. However, there was nothing on the record to show that the reply of the MSEB was ever brought to the notice of the Board.

The Tender Sub-Committee of the Company had observed in May 1980 that against the original tender, the third lowest tenderer viz., Mining and Allied Machinery Corporation Limited (MAMC), was over burdened with orders and had been unable to complete even a single work and there was a doubt as to how much priority, the MAMC would be able to give to the new job. Following MAMC's assurance that it would complete the work within 18 months, a letter of intent for the work was issued in November 1980 at a cost of Rs.305.20 lakhs followed by an advance of Rs.24.37 lakhs (including advance of Rs 11.31 lakhs paid in December 1980 for bought-out items).

Reasons for rejection of the lowest tender, which resulted in an extra liability of Rs.23.50 lakhs, were not on record.

As per the letter of intent, the work was due to be completed by June 1982. Up to March 1986, MAMC completed only 75 per cent of the work. The main reasons for delay in completion of coal handling plant were; delay in completion of civil foundation works by firm 'A' of Calcutta, [vide para 2.1.3.1.(a)], delay in submission of lay out and loading data, drawings, etc., and stoppage of work by the firm between September 1983 and April 1984. A penalty amounting to Rs.1.53 lakhs leviable as per terms of the order for delay which was wholly attributable to the contractor, has not been imposed (August 1985)

As per request of MAMC, the Company also made full payment of the bills for bought-out items without proportionate adjustment of the advance (Rs.11.31 lakhs) paid on placement of letter of intent.

2.1.4.4. *Extra expenditure in supply and erection of ash handling plant*

Out of two offers received in November 1980, the lower one was of firm 'M' of Calcutta for supply, erection and commissioning of the ash handling plant for Rs.69.99 lakhs and the offer was valid up to February 1981. Although the required approval of the State Government for awarding the work to the firm was received by the Company on 25th February 1981, the letter of intent from the Company was received by the firm on 2nd March 1981 and the firm refused to execute the work at the quoted rate and asked for revised price of Rs.94.99 lakhs. The other firm 'I' of Delhi which had earlier quoted a rate of Rs.76.95 lakhs, agreed to the supply at the same rate but subject to the payment of advance of 30 per cent of the price. A letter of intent was issued to firm 'I' in April 1981 for Rs.76.95 lakhs followed by grant of advance of Rs.23.08 lakhs in May 1981. Delay in placement of order thus resulted in extra expenditure of Rs 6.96 lakhs.

As per the offer of the firm, the work was due to be completed by February 1982. But up to April 1984, the contractor did not supply any materials.

However, in April 1984, a detailed order was placed on firm 'I' for Rs.81.45 lakhs (including additional items of Rs.4.50 lakhs) stipulating delivery and erection of the ash handling plant by September 1984 and commissioning by November 1984. The Management stated in September 1985 that the order was not given earlier as at that time the Company was not in a position to provide the site to the firm to

commence work. The firm thus got the benefit of retaining the advance of Rs.23.08 lakhs for three years, resulting in interest burden of Rs.5.54 lakhs (at 8 *per cent* per annum) on equivalent amount of borrowings made during the period from the State Government.

As per detailed order, the work was due to be completed by September 1984. However, up to March 1986 the firm has completed only 72 *per cent* of the work (value : Rs.58.28 lakhs) due to delay in completion of the civil works.

2.1.4.5. *Unrecovered damages in respect of demineralising plant*

An order for supply and erection of the demineralising plant was placed in December 1980 on a firm of New Delhi at a cost of Rs.63.19 lakhs to be completed by February 1982. Although the materials were supplied within the scheduled date, the supplier neither asked the consultant to inspect the material nor submitted any test certificate as per terms of order.

Erection could not be started due to delay in completion of civil foundation work to be done by the main contractor for civil work. The storage tanks were kept in the open space for two years under the custody of the Management.

The erection was started in August 1983 and the plant was commissioned in April 1985. After the commissioning, storage tanks of the plant were damaged in June 1985 due to formation of vacuum inside the tanks reasons for which were not investigated. The incidence of damage was communicated to the supplier in July 1985 but the latter did not agree to replace or repair the storage tanks as the guarantee period had been over in the meanwhile.

Subsequently, considering the urgency of the situation, the storage tanks were got repaired in August 1985 by a firm of Calcutta at a cost of Rs.0.50 lakh, with material being supplied by the Company. A claim for Rs.2.75 lakhs towards the repair charges lodged in June 1985 with the insurer remained unsettled (March 1986).

2.1.4.6. *Supply and erection of piping system*

(a) The work of supply of materials for the piping system was awarded in January 1980 to a firm of Calcutta for Rs.192.62 lakhs including foreign exchange component of Rs.56.18 lakhs. In August 1981, the Company submitted an application to the Central Electricity Authority for an import licence with the request to advise the appropriate authority for necessary endorsement thereon by the Chief Controller of Imports and Exports (CCI & E) for availing of

concessional rates of customs duty available under the Customs Tariff Act, 1975. The Company received the licence in January 1982 without necessary endorsement.

As per the supply order, the materials were due to be supplied by January 1983. The Management received the materials between December 1982 and February 1984 on payment of customs duty of Rs.46.08 lakhs at full rate on the assessable value of the materials (Rs.50.71 lakhs) without endeavouring to avail of the concessional duty which would have worked out to Rs.20.28 lakhs and which could be permitted by the customs authorities even though the licence did not have necessary endorsement.

On being approached in June 1984, the CCI & E expressed his inability to refund the excess duty of Rs.25.80 lakhs in the absence of appropriate action by the Company both at the time of receipt of the licence and the payment of duty. Ultimately, the Company took up the matter with the Ministry of Finance, Government of India, in September 1985. Decision of the Ministry is awaited (May 1986).

(b) The order for erection of piping equipment and accessories was also placed in March 1984 with the same firm for Rs.28.90 lakhs.

As per the order, the work of erection of piping equipment and accessories was to be completed within 40 weeks from March 1984, (date of order), and the pipes and equipment were to be supplied by the Company. The work was completed in December 1985. The main reason for delay in completion of work was delay in providing inputs to the firm *i.e.*, readiness of site after completion of civil engineering foundation and structural erection work for which contract had been given to the main contractor for civil works mentioned in paragraph 2.1.3.1.

Extra work relating to piping erection was got done at a total cost of Rs.3.56 lakhs out of which Rs.2.16 lakhs were paid as overtime. As it was stipulated in the work order that the extra work for piping erection should be carried out during normal duty hours, payment at overtime rates (at double the normal rates) resulted in an extra expenditure of Rs.1.08 lakhs.

2.1.4.7. *Extra expenditure in purchase of auxiliary transformer*

Five offers received in January 1979 for the supply of one 16 MVA auxiliary transformer were forwarded by the Company to its consultant in March 1979 and the consultant recommended the offer of a firm of Bombay for Rs.9.90 lakhs with escalation limited to 15 *per cent*. The firms offer was valid up to June 1979. The Develop-

ment Sub-Committee approved the placement of a letter of intent on the firm in May 1979 and advised simultaneously to ascertain the performance of the firm from other State Electricity Boards. Instead of placing the letter of intent, the Company addressed the other Boards in June 1979 and by the time (in July 1979) it received replies which were favourable to the firm, the latter increased the limit of escalation to 30 per cent in July 1979. The letter of intent was ultimately placed in December 1979 and Rs.2.29 lakhs were paid towards escalation in July 1983. This amount could have been limited to Rs.1.49 lakhs had the letter of intent been placed in time.

2.1.5. *Extra payments on storage-cum-erection insurance*

(a) The Company took storage-cum-erection insurance policy to cover loss or damage of property brought to the site for three years from 5th August 1978 at 0.40 per cent on the project estimate of Rs.38.01 crores less 10 per cent discount, subject to confirmation of the rates by the Tariff Advisory Committee. But the insurance company failed to get the rate confirmed by the Tariff Advisory Committee and claimed insurance premium at the rate of 0.53 per cent instead of 0.40 per cent. The Board of Directors approved the enhanced rate in October 1980 and premium of Rs.18.13 lakhs was paid to the insurer, involving extra payment of Rs.4.40 lakhs made without insisting on confirmation of rates by Tariff Advisory Committee.

(b) Considering that the unit would be commissioned by June 1982 the Company extended the coverage up to June 1982 and paid Rs.22.40 lakhs as subsequent insurance premium. Due to delay in commissioning, the policy had to be extended a number of times up to March 1986, resulting in payment of extra premium of Rs.41.27 lakhs for the period from July 1982 to March 1986.

2.1.6. *Improper storage and inspection of materials*

Orders for supply of mechanical and electrical equipment and accessories were placed on various suppliers since 1974-75 but storage arrangement for critical equipment which should not be left in open yard in accordance with the manufacturers' requirements were not made. Although the suppliers started despatch of major equipment from 1978-79, there was no proper storage facility and facility for inspection of materials, with the result that large quantities of materials were left exposed to the vagaries of weather without any inspection. It was only in April 1983 that an order for construction of one storage shed with 600 sqm covered area was placed with a local firm at a cost of Rs.5.21 lakhs out of which Rs. 4.88 lakhs were paid till April 1984 but the shed has not been completed so far (August

1985). At the time of erection|installation, some materials were found either missing or damaged, for which the Company had to place fresh orders with the suppliers. Some instances are given hereunder :

- (i) Certain equipment and accessories pertaining to TG set were supplied by BHEL commencing from 1980. The packages containing the equipment were neither inspected nor verified with the packing list. At the time of erection in September 1982, equipment and accessories valuing Rs.4.21 lakhs were found missing or damaged. The Company lodged claims with the insurer in June 1984, but due to improper maintenance of records, the extent of claims made and settled could not be ascertained.

Some other TG materials received during 1980-81 were kept in open space though the BHEL cautioned the Company from time to time regarding proper storage. Due to long storage in the open, there was rusting and surface corrosion. At the time of erection, BHEL informed the Company about the necessity of application of preservatives and/or reconservation work for the material. It was agreed in May 1982 that preservatives would be applied to the materials which had been subjected to vagaries of nature and that BHEL would undertake the job and the cost would be reimbursed by the Company. The expenditure incurred in this regard till August 1985 was Rs.3.18 lakhs. Two claims of Rs.2 lakhs lodged with the insurer in August 1984 remained unsettled (March 1986).

- (ii) One 100 KVA auto-transformer and one 25 KVA reserve transformer supplied in February 1981 and October 1982, respectively, were kept in the store without verifying the packages. At the time of erection in December 1984, it was found that two bushings of the 100 KVA transformer and one of the 25 KVA transformer were seriously damaged and required replacement. The reasons for damage were not investigated. The Company got the damaged bushings replaced by the original supplier in January 1985 on payment of Rs.4.88 lakhs without verifying the rates from the market. A claim for the same lodged with the insurer in January 1985 remained unsettled (March 1986).
- (iii) The Company placed an order on a firm of Calcutta in October 1980 for supply of indoor switchgear for Rs.33.58 lakhs and received the same in June 1983. No

inspection was conducted on receipt of the materials. At the time of installation in October 1984 it was found that some materials were damaged and some were missing. The replacement value of damaged and missing materials was Rs.4.21 lakhs and a claim for the amount was lodged with the insurer in January 1985. The claim has not been settled (March 1986). The materials have in the meanwhile been procured again from the same supplier in February 1986 at a cost of Rs.4.21 lakhs without ascertaining their existing market rates.

- (iv) An order was placed on a firm of Madras in January 1980 for supply of 23 isolators of 220 KV and 3 of 132 KV at a total cost of Rs.12.34 lakhs. At the time of taking delivery, it was observed that 33 cases of packing were in damaged condition and the isolators inside were found broken when opened. The Company informed the supplier in March 1982 that the Railways had refused to bear any liability since the wagons were in sealed condition and packing/loading advice did not contain notice as to the fragile nature of the materials. The Company asked the firm in March 1982 for free replacement of the damaged materials but meanwhile kept these in an open yard pending a joint inspection. In the joint inspection conducted in October 1984, it was found that 54 insulators were broken, 11 MOM boxes were completely damaged and 15 MOM boxes were partly damaged. The supplier refused to replace the materials free of cost on the ground that the materials were damaged during transit and storage and asked the Management to take up the matter with the insurance company. The Company lodged a claim of Rs.3.24 lakhs with the insurer in March 1985, which remained unsettled (March 1986).

The Company again purchased 54 isolators and 11 MOM boxes from the same supplier in January 1985 at negotiated prices of Rs.0.65 lakh (earlier price : Rs.0.21 lakh) and Rs.1.76 lakhs (earlier price not on record) without analysing and verifying the rates of the materials from the market. Also, 15 MOM boxes received earlier were got repaired at a cost of Rs.1.20 lakhs.

The Management stated in September 1985 that the delay in lodging the claims with the insurance company was due to procedural reasons.

2.1.7. *Loss of transformer oil*

In June 1981, an order was placed on a firm of Calcutta for supply of one 100 KVA auto-transformer including transformer oil at a total cost of Rs.46.35 lakhs. The firm supplied the transformer and 221 drums containing 205 litres of oil each by rail, with escort, in May 1982. At the time of taking delivery, it was found that oil was oozing out of the drums. The Management took delivery of the consignment without taking up the matter with the Railways. Subsequently, it was observed that the firm had supplied oil in old and dented drums resulting in 5 drums becoming empty, 20 drums developing leaks and 14 drums being in sweating condition. By the time the Company requested the firm (in July 1983) to replace the drums, 25 drums became empty and 14 drums were leaking. The firm refused to replace the drums on the ground that the Company had failed to obtain shortage certificate from the Railways. The value of the transformer oil lost was worked out by the Management at Rs.0.89 lakh. No claims were lodged either with the Railways or with the insurer. The Management in their reply stated in May 1986 that the supplier has agreed in August 1983 to supply 7 $\frac{1}{8}$ barrels of oil free of cost but the same has not yet been supplied (June 1986).

The matter was reported to the Management|Government in February 1986 and replies of the Government are awaited (September 1986).

Summing up

(1) The original estimate for a 6th unit of 110 MW, decided in November 1973 to be added to the existing power plant at Durgapur of 285 MW capacity, was for Rs.29.44 crores with anticipated date of commissioning as end of 1979. Initially there was extreme paucity of funds, but later, funds made available from 1977-78 onwards could not be utilised to the extent of 3.7 to 35.4 *per cent* in various years up to 1984-85.

Due date of commissioning was extended from time to time and the estimate was revised upwards several times, in 1976, 1979, 1981, 1982 and finally in October 1985 to Rs.94.29 crores, for which approval of the Planning Commission is awaited (May 1986).

Increase in cost from Rs.50.16 crores as per the revised estimate of January 1979, when the activity commenced in a regular way, to the revised estimate of Rs.84.95 crores of October 1982 was mainly due to increase in prices, extra items of work not included in the estimates, excess quantities of work, escalation in the price of contracts and interest liability. Though the plant was lighted up in July 1985, it could not be commissioned as certain civil works had not been completed. An expenditure of Rs.70.49 crores had been incurred up to March 1985.

(2) In 16 cases of major contracts, as compared to the original targetted completion dates, the delay in furnishing tender specifications by consultants varied from 1 to 34 months in 10 cases, delay in ordering of equipment by the Management varied from 2 to 77 months and supply and erection by suppliers was delayed by 19 to 65 months. These delays led to escalation of cost of contracts due to increase in prices which had to be negotiated with the existing contractors for original quantities of work, additional quantities required to be done and additional items entrusted, thus vitiating the principle of execution of works on competitive tenders.

(3) (a) Out of 7 items of civil works, 5 major items of estimated cost Rs.4.33 crores (on which installation of boiler and Turbo-Generator depended) were entrusted to firm 'A' of Calcutta at original contract value of Rs.4.65 crores. Out of these, 2 major items fabrication and erection of structural steel and concrete and allied works in power house building of original contract value of Rs.1.26 crores and Rs.1.42 crores, scheduled to be completed in December 1980 and July 1982, respectively, have not yet been completed (May 1986). Three other items of work of original contract value of Rs.1.97 crores were completed after delays of 18 months, 33 months, and 52 months,

The final cost on 3 completed works was Rs.3.18 crores, showing excess of about Rs.1.21 crores (increase of 61.42 *per cent*), and the total excess cost in all the five works is expected to be Rs.2.48 crores (53.33 *per cent* over original contract cost), of which Rs.1.87 crores would be due to increased quantities and Rs.0.61 crore due to increased rates, which had to be settled by negotiations.

Delays in completion of those works not only resulted in increased cost on these works, but also in delays in installation of mechanical and electrical equipment involving high extra payments, due to escalation in cost and with eventual delay in commissioning of the units for generation of power whose cost also went up.

(b) Salient points relating to 3 works in which there were heavy extra payments over the contractual cost are as below :

—The work of foundation of Turbo-Generator and boiler at a cost of Rs.1.07 crores was awarded to the above firm in preference to the lowest offer of Rs.99.12 lakhs by a public sector undertaking. The estimated quantity of earth work was 25,000 cum and that of structural concrete work 8,800 cum with a provision for increase up to 25 *per cent*; while structural concrete work was increased up to 25 *per cent* (to 11,000 cum), earth work was increased by 80 *per cent* (to 45,000 cum). The contractor has, however, already done even more work 46,810 cum of earth work (87.24 *per cent* increase over original quantities of 25,000 cum) and 12,452 cum of concrete work (41.5 *per cent* increase over original quantities of 8,800 cum) and the work is yet to be completed (September 1985). The work is now likely to cost.

A compensation of Rs.10.68 lakhs leviable on the contractor has not been imposed so far (April 1986).

—The work of fabrication and erection of structural steel was awarded at a cost of Rs.26 crores to the firm in April 1979 for an estimated quantity of 2,500 tonnes with the stipulation that the price would remain firm for variations up to 25 *per cent* (i.e., up to a quantity of 3,125 tonnes). With the release of detailed design drawings, the quantity increased to 3,200 tonnes (28 *per cent* increase). At the request of the contractor, increased rates were allowed not only for the excess quantity of 75 tonnes but also on 3,125 tonnes covered by the contract, in addition to increased rates being allowed for transport and fabrication, involving extra expenditure of Rs.20.52 lakhs. The actual structural steel

work further increased to 4,000 tonnes and miscellaneous steel work of 100 tonnes had to be done, resulting in accepting further enhancement of rates, involving additional expenditure of Rs.69.35 lakhs.

The work was to be completed by December 1980, but with increase in quantum of work by 60 *per cent*, the contractor was entitled to proportionate extension of time up to December 1981, but the work could not be completed even by July 1985 due to delay in supply of steel, release of layout and detailed drawings, excess quantity of work and inadequate mobilisation of resources by the contractor. The delay ultimately affected the erection work of turbo-generator and boiler. The Company has not imposed penalty of Rs.12.55 lakhs for the delay on the part of the contractor.

—The firm had not quoted for the civil works on cooling water pump house and outdoor facilities. Ignoring the second lowest tenderer with quotation of Rs.62.30 lakhs recommended by the consultant, the firm was requested to quote for the work and the contract was awarded to them at the same rate with extra charge of Rs.1.29 lakhs for staging work of high roof of the pump house. The work, scheduled to be completed in November 1982, has been completed in July 1985 at a cost of Rs.1.17 crores. No penalty for delay has been imposed.

(4) The following points were noticed in civil works awarded to other parties :

- (a) A penalty of Rs.3.35 lakhs leviable has not been imposed on NPCC to whom work of construction of cooling tower was awarded in March 1981 for completion by September 1982 at a cost of Rs.65.90 lakhs, though it completed only 87 *per cent* of work by July 1985.
- (b) Contract for construction of roads, drainage and other associated works was awarded to NPCC, ignoring two lower tenderers without sufficient justification and thus involving extra liability of Rs.13.51 lakhs.
- (c) Owing to delay in handing over part of the site and delay in shifting of a 11 KV transmission line, the contractor dealing with additional earthwork in the switchyard and adjacent area had to be paid Rs.1.73 lakhs extra against claims for enhanced rates. Realising that the quantities were estimated erroneously for part of the

work, fresh tenders were invited and the work was entrusted to the same contractor at higher rates, involving extra cost of Rs.7.24 lakhs.

(5) The following major points were noticed in supply of boiler and Turbo-generator and their erection :

- (a) Placing of a letter of intent for turbo-generator on BHEL in February 1974 without finalising the technical specification and without any relation to the actual schedule of completion of civil works, etc., resulted in payment of interest charges of Rs.69.44 lakhs for delay in payment and Rs.18.00 lakhs towards storage charges for delayed acceptance of delivery of materials, besides loss of interest on advances of Rs.81.00 lakhs kept with the supplier for 12 years instead of normal period of only 4½ years required for installation of such a unit. The contract was signed in June 1984 for Rs.871.35 lakhs, 10½ years after the date of letter of intent.

The work of erection, installation, testing and commissioning of T.G. and accessories was also awarded to BHEL in July 1981 at a lump sum contract price of Rs.98.00 lakhs plus escalation, to be completed within 22 months from the date of commencement of work. Due to failure on the part of the Company to supply necessary inputs in time, payment of Rs.39.51 lakhs had to be paid as over-run charges for 21 months.

- (b) The Company similarly placed a letter of intent with a firm in February 1974 for boiler of 110 MW capacity on single tender basis and made advance payments of Rs.1.25 crores from time to time. The final price payable was settled only in February 1984 at Rs.7.00 crores. About the same time, BHEL had supplied boiler of 120 MW capacity to Korba Thermal Power Station at a total cost of Rs.5.70 crores.

The work of erection of boiler was also awarded to the same firm in June 1978 on a single quotation basis at an agreed price of Rs.1.53 crores. Based on the price agreed to by BHEL for identical work for Korba Thermal Power Station in April 1977, the ruling price should have been Rs.85.56 lakhs in June 1978.

Besides the above, due to delay in civil foundation work, the contractor could retain advance of Rs.22.95 lakhs for more than a year, and claimed unlimited escalation and got additional payment of Rs.39.31 lakhs for escalation accruing up to January 1983.

Erection of boiler due to be commissioned by June 1983 was completed in September 1985. It was delayed due to failure on the part of the Company to provide necessary inputs and the contractor has asked for extension of time for completion up to December 1984, which is under consideration. This delay covered the delay on the part of contractor in effecting supplies.

(6) The following major points were noticed in connection with supply and erection of other mechanical and electrical equipment :

(a) Rejection of lowest offer for coal handling plant without recorded reason caused an extra expenditure of Rs.23.50 lakhs.

Penalty of Rs.1.53 lakhs leviable for delay in completing the work, wholly attributable to the contractor, was also not imposed.

(b) Delay in placement of order for ash handling plant resulted in additional expenditure of Rs.6.96 lakhs. Further, due to delay in making the site available, and due to delay in completion of civil works by the main contractor mentioned in paragraph 2.1.3, the contractor got the benefit of retaining the advance of Rs.23.08 lakhs for 3 years. The contractor has completed only 72 per cent of the work by March 1986.

(c) Failure to avail of concessional rate of customs duty on import of power cycle and piping system resulted in payment of excess customs duty of Rs.25.80 lakhs.

There was delay of about one year in completion of work of erection of piping equipment and accessories due to delay in providing necessary inputs by the Company (completion of civil engineering foundation and structural erection works).

(d) Delay in placing order for the supply of 16 MVA transformer resulted in price-hike of Rs.0.80 lakh.

7. (a) Due to delay in commissioning beyond the scheduled date of June 1982, the Company had to bear additional storage-cum-insurance premium of Rs.41.27 lakhs for the extension of the policy a number of times during the period from July 1982 to March 1986.

(b) Due to lack of storage facility and non-inspection of materials, several critical equipment kept in open yard since 1978-79 got damaged or were missing. Insurance claims for Rs.16.33 lakhs in this regard remained unsettled (August 1986).

2.2. The Kalyani Spinning Mills Limited

PUBLIC UNDERTAKINGS DEPARTMENT

2.2.1. *Introductory*

2.2.1.1. The Kalyani Spinning Mills Limited was incorporated in January 1960 and has two spinning mills at Kalyani and Habra.

The working of the Company was last reviewed in the Report of the Comptroller and Auditor General of India for the year 1976-77 (Commercial), Government of West Bengal. Some aspects relating to utilisation of capacity of the two units during 4 years ending March 1985 have been discussed in the present review.

2.2.1.2. The Company obtained loans aggregating Rs.20.45 crores from the State Government between December 1960 and March 1985, out of which Rs.43.61 lakhs were repaid, leaving a balance of Rs.20.01 crores outstanding as on 31st March 1985. Out of the outstanding balance, a sum of Rs.5.65 crores was overdue as on 31st March 1983.

The Company had also a cash credit arrangement with the State Bank of India for meeting its working capital requirements up to a limit of Rs.2.09 crores (secured by hypothecation of stocks of raw cotton, processed cotton, finished yarn and other products, stores, book debts and other assets and guaranteed by the State Government), against which a sum of Rs.3.81 crores (including interest) remained outstanding as on 31st March 1985.

2.2.1.3. The working results of the Company for the last 4 years from 1981-82 to 1984-85 are summarised in Annexure 8 (figures for 1983-84 and 1984-85 are provisional).

The Company has been incurring losses since 1967-68. The losses during 4 years were Rs.3.60 crores in 1981-82, Rs.3.87 crores in 1982-83, Rs.4.32 crores in 1983-84 and Rs.5.11 crores in 1984-85 (figures for 1983-84 and 1984-85 are provisional). The accumulated loss at the end of 1984-85 was Rs.36.90 crores (provisional).

2.2.2. *Unfruitful modernisation efforts involving blocking of Government funds (Rs.51.79 lakhs)*

2.2.2.1. With a view to enable the Company to avail itself of the latest technology in spinning and maximising production of a standard quality and also for reducing wastages, a renovation, rectification and modernisation scheme involving an expenditure of Rs.80.83 lakhs in three phases in respect of Kalyani unit was approved by the State

Government in April 1978. The scheme envisaged replacement of all spindles (50,600), conversion of 81 out of 128 cards to metallic clothing and rectification of the existing humidification and ventilation plant at Kalyani. It was anticipated in the scheme that :

- (a) The main impact of renovation would accrue in the ring frame where drawing speed frame and ring frame parts, which were sought to be replaced, would enable the unit to run the ring frames at higher speed with less number of brakes, thereby achieving more uniform yarn with less hard waste and financial gain due to increase in production to the extent of Rs.33.45 lakhs per year.
- (b) The conversion of cards to metallic clothing would help in reducing process waste at least by 1 *per cent* which would save cotton to the tune of 16,416 *kg* valuing Rs.2.60 lakhs per year. (Indirect benefit in blow room was also expected in the terms of better cleaning and even laps).
- (c) With the arrest of uncontrolled temperature and relative humidity within the mill by way of rectification of the plant, a gain in yarn production to the extent of 2.5 *per cent* would be available throughout the year.

Government released funds amounting to Rs.1.11 crores during the period from 1977-78 to 1982-83. The Company commenced renovation work in May 1979 but incurred expenditure of only Rs.51.79 lakhs up to July 1983 and diverted the balance funds of Rs.59.21 lakhs to working capital from time to time.

With the expenditure of Rs.51.79 lakhs, the Company has been able to achieve (a) replacement of 25,960 spindles out of 50,600. at a cost of Rs.42.70 lakhs, and (b) conversion of 38 out of 81 cards into metallic clothing at a cost of Rs.5.26 lakhs.

The work of rectification and modification of humidification and ventilation plant at Kalyani was entrusted to a firm of Calcutta in November 1978 at a cost of Rs.2.51 lakhs with the stipulation to complete the same within 12 to 14 weeks from the date of issue of work order but it is still incomplete (May 1986). The commencement of the work was initially delayed by 10 months due to delay in obtaining clearance from the Chief Inspector of Factories and, thereafter, it was further delayed by the contractor. Management stated in July 1985 that about 80 *per cent* of the work valuing Rs.3.34 lakhs was completed up to July 1985. No penal clause for delay in completion had been incorporated in the work order.

As will be seen from the observations in paragraphs 2.2.3.3. and 2.2.3.4., partial renovation scheme has not led to expected results by way of increasing the production or reducing the waste.

2.2.2.2. In October 1983, the Company obtained from a firm of consultants of Calcutta, a report on the scheme of renovation of the two mills afresh. The report envisaged a need-based modernisation of the mills at a cost of Rs.83.81 lakhs and projected a net profit of Rs.10 lakhs per year on implementation.

In October 1984, however, the Company adopted an entirely new rehabilitation and modernisation programme at an estimated cost of Rs.1.57 crores for Kalyani unit and Rs.69.60 lakhs for Habra unit to be executed in two phases, without any appraisal of the achievement under the previous renovation scheme.

2.2.3. *Low production and underlying factors*

2.2.3.1. The annual rated capacity of Kalyani unit (having 50,600 spindles) was fixed at 12.85 lakhs kg and of Habra unit (having 33,356 spindles) at 20.05 lakhs kg, on the basis of average count of 80s and 30s, respectively. Though the Kalyani unit switched on from production of yarn of 80 counts to yarn below 60 counts since 1975-76 owing to non-availability of suitable cotton, the Company has not refixed its rated capacity in conformity with the actual counts of yarn produced. As a result, the shortfall in production as compared to the rated capacity in respect of Kalyani unit could not be ascertained. The Management stated in July 1985 that the target of production of Kalyani unit was fixed from year to year on the basis of efficiency of machines. As shown by data in the table below, the target of production in respect of Habra unit was also fixed much below its rated capacity, but the actual production of both the units fell far short of even the low targets fixed and the percentage of shortfall varied from 32.5 to 51.4 in the case of Kalyani unit and from 49.5 to 62.2 in the case of Habra unit.

| | 1981-82 | 1982-83 | 1983-84 | 1984-85 |
|---|----------------------|---------|---------|---------|
| | (Kilograms in lakhs) | | | |
| A. Kalyani unit | | | | |
| 1. Rated production (at yarn count of 80s) .. | 12.89 | 12.89 | 12.89 | 12.89 |
| 2. Target of production (at yarn count below 60s) | 13.70 | 14.40 | 13.11 | 12.59 |
| 3. Actual production | 7.07 | 9.60 | 8.85 | 6.12 |
| 4. (a) Shortfall | 6.63 | 4.80 | 4.26 | 6.47 |
| | (per cent) | | | |
| (b) percentage of shortfall | 48.4 | 33.3 | 32.5 | 51.4 |
| | (Kilograms in lakhs) | | | |
| B. Habra unit | | | | |
| 1. Rated production (at yarn count of 30s) .. | 20.05 | 20.05 | 20.05 | 20.05 |
| 2. Target of production | 15.42 | 17.03 | 16.78 | 15.49 |
| 3. Actual production | 6.42 | 6.44 | 8.47 | 6.67 |
| 4. (a) Shortfall | 9.00 | 10.59 | 8.31 | 8.82 |
| | (per cent) | | | |
| (b) Percentage of shortfall — — | 58.4 | 62.2 | 49.5 | 56.9 |

2.2.3.2. Factors for low production : Production of yarn goes through five processes viz., blowing, carding, drawing, speed frame and ring frame. The factors contributing to the shortfall in production could not be verified in audit due to non-maintenance of records for the first four processes. The causes for loss of production during four years up to 1984-85, as analysed by the Management in July 1985 in respect of ring frame section, is indicated below :

| | | 1981-82 | 1982-83 | 1983-84 | 1984-85 |
|---------------------------------|-----------|--|------------|------------|------------|
| | | (Kilograms in lakhs with percentage in brackets) | | | |
| (A) Kalyani unit : | | | | | |
| (i) Shortage of cotton | .. | 1.57(23.7) | 0.68(14.2) | 0.33(7.8) | 2.23(34.5) |
| (ii) Power shortage | .. | 1.72(26.0) | 0.30(6.2) | 1.33(31.7) | 3.05(47.2) |
| (iii) Shortage of hands | .. | 0.52(7.8) | 0.66(13.8) | 0.67(15.7) | 0.52(8.0) |
| (iv) Maintenance and break-down | | 0.77(11.6) | 0.29(6.0) | 0.30(7.0) | 0.17(2.6) |
| (v) Lapping and Jamming | .. | 1.48(22.3) | 2.09(43.5) | 1.41(33.1) | 0.39(6.0) |
| (vi) Others | .. | 0.57(8.6) | 0.78(16.3) | 0.20(4.7) | 0.11(1.7) |
| | Total (A) | 6.63 | 4.80 | 4.26 | 6.47 |
| (B) Habra unit : | | | | | |
| (i) Shortage of cotton | .. | 0.86(9.6) | 0.93(8.8) | 0.86(10.3) | 1.66(18.8) |
| (ii) Shortage of power | .. | 2.18(24.2) | 2.24(21.2) | 1.11(13.4) | 1.58(17.9) |
| (iii) Shortage of hands | .. | 3.28(36.4) | 4.10(38.7) | 3.92(47.2) | 3.46(39.2) |
| (iv) Union activities | .. | 0.26(2.9) | 0.26(2.5) | 0.25(3.0) | 0.25(2.8) |
| (v) Maintenance and break-down | | 0.78(8.7) | 1.57(14.8) | 0.76(9.1) | 0.64(7.3) |
| (vi) Lapping and Jamming | .. | 1.00(11.1) | 0.99(9.3) | 1.02(12.3) | 0.80(9.1) |
| (vii) Others | .. | 0.64(7.1) | 0.50(4.7) | 0.39(4.7) | 0.43(4.9) |
| | Total (B) | 9.00 | 10.59 | 8.31 | 8.82 |

The following comments are offered in regard to some factors causing loss of production.

- (i) Loss of production due to shortage of cotton : Raw cotton constituted about 26.7 per cent of the total expenditure of the Company during 4 years up to 1984-85. For procurement of cotton, the Company obtained funds mainly by marketing its products and by way of loans from the State Government, besides diversion of funds from plan funds (meant for modernisation scheme). The

position of purchase of cotton out of such funds against the estimated requirements during 4 years ending March 1985 is tabulated below :

| | 1981-82 | 1982-83 | 1983-84 | 1984-85 |
|---|-------------------|---------------|---------------|---------------|
| | (Rupees in lakhs) | | | |
| 1. Availability of funds | | | | |
| (a) Sale proceeds from yarn .. | 369.81 | 409.01 | 496.38 | 392.18 |
| (b) Sale proceeds from waste .. | 8.05 | 11.05 | 6.38 | 9.71 |
| (c) Loan from State Government .. | 125.75 | 175.00 | 150.00 | 250.00 |
| (d) Diversion of Plan funds .. | .. | 3.80 | 1.00 | 22.50 |
| Total funds available | 503.61 | 598.86 | 653.76 | 674.39 |
| 2. Purchase of cotton : | | | | |
| (a) Estimates | 324.37 | 585.99 | 304.48 | 449.13 |
| (b) Actuals | 240.03 | 203.07 | 220.37 | 242.09 |
| (c) Shortfall of actuals to estimates | 84.34 | 322.92 | 84.11 | 207.04 |
| 3. Percentage of : | | | | |
| | (per cent) | | | |
| (i) Shortfall to estimates ... | 26.0 | 55.1 | 27.6 | 46.1 |
| (ii) Actual purchase to funds available | 47.7 | 43.9 | 33.7 | 35.9 |

Inspite of having satisfactory demand for the products and availability of funds, the Company could not ensure steady supplies of raw cotton, the basic input of textile industry, and thus failed to cope with the demand for cotton of the two mills, shortfall in procurement varying from 26 *per cent* to 55.1 *per cent* during four years ending March 1985. As against the availability of working capital to the extent of Rs.5.04 crores in 1981-82, Rs.5.99 crores in 1982-83, Rs.6.54 crores in 1983-84 and Rs.6.74 crores in 1984-85, the Company could utilise only Rs.2.40 crores, Rs.2.63 crores, Rs.2.20 crores and Rs.2.42 crores during the corresponding years towards purchase of cotton. As a result, production in both the units suffered to a great extent and shortage of cotton was a major factor responsible for idle spindles. A test-check of records revealed that on 40 complete and 60 partial working days, during 1984-85, Kalyani unit had no stocks of cotton, which resulted in 34.5 *per cent* idleness of spindles.

Loss of production due to shortage of cotton persisted in both the units and assumed serious proportions in 1984-85 in which it accounted for 34.5 *per cent* loss in Kalyani unit and 18.8 *per cent* loss in Habra unit. Although from time to time, the Management attributed the shortage to lack of funds, it was noticed that substantial working capital assistance of Rs.4.0 crores during 1983-84 and 1984-85 received from Government could not arrest the loss.

The Company purchased cotton mainly from two organisations viz., Cotton Corporation of India (CCI) and Maharashtra State Co-operative Marketing Federation Limited. As per the terms of agreement, delivery of cotton was to be taken within a specified period from the date of arrival of a consignment at the suppliers' godowns on payment of the cost against *pro forma* invoice. Delay in taking delivery entailed payment of carrying charges at the rate of 2.5 *per cent* per month on the invoiced price. It was noticed that due to delay in taking delivery of cotton reportedly due to lack of funds, the Company paid carrying charges totalling Rs.25.17 lakhs during 4 years up to 1984-85.

It was observed that as per the terms of agreement with the CCI, the Company could take delivery within 15 days from the placement of order from their Calcutta godown. Had the orders been placed on this supplier after ensuring the availability of funds, the Company could have saved payment of carrying charge of Rs.1.20 lakhs during two years up to 1984-85.

- (ii) Shortage of power : There was heavy production loss due to shortage of power which in 1984-85 accounted for 47.2 *per cent* loss in Kalyani unit and 17.9 *per cent* loss in Habra unit. The production loss was unusually heavy in Kalyani unit in 1984-85 as the power transformer of the unit went out of order in November 1984 and though an order was placed on a firm of Calcutta in December 1984 for repair of the transformer within 10 to 12 weeks, it was repaired and recommissioned only in April 1985. No clause for imposition of penalty for delay in repair of the transformer was incorporated in the work order. The loss of production suffered by the Company on account of defective transformer was 1.57 lakhs kg valuing Rs.54.16 lakhs.

- (iii) Labour productivity : Though part of the production loss is attributed to shortage of hands, data in the table below shows that as against the requirement projected in the project report for 818 men for operation of Kalyani unit and 950 men for Habra unit, actual deployment during 4 years from 1981-82 to 1984-85 varied (a) in Kalyani unit, from 1,309 men to 1,339 men, showing excess deployment of 60 per cent to 63.7 per cent and (b) in Habra unit, from 1,029 men to 1,047 men, showing excess deployment of 8.3 per cent to 10.2 per cent, inspite of shortfall in production by 32.5 per cent to 51.4 per cent in Kalyani unit and 49.5 per cent to 62.2 per cent in Habra unit (paragraph 2.2.3.1. *supra*) and low utilisation of spindles (paragraph 2.2.3.3. *infra*), resulting in disproportionate cost of labour in the direct cost of the product.

| | Kalyani unit | | | Habra unit | | |
|--------------------------------------|----------------|----------------|-------|----------------|----------------|-------|
| | Perma- nent | Tempo- rary | Total | Perma- nent | Tempo- rary | Total |
| 1. Requirement as per project Report | 818 | .. | 818 | 950 | .. | 950 |
| 2. Actual strength at the end of: | | | | | | |
| 1981-82 | 1168 | 181 | 1339 | 1002 | 28 | 1030 |
| 1982-83 | 1181 | 135 | 1316 | 969 | 60 | 1029 |
| 1983-84 | 1187 | 122 | 1309 | 969 | 78 | 1047 |
| 1984-85 | 1213 | 99 | 1312 | 1023 | 23 | 1046 |

Despite engagement of workmen much in excess of requirement, the Company paid overtime during 1981-82 to 1984-85 amounting to Rs.2.99 lakhs in Kalyani unit and Rs.14.58 lakhs in Habra unit.

Specific instances of underutilisation of manpower noticed during test-check are given below :

- (a) In order to minimise the loss of mandays on account of trade union activities, the Management had decided in September 1971 that only the members of the executive and central committee of the unions would be allowed to go out on gate passes during office hours to attend meetings. Despite such restrictions, it was noticed that workers of both the units were allowed *en masse* to go out on gate passes during duty hours to attend meetings and, as a result, the Company lost 16,520 mandays valuing Rs.4.38 lakhs at Kalyani unit and 24,362 mandays valuing Rs.6.04 lakhs at Habra unit during 4 years up to 1984-85.

- (b) Temporary workers were engaged to assist the permanent workers in production. All the workers were enjoying weekly off-days by rotation from the beginning. Since December 1983, the permanent workers at Kalyani unit were allowed Sundays as weekly off-day *en masse*. The engagement of temporary workers on Sundays at Kalyani unit, therefore, meant that they had no work to do. Incidence of such deployment worked out to Rs.2.42 lakhs up to July 1985 (Rs.0.47 lakh from December 1983 to March 1984, Rs.1.42 lakhs during 1984-85 and Rs.0.53 lakh from April to July 1985).

Though the Board issued orders in April 1985 to discontinue the system, engagement of temporary workers on Sundays is still in practice in the mill (May 1986).

- (c) As stated, owing to non-availability of suitable cotton, the Kalyani unit had to switch over to production of yarn of lower counts since 1975-76, while the mill was set up to produce yarn of higher counts (80s). As the operation of comber process was uneconomical for production of yarn below 60s, operation of the comber and superlapping sections was discontinued with effect from May 1978, rendering 17 workmen surplus in the section. Since the above surplus workers could not be utilised elsewhere, the Company has continued to incur expenditure on idle wages whose incidence during 4 years ending 1984-85 worked out to Rs.7.27 lakhs.

2.2.3.3. Output from spindles and quality of output : As on 31st March 1985, there were 50,600 spindles in Kalyani unit and 33,356 spindles in Habra unit. From the data given in Annexure 9 it would be seen that the available spindle-hours during a year at Kalyani unit and Habra unit were 3,691.78 lakh hours and 2,433.65 lakh hours, respectively, against which only 60.7 per cent to 75.4 per cent spindle hours at Kalyani unit and 45 per cent to 58.7 per cent spindle hours at Habra unit were utilised during 4 years up to 1984-85. The actual output as compared to estimated output per spindle hour available varied from 0.06 oz to 0.09 oz against estimated 0.12 oz to 0.14 oz at Kalyani unit and from 0.09 oz to 0.12 oz against estimated 0.22 oz to 0.25 oz at Habra unit which accounted for shortfall in production per spindle hour from 33 per cent to 50 per cent at Kalyani unit and from 50 per cent to 64 per cent at Habra unit, during 4 years under review.

Although a sum of Rs.42.70 lakhs had been spent towards replacement of spindles under renovation scheme, no improvement was noticed in the performance of Kalyani unit either in increasing production or in reducing waste. Against the anticipated increase in

production per spindle hour from 0.14 oz to 0.19 oz, the actual production per spindle hour operated after replacement of 25,960 spindles was 0.11 oz, 0.14 oz, 0.11 oz and 0.09 oz, respectively, during 4 years up to 1984-85, which showed that except for the year 1982-83, the Company could not maintain even its previous level of production.

One of the significant causes for decline in the spindle output was lapping and jamming resulting mainly from uncontrolled humidity in the mill. Since the work of rectification and modification of the humidification plant at Kalyani under renovation scheme has not been completed even after a lapse of more than 6 years from the date of placement of work order, the Company's expectation to control humidity to achieve higher yarn production enforce quality, etc., has not been fulfilled.

2.2.3.4. Higher incidence of cotton|yarn waste : Wastage of cotton occurs initially during cleaning the cotton in the blow room and subsequently in processing in the carding and|or combing machines. Further wastage takes place in the process of spinning depending on the quality of cotton and machine conditions.

(i) COTTON WASTE

From the data given in table as per Annexures 10 and 11, it will be seen that :

- (a) Against norm of usable waste fixed by Management at 7 *per cent* in July 1977 (against norm of 5 *per cent* recommended by a team of Surveyors of the Textile Commissioner in December 1968), the highest actual waste during various years from 1981-82 to 1984-85 was 17.1, 14.3, 15.3 and 12.9 *per cent* in Kalyani unit and 12.3, 11.7, 10.5 and 10.7 *per cent* in Habra unit, respectively. Value of waste during 4 years ending 1984-85 in excess of 7 *per cent* norm accepted by the Management was Rs.13.21 lakhs, representing avoidable loss to the Company to this extent.
- (b) In the renovation scheme approved by the State Government in April 1978, the Company was expected to reduce waste from the prevailing level of 10.5 *per cent* to 2 *per cent*. This has not materialised as the percentage of saleable waste recorded during 4 years ending 1984-85 was 9.3, 11.8, 10.9 and 9.8, respectively, and the percentage has increased since 1980-81. Management stated in July 1985 that in spite of conversion of 38 cards into metallic clothing, the position did not improve due

to further wear and tear of the balance cards (43 out of 81) which also required to be converted into metallic clothing. Management failed to convert the balance 43 cards into metallic clothing though funds were made available by the State Government.

- (c) While some trash is removed in the blow room, further waste material is separated in the carding process for which a norm of 5 *per cent* is specified by the South India Textile Research Association (SITRA). The carding waste at Kalyani unit varied from 6.4 *per cent* to 7.1 *per cent* during 4 years up to 1984-85. The loss on account of excess waste over the SITRA norm worked out to Rs.17.71 lakhs.
- (d) The norm of 1.5 *per cent* was prescribed by SITRA in December 1977 for the percentage of invisible (unaccounted) waste. The actual percentage exceeded the norm at Kalyani unit by 1.5 *per cent* during 1981-82 and at Habra unit by 0.2 *per cent* and 0.9 *per cent* during 1981-82 and 1982-83, respectively. This has resulted in a loss of Rs.5.99 lakhs.

(ii) HARD WASTE

Hard waste represents wastage of yarn during spinning, winding, wrapping, sizing and weaving processes, which can be brought under control by eliminating defective bobbin-build caused by jamming bobbins and spindles and mechanical defects in builder motion. Against a norm of 1.5 *per cent* fixed by the Company in June 1977, actual incidence of hard waste during 4 years ending 1984-85 was as follows :

| | | 1981-82 | 1982-83 | 1983-84 | 1984-85 |
|--|-------|----------------------|---------|---------|---------|
| | | (Kilograms in lakhs) | | | |
| A. Kalyani unit | | | | | |
| (i) Total ring frame production | .. | 7.07 | 9.60 | 8.85 | 6.12 |
| (ii) Total hard waste | | 0.15 | 0.20 | 0.15 | 0.10 |
| | | (per cent) | | | |
| (iii) Percentage of hard waste to production | | 2.1 | 2.1 | 1.7 | 1.7 |
| | | (Kilograms in lakhs) | | | |
| B. Habra unit | | | | | |
| (i) Total ring frame production | .. | 6.42 | 6.44 | 8.47 | 6.67 |
| (ii) Total hard waste | | 0.07 | 0.08 | 0.10 | 0.07 |
| | | (per cent) | | | |
| (iii) Percentage of hard waste to production.. | | 1.1 | 1.2 | 1.2 | 1.0 |

It would be observed that percentage of hard waste was above the norm in Kalyani unit. The excess over norm amounted to 12,996 kgs (value : Rs.0.56 lakh) during 1981-82 to 1984-85, resulting in a loss of 3.20 lakhs, computed at the price of yarn.

2.2.4. *Other points of interest*

2.2.4.1. *Cotton mixing by using excess superior cotton*

Before feeding the blow room line, different varieties of cotton are mixed in a certain proportion decided every month by the unit offices in advance taking into consideration the varieties of cotton stock in hand, their availability in the market and funds position. The aim of deciding in advance the varieties of cotton and the proportion in which the same are to be mixed is to keep the mixing cost at the minimum. It was noticed that on a number of occasions, the mill could not maintain the cotton mixing proportion owing to non-procurement of requisite varieties in time and had to use cotton of superior quality for spinning yarn of lower counts. A test-check of cotton mixing records of Kalyani unit revealed that 0.91 lakh kgs of cotton meant for spinning 60s yarn were utilised in mixing 40s yarn during the period from November 1982 to March 1985, resulting in avoidable expenditure of Rs.1.03 lakhs.

The matter was reported to the Management|Government in October 1985 and their replies are awaited (September 1986).

Summing up

2.2.5. (1) The Company, incorporated in January 1960 and having two spinning mills at Kalyani and Habra, has been incurring losses since 1967-68 which accumulated to Rs.36.90 crores at the end of 1984-85 (figures for 1983-84 and 1984-85 provisional), against paid-up capital of Rs.1.56 crores.

(2) The Company took up a scheme of renovation, rectification and modernisation of Kalyani unit in May 1979 for maximising production and reducing wastage and thereby anticipating financial gain of Rs.33.45 lakhs per year. The scheme envisaged replacement of all the 50,600 spindles, conversion of 81 out of total 128 cards to metallic clothing and rectification of the existing humidification and ventilation plant. Government released funds amounting to Rs.1.11 crores for renovation during 1977-78 to 1982-83, out of which a sum of Rs.59.21 lakhs was diverted towards working capital. Partial renovation (replacement of only 25,960 spindles, conversion of 38 cards and no rectification of humidification so far) has not yielded any results as will appear from contents of items 4(c) and (d) below.

In October 1984, the Company adopted a new rehabilitation and modernisation programme at an estimated cost of Rs.2.27 crores for the 2 units, though no further progress has been made.

(3) Kalyani unit, which had switched on from production of yarn of 80 counts to that below 60 counts, did not revise its rated production but shortfall in actual production varied from 32.5 to 51.4 *per cent* of annual targetted production during 4 years up to 1984-85. In Habra unit, (producing yarn of 30 counts), the shortfall in production as compared to rated production varied from 49.5 *per cent* to 62.2 *per cent*.

Adequate records of production were not kept in respect of first 4 of the 5 processes involved. An analysis of shortfall of production during 4 years up to 1984-85 done by the Management showed the following contribution by different causes.

| Sl. No. | Factor | Percentage contribution in Kalyani unit | | Percentage contribution in Habra unit | |
|---------|----------------------------|---|------------|---------------------------------------|------------|
| | | Range in 4 years | in 1984-85 | Range in 4 years | in 1984-85 |
| 1. | Shortage of Cotton .. | 7.8 to 34.5 | 34.5 | 8.8 to 18.8 | 18.8 |
| 2. | Labour factor .. | 7.8 to 15.7 | 8.0 | 36.4 to 47.2 | 39.2 |
| 3. | Shortage of power .. | 6.2 to 47.2 | 47.2 | 13.4 to 24.2 | 17.9 |
| 4. | Repairs and maintenance .. | 2.6 to 11.6 | 2.6 | 7.3 to 14.8 | 7.3 |
| 5. | Lapping and jamming .. | 6.0 to 43.5 | 6.0 | 9.1 to 12.3 | 9.1 |
| 6. | Others .. | 1.7 to 16.3 | 1.7 | 4.7 to 7.1 | 4.9 |

(4) Various factors for loss of production are discussed briefly as under :

- (a) The Company could not ensure steady supplies of cotton, the basic input of a textile industry, and failed to cope with the demand for cotton of the two units; shortfall in procurement varied from 26.0 *per cent* to 55.1 *per cent* during 4 years up to 1984-85 in spite of availability of adequate working capital.

Apart from it, due to delay in taking delivery of cotton from the suppliers' godown, the Company paid carrying charges totalling to Rs.25.1 lakhs during 4 years up to 1984-85.

- (b) Loss of production due to shortage of power was unusually heavy in Kalyani unit in 1984-85 due to delay in repair of power transformer which went out of order in November 1984 but was recommissioned after repair only in April 1985.

- (c) As against the projected requirements of man power for operation of the 2 units (818 men for Kalyani unit and 950 men for Habra unit), there was excess deployment of workmen, varying from 60 *per cent* to 63.7 *per cent* in Kalyani unit and 8.3 *per cent* to 10.2 *per cent* in Habra unit, inspite of shortfall of production by 32.5 to 51.4 *per cent* in Kalyani unit and by 49.5 to 62.2 *per cent* in Habra unit and low utilisation of spindles, resulting in disproportionate burden of labour cost on production. In addition, Company paid overtime of Rs.14.58 lakhs in Habra unit and of Rs.2.99 lakhs in Kalyani unit during 4 years up to 1984-85. The Company, *inter alia*, continued to allow labourers to go out of factory *en masse* for meetings without cut in wages and to engage 17 workmen in Kalyani unit rendered surplus in 1975-76 due to non-operation of some sections as a result of change in the count of yarn to be produced in the unit.
- (d) Out of total spindle hours available, only 60.7 to 75.4 *per cent* were utilised in Kalyani unit and 45 to 58.7 *per cent* in Habra unit during 4 years up to 1984-85; and shortfall in actual output as per spindle hour compared to estimated output varied from 33.3 to 50 *per cent* in Kalyani unit and 50 to 64 *per cent* in Habra unit. With partial renovation of Kalyani unit (with no rectification of humidification), the Company could not maintain even its previous level of production per spindle hour during 4 years up to 1984-85 except for 1982-83. A significant factor for decline in spindle output was due to lapping and jamming, resulting from uncontrolled humidity in the mill, for which rectification works have not been completed even after 6 years of placement of work order.
- (e) During 4 years up to 1984-85, the Company suffered loss of Rs.13.21 lakhs due to excess usable waste of Rs.17.71 lakhs due to excess carding waste, and of Rs.3.20 lakhs due to excess hard waste (in Kalyani unit), above the norms.

(5) Due to mixing of higher grade cotton for production of inferior count of yarn (due to non-procurement of requisite variety in time), the Company incurred avoidable extra expenditure of Rs.1.03 lakhs during November 1982 to March 1985.

2.3. The West Dinajpur Spinning Mills Limited

PUBLIC UNDERTAKINGS DEPARTMENT

2.3.1. *Introductory*

2.3.1.1. The Company was incorporated in August 1975 with an authorised capital of Rs.3 crores as a subsidiary of West Bengal Handloom and Powerloom Development Corporation Limited (WBHPDC), a State Government Company. The authorised share capital was raised to Rs.5 crores in March 1982, against which the paid-up capital of the Company as on 31st March 1983 was Rs.4.36 crores of which Rs.4.13 crores were contributed by the State Government and Rs.23 lakhs by the WBHPDC.

2.3.1.2. In pursuance of one of its main objects, the Company decided as early as in November 1975 to set up a spinning mill with 25,088 spindles at Raigunj in the district of West Dinajpur to be installed in early 1977 at a cost of Rs.4.75 crores as per project report prepared by a firm of consultants. As per agreement, the firm of consultants, engaged in June 1977, *inter alia*, was to supervise the construction work on payment of fees at the rate of 2.15 per cent of the project cost excluding certain elements and subject to a limit of Rs.13.81 lakhs. Though the agreement did not provide for any time limit for completion of the project for considering enhancement of fees, the ceiling limit of fees was first raised in August 1983 to Rs.15 lakhs and thereafter was removed altogether in August 1984 on grounds of delay in execution of the project.

The mill has not yet been commissioned fully (June 1986). The following paragraphs bring out delays in the implementation of the project and heavy increase in the project cost and other irregularities in execution of labour contracts.

2.3.2. *Delay in implementation of the project and heavy escalation in cost*

As per the original project report, the mill with 25,088 spindles was to be installed early in 1977 at a cost of Rs.4.75 crores. The Company approached a few financial institutions in December 1975 for necessary funds for the project, acquired a piece of land measuring 25.28 acres at a cost of Rs.1.41 lakhs in March 1976, and thereafter sought in April 1977 Government's clearance for placement of various orders for the project. Thereafter, the Board of Directors did not meet between June 1977 and November 1980 and there was no progress, only an expenditure of Rs.2.42 lakhs was incurred on establishment during August 1976 to November 1980. In the meanwhile, the project cost had to be revised to Rs.6.60 crores in April 1979.

On reconstitution of the Board of Directors in December 1980, the Company started placing orders for various civil, mechanical and electrical works from July 1981 onwards, but in the meanwhile the project cost was further revised in April 1981 to Rs.8.09 crores to be met equally from equity and term-loan, commissioning of the mill being scheduled for June 1983.

The mill, however, could not be commissioned as per the revised schedule also, mainly because of slippage in the completion of civil works which in turn delayed other works and increased the project cost to Rs.9.74 crores as per revised estimates prepared in November 1982.

As per the project reports of July 1975 and November 1982, the profitability in the third year of production, at 100 *per cent* capacity utilisation, was anticipated as follows :

| | | | | Project report for July 1975 | Project report of November 1982 |
|----|--------------------------------------|-----|-----|---------------------------------|------------------------------------|
| | | | | (Rupees in lakhs) | |
| 1. | Project cost | ... | — | 475.00 | 974.00 |
| 2. | Total cost of production | — | ... | 382.01 | 399.00 |
| 3. | Sales | — | — | 380.06 | 403.50 |
| 4. | Profit | .. | — | 18.05 | 4.50 |
| | | | | (per cent) | |
| 5. | Percentage of profit to project cost | .. | | 3.8 | 0.5 |

Up to October 1985, total expenditure of Rs.815.14 lakhs had been incurred and trial run of 12,000 spindles commenced in October 1985. According to a review made by the Management in June 1985, commissioning of the mill with all the 25,088 spindles was anticipated in April 1986. However, in reply to an audit enquiry, the Government stated in June 1986 that commercial production with about 15,000 spindles had been started and the rest of the installation was expected to be made ready shortly.

2.3.3. Irregularities in civil works/machinery contracts

2.3.3.1. Delay and other irregularities in factory building works

After tendering, contract for civil works, including the main factory building was awarded in April 1982 to firm 'A' of Calcutta (same as for the Durgapur Projects Limited, mentioned in para 2.1.3.1.) at a cost of Rs.136.77 lakhs to be completed by June 1983. Although a mobilisation advance of Rs.13.70 lakhs was paid in April 1982 as per the terms of the contract, the works were not completed

as scheduled. Works of value of Rs.1.5 lakhs remained to be executed at the end of October 1985. Though the delay in completion of the work was wholly attributable to the contractor, liquidated damages of Rs.13.70 lakhs leviable as per terms of the contract were not levied and recovered from the contractor. A notice was, however, issued to the contractor in June 1985 after the point was raised by Audit.

The following other points were noticed in test check of records relating to this contract.

- (a) Steel materials weighing 77.33 tonnes and valued at Rs.3.44 lakhs were delivered by the Company between July and November 1982 at the contractor's factory in Calcutta for fabrication although, as per work order, these were to be fabricated at site. As a result of a lock-out in the contractor's factory, fabrication work was delayed and work was got done by the Company by procuring fresh materials for fabrication at site.

Out of the material supplied at contractor's factory, the Company received back in April 1984, 52.51 tonnes valuing Rs.1.22 lakhs and the remaining 24.82 tonnes valuing Rs.1.11 lakhs were lying with the contractor in June 1985 (date of audit).

- (b) As per the estimates, civil works included two grades of concrete works, one requiring 8.41 bags and the other requiring 6.50 bags of cement, per cubic metre. However, when the strength of the concrete was tested both at site and at National Test House (NTH), Alipore, soon after commencement of construction, it was found in February 1983 that the required strength was attainable by using 6.05 and 5.26 bags of cement for the two grades of concrete. Against the consultant's recommendation for use of less quantity of cement, also endorsed by the NTH, the Company allowed concreting as per original estimates up to May 1983, incurring extra expenditure of Rs.0.68 lakh on 1,214 cum of concreting work.
- (c) The roof of the main production hall started leaking in June 1984 and it had to be covered in September 1984 with protective material (with three years life) at a cost of Rs.0.20 lakh. No responsibility has been fixed for the leakage involving recurring expenditure on remedial measures.

2.3.3.2. *Extra expenditure in procurement of production machinery*

Two offers of Calcutta firms, one for Rs.161.06 lakhs by firm 'B' and the other for Rs.110.56 lakhs by firm 'C' valid up to 31st March 1981, for the supply of various items of main production machinery were accepted by the Company in February 1981. Due to lack of funds required for payment of advance of ten *per cent* of the value of orders, the Company could not place the orders within the validity period. Placement of orders in July 1981 resulted in extra liability of Rs.26.57 lakhs on the two orders, as prices had meanwhile been increased by the firms 'B' and 'C' to Rs.174.67 lakhs and Rs.123.52 lakhs, respectively. It was, however, noticed that with a cash balance of Rs.21.21 lakhs as on 31st March 1981 and a projected cash outflow of Rs.1.16 lakhs for the next four months, the Company could have placed order at least on one firm for supply of the machinery.

Even after that, the Company had to defer from time to time the commencement of delivery of machinery by supplier 'C' by almost a year to the end of 1983 because of the delay in completion of civil works. As a result, supplier 'B' claimed in February 1985 escalation charges of Rs.8.90 lakhs on machinery valuing Rs.84.97 lakhs supplied till December 1984. This claim is under consideration. The Company has already admitted in June 1985 extra payment of Rs.3.19 lakhs on machinery valuing Rs.38.55 lakhs supplied after December 1984.

The matter was reported to the Management|Government in August 1985 and replies from Government are awaited (September 1986).

Summing up

2.3.4. (1) The Company, incorporated in August 1975, decided in November 1975 to set up a spinning mill with 25,088 spindles at Raigunj in West Dinajpur District in pursuance of its main objects. The mill was to be installed in early 1977 at a cost of Rs.4.75 crores, but there was no progress during August 1976 to November 1980 during which only minor establishment expenditure was incurred. Estimated project cost rose to Rs.6.60 crores in April 1979 to Rs.8.09 crores in April 1981 and further to Rs.9.74 crores as per revised estimates prepared in November 1982. Expenditure of Rs.8.15 crores had been incurred up to October 1985, when a trial run of 12,000 spindles was commenced. It was reported in June 1986 that commercial production with 15,000 spindles had been started.

A main factor responsible for delay was delay in execution of civil works dealt with in para 2 below.

(2) (a) Contract for civil works including the main factory building was awarded in April 1982 to a contractor 'A' of Calcutta (same as for the Durgapur Projects Limited mentioned in para 2.1.3.1.) for Rs.1.37 crores to be completed by June 1983. The work was incomplete even by October 1985. Though the delay was wholly attributable to the contractor, liquidated damages amounting to Rs.13.70 lakhs leviable as per the terms of the contract were not levied. On this being pointed out in audit, a notice was, however, issued to the contractor in June 1985.

Steel materials valued at Rs.3.44 lakhs, required to be fabricated at site as per work order, was actually delivered to the contractor at his factory between July and November 1982. In June 1985 (date of audit), the Company was yet to get back materials valuing Rs.1.11 lakhs from the contractor.

(b) The following other points were noticed. Against the consultant's recommendation, confirmed by the National Test House, Calcutta, the Company used more quantity of cement in the mixture for concrete works, incurring extra expenditure of Rs.0.68 lakh. The roof of the main production hall started leaking in June 1984, requiring coverage with protective material (with three years' life) at a cost of Rs.0.20 lakh. No responsibility for the leakage, involving recurring expenditure on remedial measures, has been fixed.

(3) Due to non-placement of the order for machinery on 2 suppliers within validity period, reportedly due to lack of funds for 10 per cent advance, the Company had to place orders at prices enhanced by Rs.26.57 lakhs, though the Company had enough funds to place order on the supplier and could save extra expenditure of Rs.13.61 lakhs.

Further, owing to delay in completion of civil works, the Company asked one supplier of machinery to defer deliveries on several occasions and the supplier claimed escalation charges of Rs.8.90 lakhs on the machinery valuing Rs.84.97 lakhs supplied till December 1984. The claim is under consideration but the Company has already admitted in June 1985 escalation of Rs.3.19 lakhs on machinery valuing Rs.38.55 lakhs supplied after December 1984.

CHAPTER III

3. STATUTORY CORPORATIONS—REVIEW

RAMMAM HYDRO-ELECTRIC PROJECT

West Bengal State Electricity Board

3.1. Introductory

In order to provide adequate power in North Bengal and hydro-backing in the eastern regional grid, the Board proposed in January 1974 to harness the power potentiality of the Rammam river and its tributaries (Lodhama Khola and Shiri Khola) in five stages commensurate with the load demand. The second stage of the Rammam Hydro-electric Project was proposed to be taken up first in consideration of its higher output and easier approach. This stage of the project envisaged power potentiality of 50 MW by utilising the discharge of 110 cusecs of water (80 cusecs from Rammam river and 30 cusecs from Lodhama river). The initial project report for the second stage was submitted to the Planning Commission in May 1975.

A detailed Project Report was submitted in November 1976 and was approved by the Planning Commission in April 1977 at an estimated outlay of Rs.24.19 crores providing for a total annual generation of 206 Mkw h of power out of which 151.40 Mkw h were to be generated during monsoon months (June to November) at 70 *per cent* load factor and 54.60 Mkw h during lean months (December to May) at 25 *per cent* load factor. The scheme envisaged construction of drop type weirs across rivers Rammam and Lodhama Khola and other appurtenant water conductor facilities (including the head race tunnel, desilting basin-cum-balancing reservoir, forebay and penstock) leading to surface power house of installed capacity of 50 MW comprising 4 units of 12.5 MW each. The power generated in the project was to be fed into a 132 KV transmission line between Siliguri and Darjeeling.

In December 1977, the Central Water Commission was entrusted with consultancy work of the civil engineering portion while Central Electricity Authority was entrusted with consultancy work of the electrical engineering portion.

3.2. Delay in implementation of the project and escalation in costs

3.2.1. The project was planned to be completed within six years i.e., by April 1982 and to be commissioned in two stages, with 1st and 2nd units to be commissioned in the beginning of the sixth year and the 3rd and 4th units to be commissioned during the seventh year. However, as per schedules revised in August 1985, major civil and

electrical works are now expected to be completed by July 1988. The 1st and 2nd generating units will be commissioned in September 1988 and the 3rd and 4th generating units will be commissioned in May 1989.

3.2.2. Original estimated cost of Rs.24.19 crores of November 1976 was revised in December 1979 to Rs.25.88 crores, further to Rs.43.82 crores in November 1983 and still further to Rs.55.16 crores in November 1984, representing an increase of 128 per cent (Rs.30.97 crores) over the original project cost estimates. The revised estimates are awaiting approval by the Planning Commission (September 1985).

The increase of Rs.30.97 crores over the original estimated cost was attributed to (a) cost escalation on various civil and electrical works due to slippages in the project construction, to the extent of Rs.16.07 crores, (b) under assessment of cost involved in various civil and electrical works and enlargement in the quantum of work consequent on finalisation of design, to the extent of Rs.13.40 crores, and (c) additional establishment cost and overhead expenses due to either wage increase or slippages in the project construction, to the extent of Rs.1.50 crores.

3.2.3. Pending approval of the Project Report, preliminary works like construction of approach roads, store sheds and staff quarters were taken up from March 1974. Up to 31st March 1977, an expenditure of Rs.44.00 lakhs was incurred on these works. The projected and actual expenditure thereafter up to 1984-85 have been as below :

| Year | | | | Projected expenditure | Actual expenditure | Percentage of actual to projected expenditure |
|-----------------------|---|---|----|--------------------------|-----------------------|--|
| (Rupees in crores) | | | | | | |
| Up to 31st March 1977 | — | — | | | 0.44 | |
| 1977-78 .. | — | — | | 2.70 | 0.81 | 29.9 |
| 1978-79 .. | — | — | | 2.25 | 0.36 | 16.2 |
| 1979-80 .. | — | — | | 3.00 | 0.45 | 15.2 |
| 1980-81 .. | — | — | | 2.50 | 0.31 | 12.5 |
| 1981-82 .. | — | — | | 3.00 | 4.10 | 136.6 |
| 1982-83 .. | — | — | | 4.92 | 4.89 | 99.4 |
| 1983-84 .. | — | — | .. | 3.00 | 1.81 | 60.2 |
| 1984-85 .. | — | — | .. | 6.00 | 1.96 | 32.7 |

Actual expenditure on the project up to March 1985 was Rs.15.13 crores which included property loss of Rs.48.84 lakhs (Rs.47.34 lakhs due to flood, Rs. 1 lakh due to fire and Rs.0.50 lakh due to theft). The loss is yet to be written off (September 1985).

Physical progress achieved in respect of some important items of works as at the close of September 1985, as furnished by the management, is indicated in the table below :

| | | | | | Percentage of progress |
|---|----|----|----|----|---------------------------|
| 1. Acquisition of land .. | — | .. | .. | .. | 90 |
| 2. Approach roads and bridges .. | — | — | — | — | 80 |
| 3. Rammam tunnel and allied civil works) | .. | .. | — | — | 52 |
| 4. Rammam diversion weir and duct, desilting basin and allied civil works | | | | | 38 |

3.2.4. The slow progress during all these years, except 1981-82 and 1982-83, was ascribed to (a) delay in commencement of the design and consultancy work by the consultants, (b) delay in preparation of basic pre-construction field data by the Board, which was necessary to finalise the civil designs, and (c) frequent floods and landslides at the project site. Although construction activities gained momentum from 1981-82, there was a set back from 1983-84 due to inadequate funds made available for the project. Funds provided during 1983-84 and 1984-85 were lower by 17.9 and 15.3 per cent, respectively, of the requirements.

Though the consultants were appointed in December 1977, it would be observed from the following data that there was delay in finalisation of the various civil designs, which was due to delay in conducting the survey. The survey work was awarded only in January 1981 to a firm of Calcutta, but the progress was slow due to difficult terrain. There were further inordinate delays ranging from 400 days to 696 days in finalisation of the work orders because of procedural delays at different stages as detailed below :

| | | Date of finalisation of initial design | Date of issue of work order | Number of days taken to issue work order |
|--|----|---|--------------------------------|--|
| Rammam tunnel | — | 4th January 1980 | 30th November 1981 | 696 |
| Rammam diversion weir and duct .. | | 4th December 1982 | 28th March 1984 | 478 |
| Rammam desilting basin and allied civil works | | 4th December 1982 | 28th March 1984 | 478 |
| Forebay and spillway .. | .. | 20th June 1984 | 25th July 1985 | 402 |
| Penstock fabrication and allied civil works | | 4th June 1984 | 31st August 1985 | 453 |

The position of delay in regard to some other major items of works was as below :

- (a) Due to unfavourable geological condition *i.e.*, because of slide zones, the type of water conductor to be finally adopted in Lodhama area is yet to be decided (January 1986). As a result, the work on diversion weir, duct, desilting basin and flume has not been taken up. In view of the slide zones, a study on the proposal for drawal of water through pipes instead of tunnel is in progress (January 1986).
- (b) Though global tenders for supply, erection and commissioning of four 12.5 MW hydro-generating sets were invited in September 1981, letter of intent with Bharat Heavy Electricals Limited (BHEL) was placed only in July 1985 at a total price of Rs.7.12 crores for supply of generating sets with all accessories and spares before December 1987. Due to delay in placement of order for the hydro-generating sets by more than four years, the finalisation of designs of the power house, switchyard equipment and other allied civil works were also delayed. As per latest expectations in August 1985, the design of the power house building and tailrace channel was scheduled to be completed before November/December 1985 while that of switchyard equipment before April 1986.
- (c) Transmission line : The detailed project report submitted in November 1976 envisaged that power generated in the project would be fed into a 132 KV transmission line to be laid between Siliguri and Darjeeling. Estimate for the transmission line was proposed to be prepared separately.

The scheme for the transmission line involves construction of a 132 KV sub-station near Darjeeling and approximately 140 Kilometres long double circuit 132 KV transmission line from Rammam to Siliguri *via* Darjeeling. Selection of site for the sub-station, detailed survey for the transmission line and cost estimate for the scheme is yet to be finalised by the Board (September 1985).

3.2.5. *Other points of interest-contract for construction of tunnel and allied civil works.*

Work order for the construction of tunnel and allied civil works was awarded in November 1981 to a firm of Cochin at a total cost of Rs.3.71 crores. As stipulated in the order, the work was scheduled to be completed before July 1984. Major stores items required for the

work to be supplied by the Board. Work was started in November 1982 but could not be completed within the scheduled time and the contractor applied in May 1984 for extension of time up to October 1986. Delay was attributed by the project authorities in August 1984 to : (a) delay of 365 days in obtaining licence for explosives by the Board's field authorities, (b) delay of 100 days due to closure of road, (c) delay of 260 days due to major landslides, (d) delay on account of non-availability of explosives detonator, industrial gas, cement and (e) increase in the quantum of work, mainly because of change in diameter of the tunnel from 7 ft to 8 ft 6 inches as decided in October 1982. As per latest target fixed in August 1985, the work is scheduled to be completed in July 1988.

As a result of delay of more than four years in completing the work and also due to enlargement in the quantum of work, the value of work increased from Rs.3.71 crores to Rs.7.22 crores (94.6 *per cent* over the value ordered in November 1984). The increase of Rs.2.12 crores was due to increase in the volume of scheduled items (57.28 *per cent* over the value ordered) and of Rs.1.39 crores due to inclusion of the extra items (37.38 *per cent* over the value ordered). An expenditure of Rs.2.65 crores has been incurred up to March 1985, against the revised estimate of Rs.7.22 crores.

The matter was reported to the Management and the Government in December 1985, their replies are awaited (September 1986).

Summing up

3.2.6. (1) The second stage of the Rammam Hydro-electric Project of 50 MW capacity with 4 generating units for total annual generation of 206 Mkw, was approved by the Planning Commission in April 1977 for a total estimated outlay of Rs.24.19 crores. The project was planned to be completed by April 1982 but was rescheduled from time to time; and as per schedules revised in August 1985, the commissioning of all 4 units is expected in 1989-90. The initial estimate was also revised from time to time in 1979, 1983 and ultimately in November 1984 to Rs.55.16 crores, representing an increase of 128 *per cent* (Rs.30.97 crores) on the original estimate. Total expenditure till March 1985 was Rs.15.13 crores only and physical progress of various works achieved at the close of September 1985 was 38 *per cent* and 52 *per cent* in respect of these works though it was 80 *per cent* and 90 *per cent* in respect of approach road|bridges and acquisition of land.

Construction activities suffered due to (a) delay in commencement of the design and consultancy work by the consultants—the Central Electricity Authority, (b) delay in preparation of basic pre-construction field data by the Board, (c) frequent floods and land-

slides at the project site, and (d) due to inadequate funds. There were delays ranging from 400 to 696 days in finalisation of work orders. In view of the presence of slide zones, type of water conductor (pipe or tunnel) to be provided is to be decided, pending which other works are held up.

(2) Contract for construction of tunnel and allied civil works was awarded in November 1981 at Rs.3.71 crores and the work was to be completed before July 1984. As per revised schedule, the work would be delayed by more than four years; and as per the revised estimate, the cost is expected to increase to Rs.7.22 crores (96.6 *per cent* over the original contract value) out of which increase of Rs.2.12 crores would be due to increase in the volume of scheduled items and of Rs.1.39 crores due to inclusion of extra items (including change in diameter of the tunnel from 7 feet to 8 feet 6 inches).

(3) The power generated was proposed to be fed into a 140 km long double-circuit 132 KV transmission line between Siliguri and Darjeeling. Estimate for the work was to be prepared separately. Cost estimate for the work, selection of site for sub-station and detailed survey for the line are yet to be finalised by the Board (September 1985).

CHAPTER IV

4. MISCELLANEOUS TOPICS OF INTEREST

A—GOVERNMENT COMPANIES

4.1. West Bengal Essential Commodities Supply Corporation Limited

4.1.1. *Extra expenditure in import of cement at a higher rate*

Under the Import and Export policy announced in February 1982 by the Government of India for the year 1982-83, cement was allowed to be imported under open general licence to meet the requirements of those categories of users who were not eligible to get levy cement. The Company received offers in April and August 1982 from firm 'A' (an Indian agent of a foreign firm) and firm 'B', a Korean firm, for supply of cement at U.S. dollars 71.4 and 69.0 per tonne respectively. On the ground that calling of global tenders would take some time, the Company placed an order in June 1982 on firm 'A' for supply of 8,000 tonnes of cement by 30th June 1982 and in November 1982 on firm 'B' for supply of 8,000 tonnes of cement by December 1982. A repeat order for supply of 2,000 tonnes was also placed on firm 'B' in March 1983. Firm 'A' completed its supplies by September 1982 and firm 'B' supplied 9,800 tonnes in April 1983.

Open tenders were subsequently invited in November 1982. Out of 28 offers received, the lowest was for 64.1 U.S. dollars per tonne. However, after conducting negotiations with firms 'A' and 'B' who agreed to reduce the rate to that of the lowest, orders were placed on 10th March 1983 for supply of 17,000 tonnes on firm 'A' and 16,000 tonnes on firm 'B' at 64.1 U.S. dollars per tonne.

Delay in finalising the open tenders and purchase of cement from firm 'B' at higher rates under the order placed on 6th November 1982 while the open tenders were about to be called for and further, placing repeat order on firm 'B' deprived the Company of the advantage of competitive tenders in the purchase of 9,800 tonnes of cement, resulting in an extra expenditure of 48,020 U.S. dollars equal to about Rs.4.80 lakhs.

4.1.2. *Irregular payment to an agent*

(a) The Company had been functioning as the storing-cum-handling agent of the State Trading Corporation of India (STC) since September 1979 in respect of edible oil. Even though, according to the terms and conditions settled during discussions between the officers of the Company and the STC (communicated by the Company to the STC in December 1980), godown rents paid by the Company were to be reimbursed by STC, no agreement was entered into with the STC in this regard.

The Company in turn appointed in December 1979 a clearing, handling, transporting-cum-storing agent at Siliguri. A composite rate of Rs.1.63 per quintal of oil handled was payable to him (Rs.1.64 per quintal in the event of his storing oil in godowns hired by him). The agent hired seven private godowns in December 1979 and submitted a claim for Rs.3.75 lakhs in March 1982 towards godown charges for the period from December 1979 to March 1982. Although there was no provision in the agreement with the agent for reimbursement separately of the godown rent paid by him (as the rate was composite and all inclusive), the Company paid the amount to him in May 1982. When it preferred claim on the STC in June 1982 for reimbursement of the same, STC declined to reimburse the amount and stated that it would only reimburse godown charges incurred in respect of oil meant for North Eastern States. It would, however, be seen that as the payment of godown charges to the agent was itself outside the scope of the agreement with the agent, the payment was avoidable and resulted in a loss of Rs.3.75 lakhs to the Company.

(b) It was further noticed in audit that during the period from December 1979 to March 1982, a total number of 5.64 lakh tins of edible oil were lifted by North Eastern States from the agent's godowns at Siliguri on the strength of delivery orders issued by the STC, but, necessary claim for reimbursement of proportionate godown rent amounting to Rs.1.13 lakhs could not be preferred by the Company on the STC for want of monthly statements of lifting duly certified by the surveyors of STC, so far (June 1986).

4.1.3. *Extra expenditure in purchase of salt*

The Company decided in August 1980 to transport salt by ship from Tamil Nadu and placed orders on Tuticorin Small Scale Salt Manufacturing Association (TSSSMA) to supply 24,000 tonnes of salt per month at the rates of Rs.18.75 to Rs.29.00 per bag of 75 kilograms each during the year 1980-81. The rate was inclusive of transportation, stevedoring, loading, unloading, delivery and storage charges up to 15 days from the date of arrival of salt. No agreement was, however, executed by the Company with TSSSMA.

TSSSMA supplied a total of only 46,665 tonnes of salt for Rs.1.43 crores during October 1980 to May 1981. As a result of increase of steamer freight from July 1980, the Government of India allowed in January 1981 freight subsidy for the vessels which arrived at the port of destination up to 31st March 1981. TSSSMA refused to accept liability for payment of excess freight of Rs.5.53 lakhs for vessels which arrived in May 1981 though their rates at which orders were placed were inclusive of the increased freight charges and freight subsidy was not in force on the dates the orders were placed by the Company. In the absence of any agreement executed with TSSSMA,

the Company could not force them to pay the excess freight and had to bear the extra expenditure of Rs.5.53 lakhs on this account.

4.1.4. *Arbitration case against agent for heavy shortage of pulses without supporting records*

In March 1979, the Company appointed an agent for clearing, storing, loading and unloading, transportation and distribution of pulses at Shalimar, Howrah, Chitpur, Kalighat and Ramkrishnapur Railway sidings. The terms of the agreement, *inter alia*, provided that, for any loss or damage of goods caused in carriage, loading, unloading, storage or delivery, in excess of the admissible limit (0.75 per cent of the quantity handled), the agent shall be liable to compensate at the rate not exceeding one and half times the amount of the loss or as may be determined by the Company. The agent worked at the said railway sidings during the period from April 1979 to March 1981 and submitted handling bills amounting to Rs.3.65 lakhs during January 1980 to December 1981. The Company withheld payments to the agent as there was shortage of 31,852 tonnes in the stock of pulses in the custody of the agent as per internal audit report. Subsequently, on receipt of legal notice from the agent in May 1984 for payment of his outstanding handling bills, the Company referred the matter to arbitration in June 1984 and submitted its claim for Rs.11.74 lakhs towards shortage/damage of pulses under the custody of the agent, without furnishing any details for its claim. Subsequently in July 1985, the Company lodged claims for Rs.20.18 lakhs in supersession of its previous claim (Rs.11.74 lakhs), but no details of shortages/damages, etc., were furnished this time also, as the requisite papers were not traceable. No investigation has so far been conducted by the Management regarding the loss of records (June 1986).

The matter was reported to the Management and the Government in February 1986, their replies are awaited (September 1986).

The Durgapur Projects Limited

PUBLIC UNDERTAKINGS DEPARTMENT

4.2. *Avoidable expenditure of Rs.9.66 lakhs in transportation*

For repair of the damaged generator transformer of the fifth unit of its power plant by a firm of Bangalore (at a cost of Rs.16.54 lakhs), the company despatched the same to Bangalore in September 1981 by rail for which freight of Rs.11.22 lakhs was paid. After repair, the transformer was brought back to the plant in December 1984 by road for which transportation charge of Rs.1.56 lakhs was incurred. The

Company thus incurred an extra expenditure of Rs.9.66 lakhs due to despatching the transformer initially by rail instead of by road.

The Management stated in September 1985 that the extra expenditure occurred due to their having presumed that rail transportation was cheaper without ascertaining the charge for transportation by road.

The matter was reported to the Management and the Government in December 1985, their replies are awaited (September 1986).

4.3. The Calcutta Tramways Company (1978) Limited

HOME (TRANSPORT) DEPARTMENT

Loss due to fire

After the Company was incorporated on 15th October 1982 and the assets of the erstwhile undertaking of the Calcutta Tramways Company Limited were taken over, no insurance cover was taken on its fixed assets. As a result of a fire occurring in its Rajabazar Depot on the 6th June 1983, 26 tram cars got burnt and the sheds were badly damaged. The loss of Rs.181.58 lakhs thus suffered by the Company could have been recouped, had the assets been insured, for which payment of premium of only Rs.0.26 lakh per annum was required. It was from January 1984 that an insurance cover was taken out. Reasons for not taking insurance cover immediately on the formation of the Company were not found on record.

A committee set up by the State Government in June 1983 to determine the cause of the fire and fix responsibility therefor, reported, *inter alia*, that the fire broke out due to an electrical short circuit on account of failure to disconnect the trolleys of stationary tram cars and that the fire would not have caused such devastation had it been detected at the initial stage. Although certain precautionary measures were subsequently taken by the Company, no responsibility was fixed for the incidence of fire.

The matter was reported to the Government and the Management in December 1985, their replies are awaited (April 1986).

B—Statutory Corporation

4.4. West Bengal State Electricity Board

Extra expenditure in purchase of P.C.C. poles

The Board used to purchase prestressed cement concrete (PCC) poles for rural electrification from manufacturers located throughout the State. The programme of procurement of such poles suffered badly during 1982 following stoppage of supply by the existing suppliers due to non-payment of their dues.

In December 1982, the Board placed an order on Hindustan Prefab Limited, New Delhi, a Government of India undertaking, for the supply of 15,000 PCC poles at a negotiated rate of Rs.312 per pole along with charges for transportation by road from New Delhi at the rate of Rs.300 per pole up to Burdwan with addition of 25 paise per km per pole for distances beyond Burdwan. After 5,000 poles had been received at four divisional stores (1,568 at Burdwan and 3,432 beyond Burdwan) between January and March 1983, for which transport charges of Rs.15.63 lakhs were paid, the Board decided to discontinue purchase from the New Delhi firm in view of the high cost of transportation. Instead, purchase of poles from suppliers within the State was resumed in October 1983 at the rate of Rs.339.77 each plus cost of transportation at the rate of Rs.160 each, irrespective of distance. The overall average rate (including transportation) from local suppliers was Rs.499.77 per pole which was 20 per cent less than the rate of supply of Rs.624.97 from New Delhi firm and purchase of 5,000 poles from New Delhi resulted in extra expenditure of Rs.6.26 lakhs on account of higher cost of transportation.

The matter was reported to the Management and the Government in December 1985; their replies are awaited (February 1986).



(A. N. MUKHOPADHYAY)

CALCUTTA,

Accountant General (Audit) I, West Bengal.

The

Countersigned

T. N. Chaturvedi

(T. N. CHATURVEDI)

NEW DELHI,

Comptroller and Auditor General of India.

The

ANNEXURE 1

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

Referred to in paragraph 3, page (i)

| | | | | Total amount invested up to 1984-85 (Rupees in lakhs) |
|-------|---|----|----|---|
| 1. | Engel India Machine and Tools Limited | -- | -- | 175.90 |
| 2. | Gluconate Limited .. | -- | -- | 1,52.06 |
| 3. | Eastern Distilleries (Private) Limited | -- | -- | 19.50 |
| 4. | Sen Raleigh Limited .. | -- | -- | 70.00 |
| 5. | Krishna Silicate and Glass Works Limited .. | -- | -- | 7,37.37 |
| 6. | Inocheck Tyres Limited | -- | -- | 35.00 |
| 7. | Mackintosh Burn Limited | -- | -- | 1,41.75 |
| 8. | Great Eastern Hotel Limited | -- | -- | 70.25 |
| 9. | Duncan Brothers and Company Limited .. | -- | -- | 34.58 |
| 10. | Britannia Engineering Company Limited .. | -- | -- | 4,49.55 |
| 11. | Kinnison Jute Mills Limited | -- | -- | 2,81.48 |
| 12. | Alokudyog Vanaspati and Plywood Limited .. | -- | -- | 48.00 |
| 13. | Dr. Paul Lohman (India) Limited | -- | -- | 1,60.68 |
| 14. | Aluminium Corporation of India Limited .. | -- | -- | 20.00 |
| 15. | Shalimar Works Limited | -- | -- | 1,95.50 |
| 16. | Appollo Zipper Company Limited | -- | -- | 1,33.05 |
| 17. | Kolay Iron and Steel Company Limited .. | -- | -- | 15.00 |
| 18. | Indian Health Institute and Laboratory Limited .. | -- | -- | 1,51.84 |
| 19. | Bharat Jute Mills Limited .. | -- | -- | 50.00 |
| 20. | National Iron and Steel Company Limited .. | -- | -- | 2,54.05 |
| 21. | National Pipes and Tubes Limited .. | -- | -- | 40.00 |
| 22. | Lily Biscuit Company and Lily Barley Limited .. | -- | -- | 50.44 |
| 23. | Indian Belting and Cotton Mills Limited .. | -- | -- | 27.45 |
| 24. | Calcutta Electric Supply Corporation Limited .. | -- | -- | 42,60.00 |
| 25. | Bengal Laxmi Cotton Mills Limited | -- | -- | 56.67 |
| 26. | Sree Saraswati Press Limited | -- | -- | 16.57 |
| Total | | | | <u>76,46.69</u> |

ANNEXURE—

Statement showing particulars of
(Referred to in paragraph

| Sl. No. | Name of Company | Paid-up capital as at the end of current year | | | | Loan outstanding at the close of the current year |
|---------|--|---|--------------------|--------|---------|---|
| | | State Government | Central Government | Others | Total | |
| 1 | 2 | 3(a) | 3(b) | 3(c) | 3(d) | 4 |
| 1. | The Kalyani Spinning Mills Limited | 158.21 | .. | .. | 158.21 | 2001.41 |
| 2. | West Bengal Small Industries Corporation Limited | 319.23 | .. | .. | 319.23 | Not available |
| 3. | Electro Medical and Allied Industries Limited | 24.99 | 0.01 | .. | 25.00 | 225.35 |
| 4. | The Durgapur Projects Limited | 3149.91 | .. | .. | 3149.91 | 10496.76 |
| 5. | Durgapur Chemicals Limited | 509.31 | .. | .. | 509.31 | 2316.91 |
| 6. | State Fisheries Development Corporation Limited | 115.00 | .. | .. | 115.00 | Not available |
| 7. | West Bengal Industrial Development Corporation | 980.42 | .. | .. | 980.42 | 5618.60 |
| 8. | West Bengal Agro-Industries Corporation Limited | 542.50 | 269.02 | .. | 811.52 | Nil |
| 9. | West Bengal Dairy and Poultry Development Corporation Limited | 62.15 | .. | .. | 62.15 | 35.38 |
| 10. | Westinghouse Saxby Farmer Limited | 87.75 | .. | 12.25 | 100.00 | 2358.09 |
| 11. | West Bengal Mineral Development and Trading Corporation Limited | 198.08 | .. | .. | 198.08 | 45.80 |
| 12. | West Bengal State Textile Corporation Limited | 127.00 | .. | .. | 127.00 | 415.36 |
| 13. | West Bengal Sugar Industries Development Corporation Limited (ending June) | 229.60 | .. | 7.00 | 236.60 | 304.08 |
| 14. | West Bengal Handloom and Powerloom Development Corporation Limited | 268.04 | .. | 2.50 | 270.54 | 102.27 |
| 15. | West Bengal State Minor Irrigation Corporation Limited | 730.00 | .. | .. | 730.00 | 540.63 |
| 16. | West Bengal Electronics Industry Development Corporation Limited | 508.00 | .. | 171.00 | 679.00 | 317.50 |

2.

Paid-up Capital, Outstanding Loans*1.2.2, Page 2)*

| Amount of guarantee given | Amount of guarantee outstanding at the close of the current year | Outstand- ing guarantee commis- sion pay- able at the close of the current year | Position at the end of the year for which accounts were finalised | | | | Remarks |
|---------------------------------|--|---|--|---|---|--|---------|
| | | | Year for which accounts were finalised | Paid-up capital at the end of the year | Accumu- lated Profit(+)/ Loss(-) | Any excess or loss over paid- up capital | |
| 5(a) | 5(b) | 5(c) | 6(a) | 6(b) | 6(c) | 6(d) | 7 |
| Nil | Nil | Nil | 1982-83 | 158.21 | (-)2745.88 | 2587.67 | |
| .. | .. | .. | 1980-81 | 143.44 | (-)0.10 | .. | |
| Nil | Nil | Nil | 1981-82 | 25.00 | (-)152.58 | 127.58 | |
| 1100.00 | 909.35 | Nil | 1984-85 | 3149.91 | (-)5011.72 | 1861.81 | |
| 300.00 | 300.00 | Nil | 1983-84 | 509.31 | (-)3690.63 | 3181.32 | |
| NA | NA | NA | 1983-84 | 115.00 | (-)119.01 | 4.01 | |
| 3054.00 | 3054.00 | 54.25 | 1984-85 | 980.42 | (+)17.94 | Nil | |
| Nil | Nil | Nil | 1981-82 | 811.52 | (-)138.73 | Nil | |
| Nil | Nil | Nil | 1979-80 | 62.15 | (-)25.84 | Nil | |
| 85.00 | 85.00 | 1.50 | 1981-82 | 100.00 | (-)2257.55 | 2157.55 | |
| 16.88 | 17.01 | 0.13 | 1984-85 | 198.08 | (-)177.72 | Nil | |
| 75.00 | 34.04 | 0.14 | 1983-84 | 127.00 | (-)0.21 | Nil | |
| Nil | Nil | 5.29 | 1982-83 | 214.00 | (-)419.48 | 205.48 | |
| 200.00 | NA | NA | 1980-81 | 173.54 | (-)17.10 | .. | |
| 1006.12 | NA | NA | 1979-80 | 495.00 | (-)59.16 | .. | |
| NA | NA | NA | 1983-84 | 409.00 | (-)52.43 | | |

ANNEXURE—

Statement showing particulars of
(Referred to in paragraph

| Sl. No. | Name of Company | Paid-up capital as at the end of current year | | | | Loan outstanding at the close of the current year |
|---------|---|---|--------------------|--------|--------|---|
| | | State Government | Central Government | Others | Total | |
| 1 | 2 | 3(a) | 3(b) | 3(c) | 3(d) | 4 |
| 17. | West Bengal Pharmaceutical and Phytochemical Development Corporation Limited | 131.10 | .. | .. | 131.10 | 33.48 |
| 18. | West Bengal Live stock Processing Development Corporation Limited | 118.00 | 25.00 | .. | 143.00 | Nil |
| 19. | West Bengal Tourism Development Corporation Limited | 99.56 | — | — | 99.56 | 62.23 |
| 20. | West Bengal Forest Development Corporation Limited | 388.72 | 70.00 | — | 458.72 | 45.00 |
| 21. | West Bengal Essential Commodities Supply Corporation Limited | 108.00 | .. | — | 108.00 | Nil |
| 22. | Basumati Corporation Limited | 10.00 | — | — | 10.00 | 195.08 |
| 23. | West Dinajpur Spinning Mills Limited | 436.00 | .. | .. | 436.00 | 265.00 |
| 24. | West Bengal State Leather Industries Development Corporation Limited | 81.24 | .. | .. | 81.24 | 22.50 |
| 25. | West Bengal Ceramic Development Corporation Limited | 97.73 | .. | .. | 97.73 | 219.80 |
| 26. | West Bengal Handicrafts Development Corporation Limited (Subsidiary of West Bengal Small Industries Corporation Limited) | .. | 12.00 | 36.50 | 48.50 | NA |
| 27. | West Bengal Tea Development Corporation Limited | 241.00 | .. | .. | 241.00 | 200.26 |
| 28. | Webel Business Machines Limited (Subsidiary of West Bengal Electronics Industry Development Corporation Limited) | .. | .. | 16.78 | 16.78 | 3.92 |
| 29. | Webel Video Devices Limited (Subsidiary of West Bengal Electronics Industry Development Corporation Limited) | .. | .. | 95.50 | 95.50 | NA |
| 30. | Webel Telecommunication Industries Limited (Subsidiary of West Bengal Electronics Industry Development Corporation Limited) | .. | — | 100.00 | 100.00 | Nil |

2—contd.

Paid-up Capital, Outstanding Loans—contd.

1.2.2., page 2)—contd.

| Amount of guarantee given | Amount of guarantee outstanding at the close of the current year | Outstand- ing guarantee commis- sion pay- able at the close of the current year | Position at the end of the year for which accounts were finalised | | | | Remarks |
|---------------------------------|--|---|--|---|---|--|--|
| | | | Year for which accounts were finalised | Paid-up capital at the end of the year | Accumu- lated Profit(+)/ Loss(-) | Any excess or loss over paid- up capital | |
| 5(a) | 5(b) | 5(c) | 6(a) | 6(b) | 6(c) | 6(d) | 7 |
| 8.90 | 3.70 | Nil | 1984-85 | 131.10 | (-)47.75 | .. | Guarantee given by Government on cash credit Do |
| 2.33 | Nil | NA | 1981-82 | 121.00 | (-)14.73 | .. | |
| 24.68 | 24.98 | 0.30 | 1983-84 | 99.56 | (-)85.52 | .. | |
| 160.25 | 45.00 | Nil | 1983-84 | 458.72 | (+)6.41 | .. | |
| 1200.00 | 585.39 | 5.10 | 1984-85 | 108.00 | (+)302.70 | .. | |
| NA | NA | NA | 1977-78 | 10.00 | (-)49.62 | (-)39.62 | |
| 265.00 | 265.00 | Nil | 1984-85 | 436.00 | (-)80.00 | .. | |
| Nil | Nil | Nil | 1981-82 | 81.24 | (-)69.10 | .. | |
| Nil | Nil | Nil | 1981-82 | 97.73 | (-)169.83 | (-)72.10 | |
| NA | NA | NA | 1980-81 | 48.50 | (-)7.49 | .. | |
| 42.16 | 81.06 | 0.90 | 1984-85 | 241.00 | (-)235.20 | .. | |
| Nil | Nil | Nil | 1982-83 | 16.78 | (-)1.57 | .. | |
| NA | NA | NA | 1979-80 | 95.50 | Under construction | | |
| Nil | Nil | Nil | 19894-85 | 100.00 | (+)19.00 | .. | |

ANNEXURE—

Statement showing particulars of

(Referred to in paragraph

| Sl. No. | Name of Company | Paid-up capital as at the end of current year | | | | Loan outstanding at the close of the current year |
|---------|---|---|--------------------|--------|----------|---|
| | | State Government | Central Government | Others | Total | |
| 1 | 2 | 3(a) | 3(b) | 3(c) | 3(d) | 4 |
| 31. | West Bengal Fish Seed Development Corporation Limited | 49.00 | .. | 15.00 | 64.00 | NA |
| 32. | West Bengal Film Development Corporation Limited | 166.57 | .. | .. | 166.57 | 64.00 |
| 33. | West Bengal State Seed Development Corporation Limited | 100.00 | .. | .. | 100.00 | Nil |
| 24. | The Shalimar Works (1980) Limited | 75.50 | .. | .. | 75.50 | 210.50 |
| 35. | Webel Precision Industries Limited (Subsidiary of West Bengal Electronics Industry Development Corporation Limited) | .. | .. | 38.19 | 38.19 | Nil |
| 36. | Webel Television Limited (Subsidiary of West Bengal Electronics Industry Development Corporation Limited) | .. | .. | 25.00 | 25.00 | 5.61 |
| 37. | Webel Electronics Communication System Limited (Subsidiary of West Bengal Electronics Industry Development Corporation Limited) | .. | .. | 16.64 | 16.64 | NA |
| 38. | Webel Computers Limited (Subsidiary of West Bengal Electronics Industry Development Corporation Limited) | .. | .. | 1.59 | 1.59 | Nil |
| 39. | Webel Crystals Limited (Subsidiary of West Bengal Electronics Industry Development Corporation Limited) | 2.81 | .. | 27.19 | 30.00 | Nil |
| 40. | Silpabarta Printing Press Limited (Subsidiary of West Bengal Small Industries Corporation Limited) | .. | .. | 15.00 | 15.00 | 25.48 |
| 41. | The Calcutta Tramways Company (1978) Limited | 2040.13 | .. | .. | 2040.13 | 3410.48 |
| 42. | Neo-pipes and Tubes Company Limited (Subsidiary of West Bengal Small Industries Corporation) | Nil | .. | .. | .. | .. |
| 43. | Limelight Industries (Pvt.) Limited | .. | .. | .. | .. | .. |
| 44. | West Bengal Projects Limited | .. | .. | .. | .. | .. |
| | | 21155.55 | 376.03 | 580.14 | 13111.72 | 29541.18 |

2—contd.

Paid-up Capital, Outstanding Loan—contd.

1.2.2., page 2)—contd.

| Amount of guarantee given | Amount of guarantee outstanding at the close of the current year | Outstanding guarantee commission payable at the close of the current year | Position at the end of the year for which accounts were finalised | | | | Remarks. |
|---------------------------|--|---|---|--|--------------------------------|---|----------|
| | | | Year for which accounts were finalised | Paid-up capital at the end of the year | Accumulated Profit(+)/ Loss(-) | Any excess of loss over paid-up capital | |
| 5(a) | 5(b) | 5(c) | 6(a) | 6(b) | 6(c) | 6(d) | 7 |
| NA | NA | NA | 1983-84 | 64.00 | Under construction | | |
| NA | NA | NA | 1984-85 | 166.57 | (-)28.07 | -- | |
| Nil | Nil | Nil | 1982-83 | 100.00 | Under construction | | |
| 30.00 | 30.00 | 0.49 | 1983-84 | 75.50 | (-)198.14 | 122.64 | |
| Nil | Nil | Nil | 1983-84 | 34.69 | Under construction | | |
| 5.61 | 5.61 | Nil | 1981-82 | 25.00 | (-)12.27 | -- | |
| NA | NA | NA | 1982-83 | 14.94 | (-)1.25 | -- | |
| Nil | Nil | Nil | 1981-82 | .. | Under construction | | |
| Nil | Nil | Nil | 1982-83 | 30.00 | Under construction | | |
| Nil | Nil | Nil | 1983-84 | 15.00 | +0.13 | -- | |
| 20.00 | Nil | Nil | 1983-84 | 2040.13 | (-)873.24 | -- | |
| -- | -- | -- | 1983-84 | -- | Under construction | | |
| -- | -- | -- | -- | -- | Under construction | | |
| -- | -- | -- | -- | -- | Under construction | | |
| 7595.93 | 5390.14 | 68.10 | | | | | |

Summarised financial results of Government Companies for the year

(Referred to in paragraph

| Sl. No. | Name of Company | Name of the Department | Date of incorporation | Period of accounts | Year in which finalised | Total capital invested at the end of the year of accounts |
|---------|--|---------------------------|-----------------------|--------------------|-------------------------|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1. | The Kalyani Spinning Mills Limited | Public Undertakings | 13-1-60 | 1982-83 | 1983-84 | 1735.83 |
| 2. | West Bengal Small Industries Corporation Limited | C. & S.S.I. .. | 29-3-61 | 1980-81 | 1984-85 | 482.71 |
| 3. | Electro Medical and Allied Industries Limited | Public Undertakings | 29-6-61 (24-4-61) | 1981-82 | 1984-85 | 210.35 |
| 4. | The Durgapur Projects Limited | Ditto | 6-9-61 | 1984-85 | 1984-85 | 14526.82 |
| 5. | Durgapur Chemicals Limited | Ditto | 31-3-63 | 1983-84 | 1984-85 | 2867.08 |
| 6. | State Fisheries Development Corporation Limited | Fisheries .. | 30-3-66 | 1983-84 | 1984-85 | 456.75 |
| 7. | West Bengal Industrial Development Corporation Limited | Com. & Ind. | 6-1-67 | 1984-85 | 1984-85 | 6785.10 |
| 8. | West Bengal Agro-Industries Corporation Limited | Public Undertakings | 16-8-68 | 1981-82 | 1984-85 | 1144.63 |
| 9. | West Bengal Dairy and Poultry Development Corporation Limited | Ditto | 4-2-69 | 1979-80 | 1984-85 | 154.12 |
| 10. | Westinghouse Saxby Farmer Limited | Ditto | 19-7-69 | 1981-82 | 1984-85 | 1900.56 |
| 11. | West Bengal Mineral Development and Trading Corporation Limited | Com. & Indus. | 23-2-73 | 1984-85 | 1984-85 | 243.88 |
| 12. | West Bengal State Textile Corporation Limited | Industrial Reconstruction | 19-3-73 | 1983-84 | 1984-85 | 333.85 |
| 13. | West Bengal Sugar Industries Development Corporation Limited | Commerce and Industries | 30-5-73 | 1982-83 | 1983-84 | 569.51 |
| 14. | West Bengal Handloom and Powerloom Development Corporation Limited | C. & S.S.I. .. | 25-9-73 | 1980-81 | 1983-84 | 213.79 |
| 15. | West Bengal State Minor Irrigation Corporation Limited | Agri. & Community Dev. | 29-1-74 | 1979-80 | 1983-84 | 596.01 |

URE—3

for which accounts were finalised up to 31st March, 1985

1.2.3., page 2)

| Profit (+)/ Loss (-) | Total interest charged to Profit and Loss Accounts | Interest on long- term loans | Total return on capital invested (8+10) | Capital employed | Total return on capital employed (8+9) | Percent- age of total return on capi- tal in- vested | Percent- age of total return on capi- tal em- ployed | Remarks |
|-------------------------|---|---------------------------------------|---|---------------------|--|--|--|---------|
| 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| (-)300.00 | 158.46 | 115.75 | 271.25 | (-)709.19 | (-)228.54 | .. | .. | |
| (+)19.26 | 44.78 | 14.00 | 33.26 | 576.72 | 64.04 | 6.9 | 11.1 | |
| (-)30.41 | 16.61 | 15.92 | (-)14.49 | 58.30 | (-)13.80 | — | — | |
| (-)834.16 | 270.39 | 270.39 | (-)553.77 | 1754.82 | (-)553.77 | — | — | |
| (-)465.88 | 158.12 | 144.98 | (-)320.90 | (-)827.97 | (-)307.76 | .. | .. | |
| (+)11.14 | 7.61 | 5.36 | 16.50 | 157.87 | 18.75 | 3.6 | 11.9 | |
| (+)17.94 | 390.73 | 383.96 | 401.90 | 6253.78 | 408.67 | 5.9 | 6.5 | |
| (+)5.66 | 23.52 | 17.64 | 23.30 | 1001.16 | 29.18 | 2.0 | 2.9 | |
| (-)15.05 | .. | .. | (-)15.05 | 129.74 | (-)15.05 | .. | — | |
| (-)284.85 | 188.93 | 129.21 | (-)155.64 | (-)56.83 | (-)95.92 | — | .. | |
| (-)36.06 | 8.74 | 3.98 | (-)32.08 | 80.56 | (-)27.32 | — | — | |
| (+)0.07 | 0.72 | 0.51 | 0.58 | 333.64 | 0.79 | 0.2 | 0.2 | |
| (-)56.02 | 31.61 | 31.61 | (-)24.41 | 108.78 | (-)24.41 | .. | — | |
| (+)5.69 | 9.22 | 7.12 | 12.81 | 221.08 | 14.91 | 4.6 | 6.7 | |
| (-)28.75 | 5.19 | 5.19 | (-)23.56 | 441.69 | (-)23.56 | — | .. | |

ANNEX

Summarised financial results of Government Companies for the year

(Referred to in paragraph

| Sl. No. | Name of Company | Name of the Department | Date of incorporation | Period of accounts | Year in which finalised | Total capital invested at the end of the year of accounts |
|---------|---|------------------------|-----------------------|--------------------|-------------------------|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 16. | West Bengal Electronics Industry Development Corporation Limited | Com. & Ind. | 4-2-74 | 1983-84 | 1983-84 | 771.15 |
| 17. | West Bengal Pharmaceutical and Phytochemical Development Corporation Limited | Ditto | 28-3-74 | 1984-85 | 1984-85 | 165.63 |
| 18. | West Bengal Livestock Processing Development Corporation Limited | A. H. & V.S. .. | 9-4-74 | 1981-82 | 1983-84 | 134.29 |
| 19. | West Bengal Tourism Development Corporation Limited | Tourism .. | 29-4-74 | 1983-84 | 1983-84 | 192.29 |
| 20. | West Bengal Forest Development Corporation Limited | Forest .. | 19-7-74 | 1983-84 | 1983-84 | 510.54 |
| 21. | West Bengal Essential Commodities Supply Corporation Limited | Food & Supplies | 15-10-74 | 1984-85 | 1984-85 | 552.89 |
| 22. | Basumati Corporation Limited | I. & C. A. .. | 4-2-75 | 1977-78 | 1983-84 | 50.09 |
| 23. | West Dinajpur Spinning Mills Limited | Public Undertakings | 22-8-75 | 1984-85 | 1984-85 | 701.01 |
| 24. | West Bengal State Leather Industries Development Corporation Limited | C. & S.S.I. .. | 3-3-76 | 1981-82 | 1982-83 | 100.60 |
| 25. | West Bengal Ceramic Development Corporation Limited | Public Undertakings | 31-3-76 | 1981-82 | 1982-83 | 220.50 |
| 26. | West Bengal Handicrafts Development Corporation Limited [Subsidiary of W.B. Small industries Corporation Limited (WBSIC)] | C. & S.S.I. .. | 1-6-76 | 1980-81 | 1983-84 | 48.69 |
| 27. | West Bengal Tea Development Corporation Limited | Com. & Ind. | 4-8-76 | 1984-85 | 1984-85 | 448.28 |
| 28. | Webel Business Machines Limited (Subsidiary of WBEIDC) | Ditto | 20-12-76 | 1982-83 | 1984-85 | 13.81 |
| 29. | Webel Video Devices Limited (Subsidiary of WBEIDC) | Ditto | 26-8-77 | 1979-80 | 1982-83 | 136.24 |

URE-3—*contd.*for which accounts were finalised up to 31st March, 1935—*contd.*1.2.3., page 2 —*contd.*

| Profit (+)/ Loss (-) | Total interest charged to Profit and Loss Accounts | Interest on long- term loans | Total return on capital invested (8+10) | Capital employed | Total return on capital employed (8+9) | Percent- age of total return on capi- tal in- vested | Percent- age of total return on capi- tal em- ployed | Remarks |
|-------------------------|---|---------------------------------------|---|---------------------|--|--|--|---------|
| 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| (-)30.64 | 17.04 | 17.04 | (-)13.60 | 369.36 | (-)13.60 | .. | .. | |
| (-)8.84 | 0.14 | — | (-)8.84 | 58.16 | (-)8.70 | .. | .. | |
| (-)3.68 | — | — | (-)3.68 | 8.12 | (-)3.68 | — | — | |
| (-)15.27 | 4.05 | 4.05 | (-)11.22 | 76.40 | 11.22 | .. | .. | |
| (+)6.41 | 5.04 | 5.04 | 11.45 | 496.84 | 11.45 | 2.2 | 2.3 | |
| (+)302.70 | 31.93 | — | 302.70 | 556.79 | 334.63 | 54.7 | 60.1 | |
| (-)19.48 | — | .. | 19.48 | 9.38 | (-)19.48 | .. | .. | |
| (-)47.38 | 30.13 | 30.13 | (-)17.25 | 113.53 | (-)17.25 | .. | .. | |
| (-)20.17 | 1.80 | 1.80 | (-)18.37 | 38.23 | (-)18.37 | .. | .. | |
| (-)43.93 | 6.99 | 6.99 | (-)46.94 | 50.05 | (-)46.94 | .. | .. | |
| (+)8.85 | 1.03 | 0.53 | 9.38 | 41.12 | 9.83 | 19.3 | 24.0 | |
| (-)47.38 | 17.66 | 15.27 | (-)32.11 | 201.83 | (-)29.72 | .. | .. | |
| (+)8.23 | 1.10 | .. | 3.23 | 27.35 | 4.33 | 23.4 | 15.8 | |
| Under construction . | — | — | — | 136.62 | — | — | — | |

ANNEX

Summarised financial results of Government Companies for the year
(Referred to in paragraph

| Sl. No. | Name of Company | Name of the Department | Date of incorporation | Period of accounts | Year in which finalised | Total capital invested at the end of the year of accounts |
|---------|--|---------------------------|-----------------------|--------------------|-------------------------|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 30. | Webel Telecommunication Industries Limited (Subsidiary of WBEIDC) | Com. & Ind. .. | 2-4-79 | 1984-85 | 1984-85 | 215.80 |
| 31. | West Bengal Fish Seed Development Corporation Limited | Fisheries .. | 27-3-80 | 1983-84 | 1984-85 | 64.00 |
| 32. | West Bengal Film Development Corporation Ltd. | I. & C.A. .. | 5-7-80 | 1984-85 | 1984-85 | 230.57 |
| 33. | West Bengal State Seed Development Corporation Limited | Agriculture | 13-11-80 | 1982-83 | 1984-85 | 122.30 |
| 34. | Shahmar Works (1980) Limited | Industrial Reconstruction | 12-1-81 | 1983-84 | 1984-85 | 221.00 |
| 35. | Webel Precision Industries Limited (Subsidiary of WBEIDC) | Com. & Ind. .. | 23-3-81 | 1983-84 | 1983-84 | 34.60 |
| 36. | Webel Television Limited (Subsidiary of WBEIDC) | Ditto .. | 15-6-81 | 1981-82 | 1984-85 | 12.34 |
| 37. | Webel Electronics Communication System Ltd. (Subsidiary of WBEIDC) | Ditto .. | 18-9-81 | 1982-83 | 1984-85 | 15.59 |
| 38. | Webel Computers Limited (Subsidiary of WBEIDC) | Ditto .. | 20-9-81 | 1981-82 | 1985-86 | 1.59 |
| 39. | Webel Crystals Limited (Subsidiary of WBEIDC) | Ditto .. | 19-3-82 | 1982-83 | 1984-85 | 20.28 |
| 40. | Silpabarta Printing Press Limited (Subsidiary of WBSIC) | C. & S.S.I. .. | 23-9-82 | 1983-84 | 1986-87 | 34.56 |
| 41. | Calcutta Tramways Company (1978) Limited | Home (Transport) | 15-10-82 | 1983-84 | 1984-85 | 7006.63 |
| 42. | Neo-pipes and Tubes Company Limited (Subsidiary of WBSIC) | Com. & Ind. .. | 12-1-83 | .. | — | — |
| 43. | Lime Light Industries (Private) Limited | Ditto .. | 5-5-83 | — | — | — |
| 44. | West Bengal Projects Ltd. | Com & S.S.I. .. | 9-2-84 | — | — | — |

URE-3—*contd.*for which accounts were finalised up 31st March, 1985—*contd.*1.2.3., page 2)—*contd.*

| Profit (+)/ Loss (-) | Total interest charged to Profit and Loss Accounts | Interest on long terms loans | Total return on capital invested (8+10) | Capital employed | Total return on capital employed (8+9) | Percent- age of total return on capi- tal in- vested | Percent- age of total return on capi- tal employed | Remarks |
|-------------------------|---|---------------------------------------|---|---------------------|--|--|--|---------|
| 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| (+)199.00 | 28.76 | .. | 199.00 | 240.71 | 227.76 | 92.2 | 94.6 | |
| Under construction | | — | — | 16.95 | — | — | — | |
| (-)13.73 | 1.45 | 1.45 | (-)12.28 | 201.96 | (-)12.28 | .. | .. | |
| (+)4.80 | 0.82 | — | 4.80 | 127.95 | 5.62 | 3.7 | 4.4 | |
| (-)59.76 | 11.59 | 9.00 | (-)50.76 | 47.08 | (-)48.17 | .. | .. | |
| — | Under construction | | — | 3.91 | — | — | — | |
| (-)12.27 | 0.47 | — | (-)12.27 | 3.97 | (-)11.80 | .. | .. | |
| (-)1.25 | 0.12 | — | (-)1.25 | 7.79 | (-)1.13 | — | — | |
| — | Under construction | | — | — | — | — | — | |
| — | Under construction | | — | 11.70 | .. | .. | .. | |
| (+)2.74 | Nil | Nil | (+)2.74 | 45.30 | 2.74 | 6.05 | 6.05 | |
| (-)785.41 | 166.97 | 115.09 | (-)670.82 | 2097.70 | (-)618.44 | — | — | |
| Under construction | | — | — | .. | — | .. | — | |
| Under construction | | — | — | — | — | — | — | |
| Under construction | | — | — | — | — | — | .. | |

ANNEX

Summarised financial results of the Statutory

(Referred to in

| Sl. No. | Name of the Corporation /Board | Name of the Department | Date of incorporation | Period of accounts | Total capital invested | Profit(+) Loss(-) |
|---------|---|------------------------|-----------------------|--------------------|------------------------|-------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1. | West Bengal Financial Corporation | Finance .. | 1-3-54 | 1984-85 | 6612.59 | (+)88.77 |
| 2. | Calcutta State Transport Corporation | Home (Transport) | 15-6-60 | 1983-84 | 7958.23 | (-)2320.39 |
| 3. | West Bengal State Warehousing Corporation | Public Undertakings | 31-3-58 | 1982-83 | 340.26 | (+)32.99 |
| 4. | North Bengal State Transport Corporation | Home (Transport) | 15-4-60 | 1975-76 | 681.09 | (-)164.12 |
| 5. | West Bengal Industrial Infrastructure Development Corporation | Com. & Ind. | 9-11-73 | 1984-85 | 466.64 | (+)7.96 |
| 6. | West Bengal State Electricity Board | Power .. | 1-5-55 | 1984-85 | 12,36,96.24 | .. |

- Note : 1. Capital invested represents paid-up capital *plus* long-term loans *plus* free reserves.
2. Capital employed (except in the case of West Bengal Financial Corporation) represents West Bengal Financial Corporation Capital employed represents mean of the debentures, (iii) reserves, (iv) borrowings including refinance and (v) deposits.

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Corporations based on their latest available accounts

paragraph 1.3.2 page 7)

| Total interest charged to Profit and Loss Account | Interest on long-term loans | Total return on capital invested (7+9) | Capital employed | Total return on capital employed (7+8) | Percentage of total return on capital invested | Percentage of total return on capital employed |
|---|-----------------------------|--|------------------|--|--|--|
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| (Figures in columns 8 to 12 are Rupees in lakhs) | | | | | | |
| 392.71 | 392.71 | 481.48 | 6143.33 | 481.48 | 7.3 | 7.8 |
| 435.71 | 435.71 | (-)1884.68 | 2587.83 | (-)1884.68 | .. | .. |
| - | .. | 32.99 | 404.36 | 32.99 | 9.7 | 8.2 |
| 38.68 | 38.68 | (-)125.44 | 19.59 | (-)125.44 | .. | .. |
| 23.10 | 23.10 | 31.06 | 460.50 | 31.06 | 6.7 | 6.7 |
| 34,16.40 | 32,30.35 | 32,30.35 | 5,74,54.26 | 3416.40 | 2.6 | 5.9 |

net fixed assets (excluding work-in-progress) plus working capital. In case of aggregates of opening and closing balances of (i) paid-up capital, (ii) bonds and

ANNEXURE—5

Statement showing the break up of cost on various component in various project estimates—DPL

(Referred to in paragraph 2.1.1.2 page 23)

| Sl. No. | Name of work | Cost estimated | | | |
|-------------------|--|------------------------|------------------------|-----------------|-----------------|
| | | In November 1973 | In January 1979 | In October 1982 | In October 1985 |
| (Rupees in lakhs) | | | | | |
| 1. | Civil work | 325.30 | 688.60 | 230.14 | 1908.89 |
| 2. | Mechanical work | 1693.20 | 2741.25 | 3726.08 | 3875.21 |
| 3. | Electrical work | 319.70 | 466.30 | 1024.82 | 1050.92 |
| 4. | Instrumentation | Included in Item No. 3 | Included in Item No. 3 | 326.09 | 336.09 |
| 5. | Modification of existing 132 kV Switch yard | .. | .. | 103.15 | 103.15 |
| 6. | Erection, Commissioning and Testing of Elec. and Mech. equipment other than T. G. and Boiler | 248.30 | 320.76 | 155.00 | 155.00 |
| 7. | Spares .. | 40.30 | 100.00 | 190.93 | 190.93 |
| 8. | Establishment | } 254.00 | 419.52 | 324.49 | 324.49 |
| 9. | Consultancy | | | 100.00 | 110.00 |
| 10. | Audit and Accounts | | | 68.00 | 68.00 |
| 11. | Contingency | 78.00 | 129.51 | 190.00 | 250.00 |
| 12. | Stores for Capital jobs | .. | .. | 389.95 | 389.95 |
| 13. | Interest on loan unforgone liabilities | .. | .. | 666.24 | 666.24 |
| 14. | Transmission system | .. | 174.00 | .. | .. |
| Sub-total | | 2958.80 | 5039.94 | 8495.24 | 9426.22 |
| Less Receipts (-) | | 14.80 | 24.33 | .. | .. |
| Net Project Cost | | 2944.00 | 5015.61 | 8495.24 | 9429.22 |

ANNEXURE—8
Statement showing availability of funds and expenditure thereagainst—DPL
(Referred to in paragraph 2.1.1.3 page 23)

| Year | | | Funds proposed by the Company | Funds recommen- ded by CEA | Funds provided by the State Government | | | Funds utilised by the Company | Unutilised funds | Percentage of unutili- sed funds to total available fund | |
|-------------------|----|----|-------------------------------------|----------------------------------|---|--------------------|----------------------------|-------------------------------------|---------------------|---|------|
| | | | | | Opening balance | During the year | Total available fund | | | | |
| (Rupees in lakhs) | | | | | | | | | | | |
| 1973-74 | .. | .. | .. | 60.00 | Nil | .. | 100.00 | 100.00 | 41.50 | 58.50 | 58.5 |
| 1974-75 | .. | .. | .. | 95.00 | Nil | 58.50 | 50.00 | 108.50 | 50.00 | 58.50 | 53.9 |
| 1975-76 | .. | .. | .. | 410.00 | Nil | 58.50 | Nil | 58.50 | 53.20 | 5.30 | 9.0 |
| 1976-77 | .. | .. | .. | 800.00 | 300.00 | 5.30 | Nil | 5.30 | 101.23 | (-95).93 | - |
| 1977-78 | .. | .. | .. | 1390.00 | 1000.00 | (-)95.93 | 750.00 | 654.07 | 630.00 | 24.07 | 3.7 |
| 1978-79 | .. | .. | .. | 1300.00 | 550.00 | 24.07 | 550.00 | 574.07 | 545.47 | 28.60 | 5.0 |
| 1979-80 | .. | .. | .. | 800.00 | 700.00 | 28.60 | 500.00 | 528.60 | 482.54 | 46.06 | 8.7 |
| 1980-81 | .. | .. | .. | 1170.00 | 1130.00 | 46.06 | 1130.00 | 1176.06 | 970.80 | 205.26 | 17.5 |
| 1981-82 | .. | .. | .. | 1473.00 | 1200.00 | 205.26 | 1250.00 | 1455.26 | 1154.28 | 300.98 | 20.7 |
| 1982-83 | .. | .. | .. | 2570.00 | 2400.00 | 300.98 | 878.94 | 1179.92 | 761.94 | 417.98 | 35.4 |
| 1983-84 | .. | .. | .. | 1400.00 | 1400.00 | 417.98 | 1300.00 | 1717.98 | 1123.18 | 594.80 | 34.6 |
| 1984-85 | .. | .. | .. | 1100.00 | 1100.00 | 594.80 | 750.00 | 1344.80 | 1134.76 | 210.04 | 15.6 |
| Total | | | .. | 12568.00 | 9780.00 | 1644.12 | 7258.94 | 8903.06 | 7048.90 | 1854.16 | |

ANNEX

Statement showing the position of major contracts awarded
(Referred to in

| Sl. No. | Name of the work | Date of issue of tender specification | | Delay (in months) | Date of |
|-------------------------------------|---|---------------------------------------|---------------------------------|-------------------|---------------|
| | | As per target | Actual | | As per target |
| 1 | 2 | 3 | 4 | 5 | 6 |
| A. Civil | | | | | |
| 1. | Site development and ground levelling | February 1978 | December 1977 and February 1979 | 12 | July 1978 |
| 2. | Foundation of TG and Boiler | August 1978 | April 1978 | Nil | January 1979 |
| 3. | Structural Steel Fabrication and Erection | June 1978 | March 1978 | Nil | December 1978 |
| 4. | Concrete and allied work in power house building | August 1978 | April 1980 | 20 | January 1979 |
| 5. | Concrete and allied work in coal handling system | August 1978 | May 1980 | 21 | January 1979 |
| 6. | Cooling water pump house and demineralising plant | August 1978 | April 1981 | 32 | January 1979 |
| 7. | Chimney | August 1978 | March 1979 | 7 | February 1979 |
| B. Electrical and Mechanical | | | | | |
| 1. | Power Cycle piping .. | September 1978 | October 1978 | 1 | March 1978 |
| 2. | Electrostatic precipitators .. | May 1978 | May 1978 | Nil | November 1978 |
| 3. | Coal handling plant .. | August 1978 | March 1979 | 7 | April 1979 |
| 4. | Ash handling plant .. | December 1978 | July 1979 | 7 | August 1979 |
| 5. | Cooling tower -- .. | September 1978 | September 1978 | Nil | May 1979 |
| 6. | Cooling water pump house .. | June 1978 | April 1981 | 34 | February 1979 |
| 7. | Demineralising plant | January 1979 | June 1979 | 5 | August 1979 |
| 8. | Erection of boiler .. | June 1979 | NA | -- | December 1979 |
| 9. | Erection of TG | May 1980 | NA | -- | November 1980 |

Note : ER—Means Erection

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with anticipated and actual period/dates of completion—DPL
paragraph 2. 1. 2 page 24)

| ordering | | Date of completion | | | Delay (in months) | |
|---------------------------------------|-------------------------|--|------------------|-------------------|-------------------------------------|---------------------------------------|
| Actual | Delay (in months) | As per target | As per contract | Actual | Against target (Col. 11-9) | As per contract (Col. 11-10) |
| 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| August 1979 and Decem- ber 1983 | 13 | March 1979 | February 1980 | September 1981 | 30 | 19 |
| March 1979 | 2 | December 1979 | March 1980 | Not yet | 68 | 65 |
| April 1979 | 4 | April 1980 | December 1980 | Not yet | 64 | 56 |
| March 1981 | 26 | April 1981 | July 1982 | Not yet | 52 | 37 |
| April 1981 | 27 | December 1979 | April 1982 | Not yet | 68 | 39 |
| November 1981 | 34 | December 1979 | November 1982 | July 1985 | 68 | 32 |
| December 1979 | 10 | December 1979 | March 1981 | June 1985 | 66 | 50 |
| January 1980 | 10 | MD-March 1981 ER-March 1982 | November 1982 | Not yet | MD-54 ER-42 | 34 |
| January 1980 | 14 | MD-May 1980 ER-January 1981 | April 1982 | Not yet | MD-64 ER-56 | 41 40 |
| November 1980 | 19 | MD-December 1980 ER-December 1981 | May 1982 | Not yet | MD-67 ER-45 | 40 |
| February 1981 | 18 | MD-February 1981 ER-December 1981 | August 1982 | Not yet | MD-53 ER-45 | 37 |
| March 1981 | 22 | MD-January 1981 ER-November 1981 | January 1983 | Not yet | MD-56 ER-46 | 32 |
| November 1981 | 33 | MD-February 1981 ER-August 1981 | November 1982 | Not yet | MD-53 ER-41 | 34 |
| December 1980 | 16 | MD-March 1981 ER-November 1981 | May 1981 | Not yet | MD-54 ER-46 | 52 |
| January 1980 | 11 | ER-March 1982 | June 1983 | Not yet | ER-42 | 27 |
| July 1981 | 8 | ER-March 1982 | February 1984 | Not yet | ER-42 | 19 |

MD—Means Manufacture and delivery

ANNEXURE—8

Statement showing the working results of the Kalyani Spinning Mills Limited

(Referred to in paragraph 2. 2. 1. 3 page 47)

| | | Kalyani unit | | | | Habra unit | | | | | |
|--------------------|---|----------------------|---------|---------|---------|----------------------|---------|---------|---------|--------|--------|
| | | 1981-82 | 1982-83 | 1983-84 | 1984-85 | 1981-82 | 1982-83 | 1983-84 | 1984-85 | | |
| | | (Kilograms in lakhs) | | | | (Kilograms in lakhs) | | | | | |
| 1. | Installed capacity | .. | .. | 12.89 | 12.89 | 12.89 | 12.89 | 20.05 | 20.05 | 20.05 | 20.05 |
| 2. | Cotton consumed (quantity) | .. | .. | 8.47 | 11.27 | 10.82 | 7.23 | 7.64 | 7.81 | 9.91 | 7.75 |
| 3. | Yarn produced (quantity) | .. | .. | 7.07 | 9.60 | 8.85 | 6.12 | 6.42 | 6.44 | 8.47 | 6.67 |
| 4. Working results | | | | | | | | | | | |
| 4.1. Income | | (Rupees in lakhs) | | | | (Rupees in lakhs) | | | | | |
| (a) | From sale of yarn | .. | .. | 205.50 | 252.26 | 268.11 | 323.27 | 164.31 | 156.75 | 199.76 | 275.00 |
| (b) | From waste | .. | .. | 4.53 | 6.28 | 4.50 | 6.16 | 3.52 | 4.78 | 3.00 | 6.60 |
| (c) | Excess of closing stock over opening stock of finished goods etc. | .. | .. | .. | 23.92 | .. | .. | .. | .. | .. | .. |
| (d) | Miscellaneous | .. | .. | 2.90 | 1.98 | 1.50 | 1.60 | 0.89 | 0.67 | 1.00 | 1.15 |
| Total | | .. | .. | 212.93 | 284.44 | 274.11 | 331.03 | 168.72 | 162.20 | 203.76 | 282.75 |
| 4.2. Expenditure | | | | | | | | | | | |
| 1. | (a) Raw materials | .. | .. | 135.62 | 163.19 | 163.75 | 214.89 | 112.54 | 102.81 | 126.33 | 211.68 |
| | (b) Labour | .. | .. | 111.31 | 116.99 | 130.05 | 140.00 | 77.14 | 80.49 | 90.75 | 102.00 |
| | Other Direct cost | .. | .. | 46.59 | 59.43 | 59.10 | 64.76 | 27.63 | 30.10 | 37.20 | 44.17 |
| Total Direct cost | | .. | .. | 293.52 | 339.61 | 342.90 | 419.65 | 217.31 | 213.40 | 254.28 | 357.85 |

2. Overheads

| | | | | | | | | | |
|---|----|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| (a) Repairs and Maintenance | -- | 1.00 | 1.12 | 1.75 | 2.00 | 0.41 | 0.67 | 0.75 | 1.06 |
| (b) Other staff expenses | -- | 41.39 | 49.09 | 49.36 | 53.20 | 24.13 | 27.66 | 29.24 | 32.10 |
| (c) M.D's remuneration and Director's fees | | 0.20 | 0.25 | 0.09 | 0.30 | 0.12 | 0.10 | 0.06 | 0.22 |
| (d) Misc. expenses | -- | 10.55 | 9.02 | 21.17 | 22.74 | 7.67 | 5.90 | 14.45 | 17.13 |
| Total overhead | -- | 53.14 | 59.48 | 72.37 | 78.24 | 32.33 | 34.33 | 44.50 | 50.45 |
| 3. (a) Interest | -- | 66.08 | 109.33 | 95.25 | 106.66 | 42.60 | 48.88 | 69.55 | 78.09 |
| (b) Selling and distribution expenses | -- | 6.40 | 7.11 | 9.68 | 13.33 | 2.04 | 2.00 | 4.69 | 7.41 |
| (c) Depreciation | -- | 9.72 | 8.14 | 11.45 | 9.10 | 4.77 | 3.93 | 5.55 | 4.40 |
| (d) Excess of opening stock over closing stock of finished goods etc. | | 6.02 | -- | -- | -- | 8.18 | 7.17 | -- | -- |
| Total expenditure | -- | 434.88 | 524.33 | 531.65 | 626.98 | 307.23 | 309.31 | 378.57 | 498.20 |
| 4. Profit (+)/Loss(-) | -- | (-)221.95 | (-)239.89 | (-)257.54 | (-)295.95 | (-)138.51 | (-)147.11 | (-)174.81 | (-)215.45 |

ANNEXURE—9

Statement showing utilisation of spindle hours in The Kalyani Spinning Mills

(Referred to in paragraph 2.2.3.3 page 54)

| | | | Kalyani unit | | | | Habra unit | | | |
|---|----|----|--------------|---------|---------|---------|------------|---------|---------|---------|
| | | | 1981-82 | 1982-83 | 1983-84 | 1984-85 | 1981-82 | 1982-83 | 1983-84 | 1984-85 |
| Target of production/Kg/oz (in lakh) | -- | -- | 13.70 | 14.40 | 13.11 | 12.59 | 15.42 | 17.03 | 16.78 | 15.49 |
| | | | 482.39 | 507.04 | 461.62 | 443.31 | 542.96 | 599.65 | 590.85 | 545.42 |
| Actual production/Kg/oz (in lakh) | -- | -- | 7.07 | 9.60 | 8.85 | 6.12 | 6.42 | 6.44 | 8.47 | 6.67 |
| | | | 249.94 | 338.03 | 311.62 | 215.49 | 226.06 | 226.76 | 298.24 | 234.86 |
| No. of spindles commissioned (Nos. in operation) | -- | -- | 50,600 | 50,600 | 50,600 | 50,600 | 33,356 | 33,356 | 33,356 | 33,356 |
| Average Nos. of spindles operated (Nos.) | -- | -- | 30,713 | 33,745 | 38,135 | 32,962 | 16,462 | 15,001 | 19,589 | 16,444 |
| Spindle hours available (in lakh hrs.) | -- | -- | 3691.78 | 3691.78 | 3703.92 | 3691.78 | 2433.65 | 2433.65 | 2441.66 | 2433.65 |
| Spindle hours operated (in lakh hours) | -- | -- | 2240.82 | 2462.04 | 2791.15 | 2404.91 | 1201.07 | 1094.47 | 1433.91 | 1199.75 |
| Estimated production per spindle hour available—(in oz) | | | 0.13 | 0.14 | 0.12 | 0.12 | 0.22 | 0.25 | 0.24 | 0.22 |
| Actual production per spindle hour available—(in oz) | -- | -- | 0.07 | 0.09 | 0.08 | 0.06 | 0.09 | 0.09 | 0.12 | 0.10 |
| Percentage of actual to estimated | -- | -- | 60.7 | 66.7 | 75.4 | 65.1 | 49.4 | 45.0 | 58.7 | 49.3 |
| Actual production per spindle hours operated (in oz) | -- | -- | 0.11 | 0.14 | 0.11 | 0.09 | 0.19 | 0.21 | 0.21 | 0.20 |

ANNEXURE—10

Statement showing the extent of usable waste in The Kalyani Spinning Mills Limited
(Referred to in paragraph 2 2 3.4 page 55)

| | | | 1981-82 | | | 1982-83 | | | 1983-84 | | | 1984-85 | | |
|-------------------------------|----|----|---|----------------|----------------------------|---|----------------|----------------------------|---|----------------|----------------------------|---|----------------|----------------------------|
| | | | Total ring frame produc- tion | Total waste | Perce- tage of waste | Total ring frame produc- tion | Total waste | Perce- tage of waste | Total ring frame produc- tion | Total waste | Perce- tage of waste | Total ring frame produc- tion | Total waste | Perce- tage of waste |
| (A) Kalyani unit : | | | | | | | | | | | | | | |
| Category of waste | .. | .. | 7.07 | | | 9.60 | | | 8.85 | | | 6.12 | | |
| (i) Silver and lap | .. | .. | | 0.24 | 3.4 | | 0.24 | 2.5 | | 0.26 | 2.9 | | 0.19 | 3.1 |
| (ii) Pneumafil .. | .. | .. | | 0.37 | 5.2 | | 0.37 | 3.9 | | 0.33 | 3.7 | | 0.21 | 3.4 |
| (iii) Bonds .. | .. | .. | | 0.37 | 5.2 | | 0.50 | 5.2 | | 0.48 | 5.4 | | 0.23 | 3.8 |
| (iv) Roving .. | .. | .. | | 0.23 | 3.3 | | 0.26 | 2.7 | | 0.29 | 3.3 | | 0.16 | 2.6 |
| Total usable waste | .. | .. | | 1.21 | 17.1 | | 1.37 | 14.3 | | 1.36 | 15.3 | | 0.79 | 12.9 |
| (B) Habra unit : | | | | | | | | | | | | | | |
| Category of waste | .. | .. | 6.42 | | | 6.44 | | | 8.47 | | | 6.67 | | |
| (i) Silver, lap and roving .. | .. | .. | | 0.40 | 6.2 | | 0.36 | 5.6 | | 0.42 | 5.0 | | 0.39 | 5.8 |
| (ii) Pneumafil .. | .. | .. | | 0.19 | 3.0 | | 0.19 | 3.0 | | 0.25 | 3.0 | | 0.16 | 2.4 |
| (iii) Bonds .. | .. | .. | | 0.20 | 3.1 | | 0.20 | 3.1 | | 0.21 | 2.5 | | 0.17 | 2.5 |
| Total usable waste | .. | .. | | 0.79 | 12.3 | | 0.75 | 11.7 | | 0.88 | 10.5 | | 0.72 | 10.7 |

ANNEXURE—11

Statement showing extent of saleable and invisible waste

(Ref: para 2.2.3.4 Page 55)

| | | A. Kalyani unit | | | |
|------------------------------------|----|----------------------|--------------|--------------|-------------|
| | | 1981-82 | 1982-83 | 1983-84 | 1984-85 |
| | | (Kilograms in lakhs) | | | |
| (i) Cotton consumed | .. | 8.47 | 11.27 | 10.32 | 7.23 |
| (ii) Yarn produced | .. | 7.07 (83.5) | 9.60 (85.2) | 8.85 (85.8) | 6.12 (84.6) |
| (iii) Cotton waste (saleable) | .. | 0.79 (9.3) | 1.34 (11.9) | 1.13 (10.0) | 0.71 (9.8) |
| (a) Carding Section | .. | 0.54 (6.3) | 0.79 (7.0) | 0.69 (6.6) | 0.51 (7.1) |
| (b) Other | .. | 0.25 (3.0) | 0.55 (4.9) | 0.44 (4.3) | 0.20 (2.7) |
| (iv) Trash waste | .. | 0.36 (4.2) | 0.22 (2.0) | 0.28 (2.7) | 0.30 (4.2) |
| (v) Total recovery (ii)+(iii)+(iv) | .. | 8.22 (97.0) | 11.16 (99.0) | 10.26 (99.4) | 7.13 (98.6) |
| (vi) Invisible process loss (i—v) | .. | 0.25 (3.0) | 0.11 (1.0) | 0.06 (0.6) | 0.10 (1.4) |

Figures in brackets represent percentage of cotton consumed

| | | B. Habra unit | | | |
|------------------------------------|----|---------------|-------------|-------------|-------------|
| | | 1981-82 | 1982-83 | 1983-84 | 1984-85 |
| (i) Cotton consumed | .. | 7.64 | 7.81 | 9.91 | 7.75 |
| (ii) Yarn produced | .. | 6.42 (84.0) | 6.44 (82.5) | 8.47 (85.5) | 6.67 (86.1) |
| (iii) Cotton waste (saleable) | .. | 0.77 (10.1) | 0.83 (10.6) | 0.97 (9.8) | 0.74 (9.5) |
| (a) Carding Section | .. | NA | NA | NA | NA |
| (b) Other | .. | NA | NA | NA | NA |
| (iv) Trash waste | .. | 0.32 (4.2) | 0.35 (4.5) | 0.40 (4.0) | 0.31 (4.0) |
| (v) Total recovery (ii)+(iii)+(iv) | .. | 7.51 (98.3) | 7.62 (97.6) | 9.84 (99.3) | 7.72 (99.6) |
| (vi) Invisible process loss (i—v) | .. | 0.13 (1.7) | 0.19 (2.4) | 0.07 (0.7) | 0.03 (0.4) |

