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

for the year ended 31 March 2014

Government of Bihar

Report No. 1 of 2015

TABLE OF CONTENTS

Preface

This report deals with the results of audit of Government companies and Statutory corporations for the year ended 31 March 2014.

The accounts of Government Companies (including companies deemed to be Government Companies as per the provisions of the Companies Act) are audited by the Comptroller and Auditor General of India (CAG) under the provisions of Section 619 of the Companies Act 1956. The Accounts certified by the statutory Auditors (Chartered Accountants) appointed by the Comptroller and Auditor General under the Companies Act are subject to supplementary audit by officers of the CAG and the CAG gives his comments or supplements the reports of the Statutory auditors. In addition, these companies are also subject to test audit by the CAG.

Reports in relation to the accounts of a Government Company or Corporation are submitted to the Government by CAG for laying before State Legislature of Bihar under the provisions of Section 19-A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The instances mentioned in this Report are those, which came to notice in the course of test audit during the period 2013-14 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; matters relating to the period subsequent to 2013-14 have also been included, wherever necessary.

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

OVERVIEW

Overview

This Report of the Comptroller and Auditor General of India on Public Sector Undertakings, Government of Bihar, for the year ended 31 March 2014 includes an overview of Government companies and Statutory corporations, two Performance Audit Reports, one long paragraph and 13 paragraphs dealing with the Accounts as well as results of Performance Audit and Transaction Audit.

1. Overview of Government companies and Statutory corporations

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. The Accounts of Government companies are audited by Statutory Auditors appointed by CAG of India. These Accounts are also subject to supplementary audit conducted by CAG of India. Audit of Statutory corporations is governed by their respective legislations. As on 31 March 2014, the State of Bihar had 33 working PSUs (30 Companies and three Statutory corporations) and 40 non-working PSUs (all companies), which employed 0.17 lakh employees. The State working PSUs had registered a turnover of ₹ 7924.89 crore as per their latest finalised Accounts. The PSUs had earned an aggregate profit of ₹ 11.86 crore as per their latest finalised Accounts as of 30 September 2014.

(Paragraphs 1.1, 1.2, 1.4, 1.5 and 1.6)

Investment in State PSUs

As on 31 March 2014, the investment (Capital and long term loans) in 73 PSUs was ₹ 28220.98 crore. Power Sector accounted for 83.39 *per cent* of total investment in 2013-14. The Government contributed ₹ 3884.56 crore towards Equity, Loans and Grants / Subsidies during 2013-14.

(Paragraphs 1.7, 1.9 and 1.10)

Performance of PSUs

As per the latest finalised Accounts, out of 33 working PSUs, 14 PSUs had earned Profit of ₹ 240.12 crore and 15 PSUs had incurred Loss of ₹ 203.16 crore. Out of the remaining four PSUs, two PSUs submitted its first Accounts which had nil profit/loss and two PSUs had not finalised its first Accounts. The major contributors to Profit were Bihar Rajya Pul Nirman Nigam Limited (₹ 106.99 crore), Bihar State Road Development Corporation Limited (₹ 37.36 crore), and Bihar State Beverages Corporation Limited (₹ 39.28 crore). As per the latest finalised accounts, heavy Losses were incurred by North Bihar Power Distribution Company Limited (₹ 74.26 crore), South Bihar Power Distribution Company Limited (₹ 22.79 crore) and Bihar State Road Transport Corporation (₹ 57.69 crore).

(Paragraph 1.15)

Audit noticed various deficiencies in the functioning of PSUs. This Audit Report shows that the working PSUs in the State incurred controllable losses to the tune of ₹ 268.08 crore and infructuous investment of ₹ 32.50 crore.

(Paragraph 1.16)

Quality of accounts

The quality of Accounts of companies needs improvement. During the year 2013-14, the statutory auditor had given qualified certificates for all the 32 Accounts received during the year. The compliance of accounting standards was poor as there were 15 instances of non-compliance in 12 accounts.

(Paragraph 1.29)

Arrears in accounts and winding up

Out of 33 Working PSUs, 29 PSUs had arrears of 199 accounts as of 30 September 2014. The extent of arrears was one to 23 years. There were 40 non-working PSUs including nine under liquidation.

(Paragraphs 1.20 and 1.21)

2. Performance Audit on "the activities of Bihar State Tourism Development Corporation Limited"

Bihar State Tourism Development Corporation Limited (Company) was incorporated as a wholly owned Government Company in November 1980 with the main objective of promoting tourism in the State. As on 31 March 2014, Company had 21 hotels (10 self-run) spread over different locations of the State. The Company also had 13 restaurants (four self-run) attached to its hotels.

Audit findings pertaining to various activities of the Company are discussed below:-

- The Company failed to formulate a long term/ perspective plan/road map with clearly defined targets/milestones to be achieved in the ensuing years as a result of which the tourist potential of the State remained largely untapped despite five years of adoption of State Tourism Policy.

(Paragraph 2.8)

- The working of Finance and Accounts wing of the Company was not streamlined as there were cases of loss due to non-reconciliation of bank balances, non-maintenance of Project-wise bank accounts, non-filing of annual return with RoC, etc.

(Paragraphs 2.9.1, 2.9.2 and 2.9.4)

- The targeted occupancy percentage for self managed hotels was fixed by the Company at 60 *per cent*. Only one self-managed hotel and two self-managed hotels of the Company achieved 60 *per cent* occupancy target in the year 2011-12 and 2012-13 respectively. The Company did not have any policy for fixation of room rent.

(Paragraphs 2.10.1 and 2.10.2)

- Lack of basic amenities, non-maintenance of prime assets, lack of manpower and non-professional approach to render quality services resulted in low occupancy in Company's hotels.

(Paragraph 2.10.1)

- The performance of transport services of the Company during the period 2009-14 was not satisfactory. It suffered losses during 2009-10, 2011-12 and 2013-14 and earned meagre profit of ₹ 28 lakh and ₹ three lakh in the year 2010-11 and 2012-13 respectively.

(Paragraph 2.12.1)

- The sundry debtors of the transport unit increased from ₹ 3.42 crore to ₹ 4.81 crore during the period 2010-11 to 2012-13.

(Paragraph 2.12.2)

- The newly purchased buses were not utilised for intended purposes. Non-release of payment as per agreement and purchase of Carvans without any Cost Benefit Analysis resulted in blocking up of ₹ 1.26 crore.

(Paragraphs 2.12.3 and 2.12.4)

- Out of 83 projects for which funds were received during the period 2009-14, only 23 projects were completed of which 12 projects were completed with a delay ranging from one to 32 months.

(Paragraph 2.14)

- Delay in execution of infrastructural projects was mainly attributable to unplanned execution, viz., preparation of estimates without actual site-survey, poor monitoring and shortage of engineers in the Engineering wing of the Company.

(Paragraph 2.14)

3. Performance Audit on "Bihar State Road Transport Corporation"

Bihar State Road Transport Corporation (Corporation) was incorporated on 1 May 1959 under section 3 of the Road Transport Corporations Act, 1950 (Act) with mandate to provide efficient, adequate and economical road transport to public.

Audit findings pertaining to various sections of the Corporation are discussed below:-

- The Corporation had a fleet strength of 414 buses out of which 95 buses were on road as on 31 March 2014. Apart from own buses, the Corporation, without framing any Public Private Partnership (PPP) policy, had implemented a PPP scheme under which private operators were allowed to operate buses on a commission basis.

(Paragraph 3.1)

- The Corporation had finalised its accounts up to the year 2004-05. However, as per provisional accounts, against the paid-up capital of ₹ 101.27 crore, accumulated loss of the Corporation as on 31 March 2014 was ₹ 1395.57 crore.

(Paragraph 3.1)

- The Corporation did not have a fare policy. Fare fixation was done only with respect to increase in HSD prices and without regard to the increase in other input costs. Due to deficient fare policy alone, the Corporation was deprived of the potential revenue of ₹ 8.63 crore.

(Paragraph 3.6.2)

- The Corporation could not maintain fleet strength of right age buses despite availability of funds. As a result 54 *per cent* to 77 *per cent* of buses could not be plied and the Corporation sustained a revenue loss of ₹ 165.30 crore.

(Paragraph 3.7.1)

- Against the All India Average of 93.52 *per cent*, the fleet utilisation of the Corporation varied from 35 *per cent* in 2009-10 to 23 *per cent* in 2013-14 as a result of which the Corporation suffered a contribution loss of ₹ 15.50 crore.

(Paragraph 3.7.2)

- The Vehicle Productivity of the Corporation ranged between 232 Kilometer (K.M) to 205 K.M per day which was much below the All India Average of 374.18 K.M per day and the Corporation's own target of 280 K.M per day. As a result, the Corporation sustained a revenue loss of ₹ 25.16 crore.

(Paragraph 3.7.3)

- The revenue from operation of buses on 17 *per cent* to 34 *per cent* routes were not meeting even the variable cost during 2009-14 due to poor route planning. As a result, the Corporation sustained a revenue loss of ₹ 1.09 crore.

(Paragraph 3.7.5)

- As a result of deficient PPP agreements, failure on the part of the Corporation to safeguard its financial interests and poor monitoring, the Corporation suffered a revenue loss of ₹ 13.72 crore.

(Paragraphs 3.8.1 and 3.8.2)

4. Transaction audit observations

Transaction audit observations included in the Report highlight deficiencies in the management of Public Sector Undertakings involving serious financial implications. It also includes one Long Paragraph on Billing and Collection of dues in respect of High Tension Specified Services (HTSS) Consumers of South Bihar Power Distribution Company Limited. The irregularities pointed out are broadly of the following nature:

- Loss/non-recovery of ₹ 29.90 crore in eight cases due to non compliance with rules, directives, procedures, terms and conditions of contracts.

(Paragraphs 4.1, 4.2, 4.3, 4.4, 4.5, 4.7, 4.9 and 4.10)

- Loss of ₹ 7.33 crore in one case due to inadequate/deficient monitoring system.

(Paragraph 4.8)

- Wasteful Expenditure/Avoidable Excess Expenditure of ₹ 12.06 crore in four cases due to defective/deficient planning.

(Paragraphs 4.6, 4.11, 4.12 and 4.13)

Gist of the important audit observations in Long Paragraph are given below:

- The South Bihar Power Distribution Company Limited (Company) failed to enhance the Contract Demand of two High Tension Specified Services (HTSS) consumers on the basis of the total capacity of the induction furnace and equipments of the consumers as per manufacturers' technical specifications and bill them accordingly. This led to short determination of Contract Demand as a result of which the Company suffered revenue losses aggregating to ₹ 3.33 crore.

(Paragraph 4.1.5)

- The Company failed to enhance the Contract Demand of two HTSS consumers within the prescribed time limit of 27 days and as a result suffered revenue losses aggregating to ₹ 55.50 lakh.

(Paragraph 4.1.6)

- The Company, even after a lapse of more than three years and in contravention of the High Court's directives, failed to get the meter of an HTSS consumer tested in a laboratory of consumer's choice as a result of which amount of ₹ 3.56 crore was lying blocked on account of disputed Electricity Bills**.**

(Paragraph 4.1.9)

Gist of some of the important audit observations in respect of other transaction audit paragraphs are given below:

- Deficient Internal Control System as well as failure on the part of **Bihar Urban Infrastructure Development Corporation Limited** to comply with the provisions of Master Service Agreement (MSA) resulted in irregular payment of ₹ 3.56 crore to the Consultant. Besides, it also led to extension of undue benefit to the Consultant.

(Paragraph 4.7)

- Deficient Internal Control System and non-protection of financial interests on the part of **Bihar State Building Construction Corporation Limited** resulted in a loss of ₹ 7.33 crore to the Company due to non-claiming of refund of TDS.

(Paragraph 4.8)

- Deficient planning as well as execution of the SHP projects and subsequent non-review of the work resulted in expenditure of ₹ 7.28 crore becoming idle for over two years. Besides, there was irregular withdrawal of further instalment of NABARD Loan by submitting incorrect expenditure certificates by **Bihar State Hydroelectric Power Corporation Limited.**

(Paragraph 4.13)

- Erroneous treatment of interest earned on the funds pertaining to the Government projects lying unutilised and invested in bank deposits, as its own income by **Bihar State Electronics Development Corporation Limited** resulted in avoidable payment of Corporate Tax amounting to ₹ 8.43 crore.

(Paragraph 4.10)

- Deficient procurement planning as well as failure on the part of **Bihar State Electronics Development Corporation Limited** to purchase Desktop Computers and Laptops on the basis of prevailing market prices resulted in avoidable extra expenditure of ₹ 1.51 crore.

(Paragraph 4.12)

- Failure on the part of **Bihar State Electronics Development Corporation Limited** to sub-lease the vacant space led to wasteful expenditure of ₹ 2.08 crore and jeopardised achievement of intended objective of establishing Software Technology Park.

(Paragraph 4.11)

- Deficient procurement planning as well as failure on the part of **Bihar State Power (Holding) Company Limited** to safeguard its financial interests not only resulted in undue benefit to the supplier but also led to avoidable excess expenditure of ₹ 1.19 crore.

(Paragraph 4.6)

- Irregularity in finalisation of tender and extension of undue benefit to the supplier by **Bihar State Power (Holding) Company Limited** resulted in procurement of sub-standard Poly Carbonate Seal bit materials valuing ₹ 1.28 crore.

(Paragraph 4.5)

CHAPTER I

OVERVIEW OF GOVERNMENT COMPANIES AND STATUTORY CORPORATIONS

Chapter I

1. Overview of Government companies and Statutory corporations

Introduction

1.1 The State Public Sector Undertakings (PSUs) consist of State Government companies and Statutory corporations. The State PSUs are established to carry out activities of commercial nature while keeping in view the welfare of the people. In Bihar, the State working PSUs registered a turnover of ₹ 7924.89 crore for 2013-14 as per their latest finalised accounts as of September 2014. The major activities of State PSUs are concentrated in Power Sector. The State PSUs earned profit of ₹ 11.86 crore in the aggregate as per their latest finalised Accounts. They had 0.17 lakh[1] employees as of 31 March 2014.

1.2 As on 31 March 2014, there were 73 PSUs as per the details given in Table No.1.1 and none of them was listed on the stock exchange(s).

Table No: 1.1

Type of PSUs	Working PSUs	Non-working PSUs [2]	Total
Government companies[3]	30	40	70
Statutory corporations	3	-	3
Total	**33**	**40**	**73**

1.3 The above 30 working Government companies include two companies, namely, Pirpainti Bijli Company Private Limited and Lakhisarai Bijli Company Private Limited incorporated on 11 April 2008 and 23 April 2008 respectively, under the Companies Act, 1956, which were entrusted during the year.

Audit Mandate

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

---

1 As per the details provided by 41 PSUs.
2 Non-working PSUs are those which have ceased to carry on their operations.
3 Includes 619-B companies.

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

1.6 Audit of Statutory corporations is governed by their respective legislations. Out of three Statutory corporations, CAG is the sole auditor for the Bihar State Road Transport Corporation (BSRTC). In respect of Bihar State Warehousing Corporation (BSWC) and Bihar State Financial Corporation (BSFC), the audit is conducted by Chartered Accountants and CAG.

Investment in State PSUs

1.7 As on 31 March 2014, the investment (Capital and Long-Term Loans) in State PSUs was ₹ 28220.98 crore as per details given in Table No.1.2.

Table No:1.2

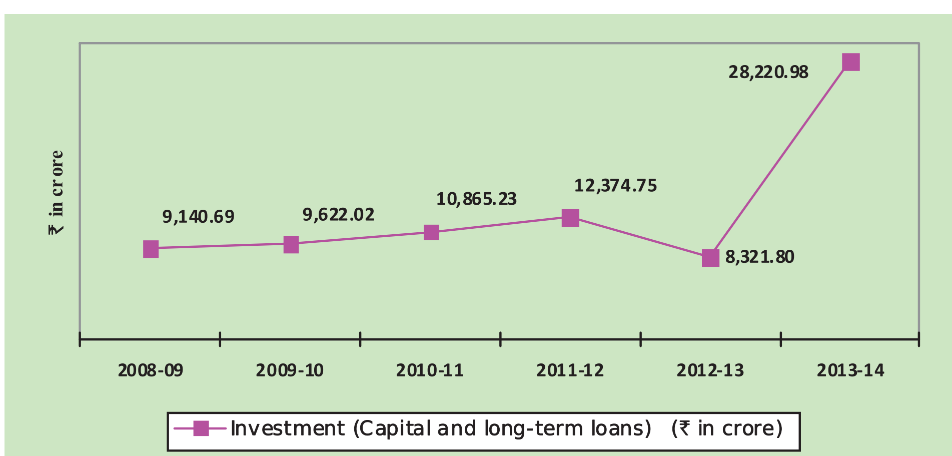
(₹ in crore)

Type of PSUs	Government companies			Statutory corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	17957.07	8573.10	26530.17	185.53	776.26	961.79	**27491.96**
Non-working PSUs	180.79	548.23	729.02	-	-	-	**729.02**
Total	**18137.86**	**9121.33**	**27259.19**	**185.53**	**776.26**	**961.79**	**28220.98**

A summarised position of Government investment in State PSUs is detailed in ***Annexure- 1.1.***

1.8 As on 31 March 2014, of the total investment in State PSUs, 97.42 *per cent* was in working PSUs and the remaining 2.58 *per cent* in non-working PSUs. This total investment consisted of 64.93 *per cent* towards equity capital and 35.07 *per cent* in long-term loans. This investment has increased by 208.74 *per cent* from ₹ 9140.69 crore in 2008-09 to ₹ 28220.98 crore in 2013-14 as shown in the Chart No.1.1.

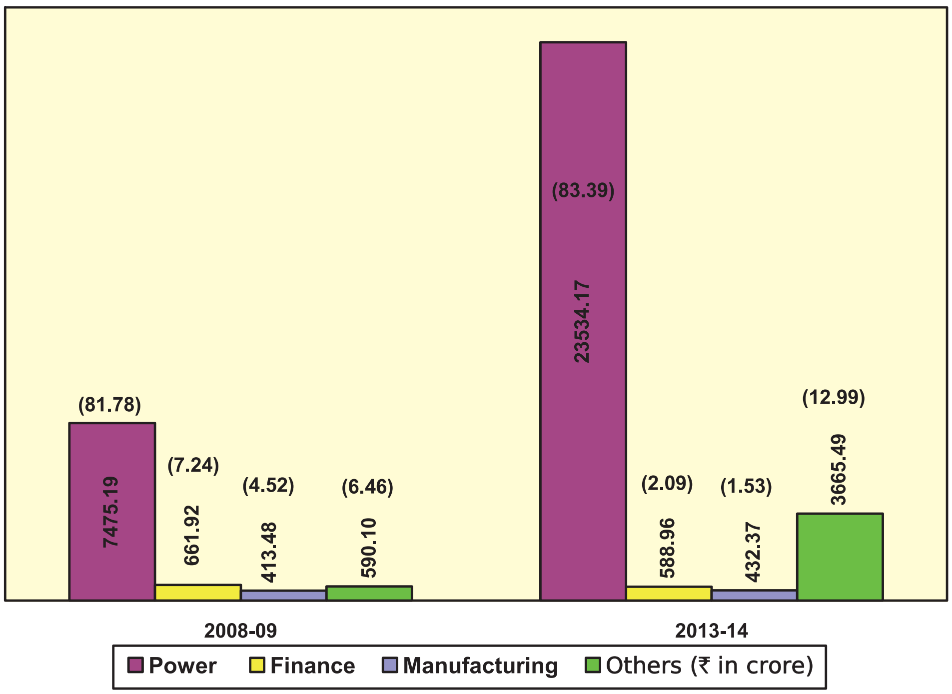
Chart No: 1.1



1.9 The investment in various important sectors and percentage thereof at the end of 31 March 2009 and 31 March 2014 are indicated in the chart No.1.2. The thrust of PSU investment was mainly on the Power Sector during the past six years. During the current year, it increased by 214.83 *per cent* from ₹ 7475.19 crore in 2008-09 to ₹ 23534.17[4] crore in 2013-14 consequent upon the unbundling of erstwhile Bihar State Electricity Board into five companies[5] and release of budgetary support by the State Government. The investment in other sectors had also increased by 181.41 *per cent* in 2013-14 as compared to 2008-09.

Chart No. 1.2

Investment in important sectors (₹ in crore)



(**Figures in brackets show the percentage of total investment)**

Budgetary outgo, Grants/subsidies, Guarantees and loans

1.10 The details regarding Budgetary outgo towards Equity, Loans, Grant/ Subsidies, in respect of State PSUs are given in ***Annexure- 1.2***. The summarised details are given in Table No. 1.3 for three years ended 2013-14.

4 The figure includes ₹ 17676.15 crore as Equity capital allocated to Bihar State Power (Holding) Company Limited (₹ 8923.96 crore), Bihar State Power Generation Company Limited (₹ 2005.42 crore), Bihar State Power Transmission Company Limited (₹ 2307.08 crore), North Bihar Power Distribution Company Limited (₹ 2170.84 crore) and South Bihar Power Distribution Company Limited (₹ 2268.85 crore) as per the information furnished by these Companies.

5 Bihar State Power (Holding) Company Limited, Bihar State Power Generation Company Limited, Bihar State Power Transmission Company Limited, North Bihar Power Distribution Company Limited and South Bihar Power Distribution Company Limited.

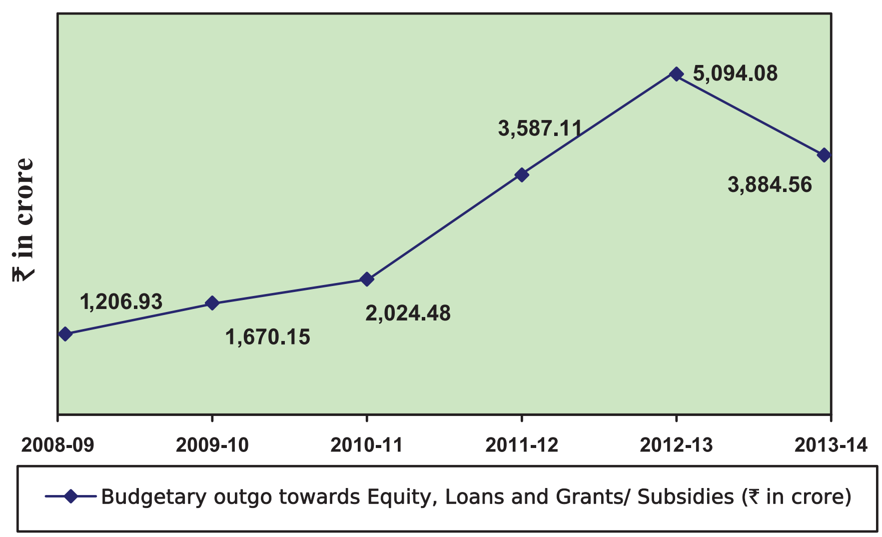
Table No: 1.3

(₹ in crore)

Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	2	2.00	4	1481.94	4	744.73
2.	Loans outgo from budget	4	1,464.87	4[6]	677.17[7]	4	1079.54
3.	Grants/Subsidy outgo	1	2,120.24	6[8]	2934.97[9]	6	2060.29
4.	Total outgo[10]	6	3,587.11	11	5094.08	11	3884.56
5.	Interest/Penal interest written off	-	-		-	-	-
6.	Guarantees issued	-	-	-	-	5	2648.83
7.	Guarantee Commitment	1	3.47	2	73.06	5	2910.89

1.11 The details regarding budgetary outgo towards Equity, Loans and Grants/ Subsidies for past six years are given in Chart No. 1.3.

Chart No: 1.3



The budgetary support in the form of Equity, Loans and Grants/ Subsidies by the State Government during the years 2008-09 to 2013-14 had been showing an increasing trend. The budgetary support increased from ₹ 1206.93 crore in 2008-09 to ₹ 3884.56 crore in 2013-14. Out of ₹ 3884.56 crore, the Power

6 It includes erstwhile Bihar State Electricity Board.
7 It includes loan received by erstwhile Bihar State Electricity Board.
8 It includes erstwhile Bihar State Electricity Board.
9 It includes subsidy received by erstwhile Bihar State Electricity Board.
10 Total outgo represents the total budgetary support to actual number of companies in the form of equity, loans and grant/subsidy during the year.

Sector received ₹ 2867.02 crore (73.80 *per cent* of total budgetary support received from State Government) during the year 2013-14. At the end of the year, Guarantees on Loans aggregating ₹ 2910.89 crore were outstanding against five[11] PSUs. Guarantee commission of ₹ 8.87 lakh pertaining to the year up to 1982-83 against Bihar State Financial Corporation and ₹ 1.63 crore for the year 2013-14 against Bihar State Food and Civil Supplies Corporation Limited were outstanding.

Reconciliation with Finance Accounts

1.12 The figures in respect of Equity, Loans and Guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as on 31 March 2014 is stated in Table No. 1.4.

Table No:1.4

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts[12]	Amount as per records of PSUs	Difference
Equity	491.51	10164.99	9673.48
Loans	4031.72	4691.99	660.27
Guarantees	789.23	2910.89	2121.66

1.13 The Accountant General (Audit) had taken up (October 2011) the issue with the Chief Secretary and the Finance Secretary with the latest reminder in November 2014 to the Principal Secretary, Finance Department, Government of Bihar, to reconcile the differences after examination. However, this has not yet been done (September 2014). The Government and the PSUs should take concrete steps to reconcile the differences in a time bound manner.

Performance of PSUs

1.14 The financial results of all the PSUs are given in ***Annexure-1.3***. The financial position and working results of Statutory corporations are detailed in ***Annexure 1.4 and 1.5*** respectively.

1.15 As per latest finalised Accounts, out of 33 working PSUs, 14 PSUs earned Profit of ₹ 240.12 crore and 15 PSUs incurred Loss of ₹ 203.16 crore. Out of the remaining four PSUs, two[13] PSUs submitted its first Accounts

---

[11] Bihar State Backward Classes Finance and Development Corporation, Bihar State Minorities Financial Corporation Limited, Bihar State Road Development Corporation Limited, Bihar State Power Generation Company Limited and Bihar State Food and Civil Supplies Corporation Limited.

[12] The information is in respect of 46 PSUs (out of 73 PSUs) as appearing in Finance Accounts.

[13] Bihar State Power Generation Company Limited and Bihar State Power Transmission Company Limited.

which had nil profit/loss and two PSUs[14] had not finalised its first Accounts (September, 2014). The major contributors of Profit were Bihar Rajya Pul Nirman Nigam Limited (₹ 106.99 crore), Bihar State Road Development Corporation Limited (₹ 37.36 crore) and Bihar State Beverages Corporation Limited (₹ 39.28 crore). The PSUs which incurred heavy losses were North Bihar Power Distribution Company Limited (₹ 74.26 crore), South Bihar Power Distribution Company Limited ((₹ 22.79 crore) and Bihar State Road Transport Corporation (₹ 57.69 crore) as per their latest finalised accounts.

1.16 A review of latest three years Audit Reports of CAG shows that the working PSUs in the State incurred controllable losses to the tune of ₹ 1224.28 crore and infructuous investment of ₹ 55.79 crore. Year-wise details from Audit Reports are stated in Table No. 1.5.

Table No: 1.5

(₹ in crore)

Particulars	2011-12	2012-13	2013-14	Total
Controllable losses as per CAG's Audit Report	852.42	103.78	268.08	1224.28
Infructuous Investment	21.48	1.81	32.50	55.79

1.17 The above losses pointed out by Audit Reports of CAG are based on test check of records of PSUs. The actual controllable losses could be much more. The above table indicates the need for effective management and control and ensuring accountability in the functioning of PSUs.

1.18 The State Government had not formulated any Dividend Policy for PSUs to pay a minimum Dividend so as to ensure return on its investments. As per their latest finalised Accounts, 14 PSUs earned an aggregate Profit of ₹ 240.12 crore. However, out of 14 PSUs, only three Companies viz. Bihar Rajya Pul Nirman Nigam Limited, Bihar State Beverages Corporation Limited and Bihar State Building Construction Corporation Limited proposed a dividend of ₹ 1.05 crore, ₹ 6.00 crore and ₹ 0.50 crore respectively.

Arrears in finalisation of Accounts

1.19 The Accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. Similarly, in case of Statutory corporations, their Accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts. The details of progress made by working PSUs in finalisation of its accounts by September 2014 are given in Table No. 1.6.

[14] Pirpainti Bijli Company Private Limited and Lakhisarai Bijli Company Private Limited.

Table No: 1.6

Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Number of Working PSUs	25	25	26	31[15]	33
2.	Number of Accounts finalised during the year	17	34	23	26	31
3.	Number of Accounts in arrears	213	186	191	196	199[16]
4.	Average arrears *per* PSU (3/1)	8.52	7.44	7.35	6.32	6.03
5.	Number of Working PSUs with arrears in Accounts	25	23	25	29	29
6.	Extent of arrears (years)	1 to 21	1 to 21	1 to 22	1 to 23	1 to 23

1.20 Out of 33 working PSUs, only four[17] PSUs had finalised their accounts for the year 2013-14 and remaining 29 PSUs had arrears of 199 Accounts as of 30 September 2014. The Accounts of 29 PSUs were in arrears for periods ranging from one year to 23 years. Although average of arrears per PSU had declined from 8.52 per PSU in 2009-10 to 6.03 per PSU in 2013-14 but situation is still pathetic. The reasons for arrears in accounts were delays in preparation/certification of Accounts, delays in holding of Annual General Meeting and shortage of manpower.

1.21 In addition to above, there were also arrears in finalisation of Accounts by non-working PSUs. Out of 40 non-working PSUs, nine PSUs were in the process of liquidation as of 31 March 2014. Of the remaining 31 non-working PSUs, the extent of arrears of accounts was from 17 to 35 years.

1.22 The State Government had invested ₹ 5982.80 crore (Equity: ₹ 689.56 crore, Loans: ₹ 2829.77 crore, Grants: ₹ 540.04 crore and others (subsidy): ₹ 1923.43 crore) in 32 PSUs during the years for which Accounts had not been finalised as detailed in ***Annexure- 1.6***. In the absence of finalised Accounts and their subsequent audit, it could not be ensured whether the Investments and Expenditure incurred had been properly accounted for and the purpose for which the amount was invested had been achieved. Thus, Government's Investment in such PSUs remained outside the scrutiny of the State Legislature. Further, delay in finalisation of Accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

---

[15] It includes five new Power Sector companies which commenced their business from November 2012.

[16] The arrear in accounts at the end of 2012-13 (30 September) was taken as 196 instead of 197, due to exclusion of one accounts of erstwhile Bihar State Electricity Board which was not included in the number of working PSUs in 2012-13 consequent upon unbundling into five Companies.

[17] Bihar State Financial Corporation, Bihar State Building Construction Corporation Limited, Bihar Grid Company Limited and North Bihar Power Distribution Company Limited.

1.23 The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the Accounts are finalised and adopted by these PSUs within the prescribed period. The Accountant General brought (October 2014) the position of arrears of Accounts to the notice of the Chief Secretary and the Principal Secretary/Secretary of the concerned administrative department. No significant remedial measures were, however, taken. As a result of this, the net worth of these PSUs could not be assessed in audit.

1.24 In view of above state of arrears, it is recommended that the Government should expedite the clearance of arrears in finalisation of Accounts and monitor the timely finalisation of Accounts in conformity with the provisions of the Companies Act, 1956.

Winding up of non-working PSUs

1.25 There were 40 non-working PSUs (all Companies) as on 31 March 2014. Of these, nine PSUs were under liquidation process as on 31 March 2014. During 2013-14, one[18] non-working PSU incurred an expenditure of ₹ 8.07 crore towards salary, wages, establishment expenditure, etc.

1.26 The stages of closure in respect of non-working PSUs as on 31 March 2014 are given in Table No. 1.7.

Table No: 1.7

Sl. No.	Particulars	Companies	Statutory corporations	Total
1.	Total No. of non-working PSUs	40	-	40
2.	Of (1) above, the number under			
(a)	Liquidation by Court (Liquidator appointed)	4[19]	-	4
(b)	Closure, i.e. closing orders/ instructions issued but liquidation process not yet started/in-progress.	5[20]	-	5

1.27 During the year 2013-14, no PSU was finally wound up. The companies which have taken the route of winding up by Court order are under liquidation for a period of more than 14 years. The process of voluntary winding up under the Companies Act, 1956 is much faster and needs to be adopted/ pursued vigorously. It is recommended that the Government should take a decision regarding winding up of remaining 31 non-working PSUs

---

[18] Bihar State Industrial Development Corporation Limited.

[19] Kumardhubi Metal Casting and Engineering Limited, Bihar State Leather Industries Development Corporation Limited, Bihar State Finished Leathers Corporation Limited and Bihar State Small Scale Industries Corporation Limited.

[20] Bihar State Pharmaceuticals and Chemicals Development Corporation Limited, Bihar State Textiles Corporation Limited, Bihar State Water Development Corporation Limited, Bihar State Dairy Corporation Limited, and Bihar Hill Area Lift Irrigation Corporation Limited.

where no decision about their continuation or otherwise has been taken after they became non-working.

Accounts Comments and Internal Audit

1.28 Nineteen working companies[21] forwarded their 28 Accounts to the Accountant General during the year 2013-14[22]. Of these, 16 Accounts of the companies were selected for supplementary audit. The Audit Reports of Statutory Auditors appointed by CAG and the supplementary audit of CAG indicated that the quality of maintenance of Accounts needs to be improved substantially. The details of aggregate monetary implications of comments of Statutory Auditors and CAG are given in Table No. 1.8.

Table No: 1.8

(₹ in crore)

Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1.	Decrease in Profit	6	64.86	5	8.76	2	51.20
2.	Increase in Loss	4	17.19	7	7.28	7	49.20
3.	Non-disclosure of material facts	1	3.71	1	2.70	9	4914.22
4.	Error of Classification	-	-	-	-	4	357.95

1.29 During the year, the Statutory Auditors had given qualified certificates for 32 Accounts[23] finalised by 20 companies[24]. The compliance to the Accounting Standards by the companies remained poor as there were 15 instances of non-compliance with the Accounting Standard in the 12 accounts of 10[25] Companies during the year.

1.30 Some of the important comments of CAG in respect of Accounts of companies finalised during the year 2013-14 are stated below:-

Bihar State Educational Infrastructure Development Corporation Limited (2011-12)

Other income included interest income of ₹ 26.39 crore on temporary deposits of fund provided by the State Government for execution of specific projects which was considered by the Company as their revenue and credited to Profit & Loss Account in contravention of Accounting Standard-9 on Revenue recognition. The interest earned should have been credited to the Fund under Current Liabilities. Had interest earned during the year 2011-12 been credited

[21] Sl. No. A4,A6,A7, A8,A9, A10, A12, A13,A14, A16,A17, A18,A19, A20, A21, A22, A23, A26 and A28 of ***Annexure-1.3***.

[22] During the period from October 2013 to September 2014.

[23] Working government companies (28) and Non-working government companies (4).

[24] Working government companies (19) and Non-working government companies (1).

[25] Sl. No. in ***Annexure-1.3*** are A4, A6, A9,A10,A12,A13,A14,A17,A18 and A26.

to the Fund provided by the State Government, the net profit of ₹ 24.15 crore would have turned into net loss of ₹ 2.24 crore.

Bihar Rajya Pul Nirman Nigam Limited (2011-12)

Other income included ₹ 22.80 crore as interest on Fixed deposit earned on temporary deposit of unutilised fund received from Government for execution of different projects/ schemes as Company's revenue and credited to Profit & Loss account in contravention of Accounting Standard-9 on Revenue recognition.

Accountal of the interest earned on Government Fund as Company's revenue resulted in overstatement of Other Income as well as profit and understatement of liabilities to the extent of ₹ 22.80 crore each.

Bihar State Power (Holding) Company Limited (2012-13)

Loans and Advances included ₹ 12.87 crore being the amount of advance income tax deducted at source during the years 2008-09 and 2009-10 which were transferred to the Company as opening balances subsequent to restructuring of Bihar State Electricity Board. As the Board had not filed income tax returns for the above periods and the same had already become time barred, the chances of recovery of the same were doubtful. Non provision for the doubtful debts had resulted in overstatement of Loans and Advances and understatement of provision for doubtful debts as well as Loss by ₹ 12.87 crore each.

1.31 Similarly, two working Statutory corporations forwarded three Accounts[26] to Accountant General during the year 2013-14[27] which were selected for audit. The Audit Reports of Statutory Auditors and the audit of CAG indicate that the quality of maintenance of Accounts needs to be improved substantially. The details of aggregate monetary implications of comments of Statutory auditors and CAG are given in Table No. 1.9.

Table No: 1.9

(₹ in crore)

Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1.	Decrease in profit	1	0.33	1	0.19	1	3.75
2.	Increase in loss	1	1,888.94		Nil	1	0.64
3.	Non-disclosure of material facts	Nil	Nil	1	2.70	1	4.05

[26] Bihar State Financial Corporation (2012-13) (2013-14) and Bihar State Road Transport Corporation (2004-05).

[27] During the period from October 2013 to September 2014.

1.32 Significant comment in respect of Accounts of one Statutory corporation viz. Bihar State Warehousing Corporation finalised during the year 2013-14 is stated below:

Bihar State Warehousing Corporation (2009-10)

The Corporation against the demand of ₹ 2.73 crore by the LIC against group gratuity scheme till March 2010, made a provision of only ₹ 7.50 lakh. Thus, profit for 2009-10 was overstated and provision for Gratuity understated by ₹ 2.65 crore each.

1.33 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report on various aspects including Internal controls/ Internal audit systems in the companies that are audited by them in accordance with the directions issued by the CAG under Section 619(3) (a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of important comments made by the Statutory Auditors on possible improvement in the Internal controls/Internal audit system in respect of 13 companies[28] for the year 2012-13 and 20 companies[29] for the year 2013-14 and are given in Table No. 1.10.

Table No: 1.10

Sl. No.	Nature of comments made by Statutory Auditors	Number of companies where recommendations were made	Reference to serial number of the companies as *per Annexure*-1.2
1.	Non-fixation of minimum/ maximum limits of store and spares	03	A-9, A-17, A-19
2.	Absence of Internal audit system commensurate with the nature and size of business of the Company	20	A-4, A-6, A-7, A-8 A-9, A-10, A-12, A-13, A-14, A-16, A-17, A-18, A-19, A-20, A-21, A-22, A-23,A-26, A-28, C-17
3.	Non-maintenance of proper records showing full particulars including quantitative details, situations, identity number, date of acquisitions, depreciated value of fixed assets and their locations	15	A-4, A-7, A-8 A-9, A-10, A-14, A-16, A-17, A-18, A-19, A-20, A-21, A-22, A-26, C-17

[28] Serial Number A-1,A-8, A-10, A-11, A-12, A-13,A-16, A-23, A-25,A-26,A-28,C-4 and C-17 as per ***Annexure - 1.3***.

[29] Serial Number A-4, A-6, A-7, A-8 A-9, A-10, A-12, A-13, A-14, A-16, A-17, A-18, A-19, A-20, A-21, A-22, A-23, A-26, A-28 and C-17 as per ***Annexure - 1.3.***

Recoveries at the instance of audit

1.34 During the course of propriety audit in 2013-14, recoveries of ₹ 81.98 crore were pointed out to the Management of various PSUs, of which recoveries of ₹ 14.21 crore were admitted by the PSUs. An amount of ₹ 3.11 crore was recovered during the year 2013-14.

Status of placement of Separate Audit Reports

1.35 The status of placement of various Separate Audit Reports (SARs) issued by the CAG on the accounts of Statutory corporations in the Legislature by the Government is given in Table No. 1.11.

Table No: 1.11

Sl. No.	Name of Statutory corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
1.	Bihar State Warehousing Corporation	2007-08	2008-09 2009-10	28 February 2011 8 January 2014	Reasons not made available by the Government
2.	Bihar State Financial Corporation	2010-11	2011-12 2012-13	23 March 2013 20 March 2014	
3.	Bihar State Road Transport Corporation	1973-74	1974-75 to 2002-03 (30) Details as under		
			1991-92	9 June 1997	
			1992-93	2 September 1998	
			1993-94	2 September 1998	
			1994-95	4 December 1998	
			1995-96	18 April 2000	
			1996-97	19 March 2004	
			1997-98	19 October 2004	
			1998-99	12 April 2005	
			1999-2000	07 October 2005	
			2000-01	24 September 2007	
			2001-02	26 October 2007	
			2002-03	25 January 2010	
			2003-04	20 May 2014	

Delay in placement of SARs weakens the legislative control over Statutory corporations and dilutes the latter's financial accountability. The issue of delay in placement of SARs before the State Legislature was brought to the notice of

Chief Minister, Bihar by the CAG in December 2010. There was no improvement in respect of placement of SARs of Bihar State Road Transport Corporation. The Accountant General also brought the issue to the attention of the Principal Secretary, Finance Department, Government of Bihar (May 2011) with the latest reminder in February 2014. The Government should ensure prompt placement of SARs in the State Legislature.

Disinvestment, Privatisation and Restructuring of PSUs

1.36 The State Government did not undertake the exercise of disinvestment of any of its PSUs during 2013-14. However, the State Government restructured Bihar State Electricity Board by unbundling into five new companies vide notification no. 17 dated 30 October 2012 under "The Bihar State Electricity Reforms Transfer Scheme, 2012". Further, subsequent to the formation of Jharkhand State, restructuring of all the PSUs was to be taken up. The decision on the division of assets and liabilities as well as of the Management of 12 PSUs was taken in September 2005. The implementation, however, has been done only in the case of five PSUs[30] (September 2014).

[30] Bihar Rajya Beej Nigam Limited, Bihar State Hydroelectric Power Corporation Limited, Bihar State Tourism Development Corporation Limited, Bihar State Warehousing Corporation and Bihar State Mineral Development Corporation Limited.

CHAPTER II

2. PERFORMANCE AUDIT RELATING TO GOVERNMENT COMPANY

PERFORMANCE AUDIT ON THE ACTIVITIES OF BIHAR STATE TOURISM DEVELOPMENT CORPORATION LIMITED

Chapter II
Performance Audit relating to Government Company

2. Performance Audit on the activities of Bihar State Tourism Development Corporation Limited

Executive Summary

Introduction

The Bihar State Tourism Development Corporation Limited (Company) was incorporated as a wholly owned Government Company in November 1980 with the main objective of promoting tourism in the State.

The Company is presently engaged in the construction of tourist infrastructures, hotel/catering services, transport services, operation of ropeway services at Rajgir, leasing of assets such as hotels, wayside facilities, cafeteria, etc., motor boating and light and sound show at Golghar, Patna.

As on 31 March 2014, Company had 21 hotels (10 self-run) spread over different locations of the State. The Company also had 13 restaurants (four self-run) attached to its hotels.

As on 31 March 2013 the authorised and paid up capital of the Company was ₹ five crore fully owned by the State Government and Reserve & Surplus of ₹ 12.10 crore. During the period 2009-10 to 2012-13, the profit of Company ranged between ₹ 1.07 crore and ₹ 2.08 crore.

State Tourism Policy

The implementation of the State Tourism Policy (STP) 2009 primarily depended on the establishment of the 'Tourism Promotion and Development Council'. The Council was to work as a driver to maintain synchronisation and harmony with all the stakeholders of the tourism industry. However, the State Government failed to establish the said Council even after five years of existence of the Policy, as envisaged in the said STP.

Besides, it also failed to create a Special Tourism Security Force to instil a sense of security into the tourists. Further, the Company also failed to prepare any long term/perspective plan/road map clearly defining the targets to be achieved in the coming years. Thus, inaction on the part of the State Government and the Company rendered the State Tourism Policy merely a formality.

Finance and Accounts wing

Lack of proper control over bank balances vis-à-vis cash balances through timely preparation of Bank Reconciliation Statement resulted in a loss of ₹ 1.30 crore to the Company. The Company did not have an Internal Audit wing of its own. The internal audit of the Company was carried out through firms of Chartered Accountants, which was merely confined to compilation of accounts.

Performance of Hotels

The targeted occupancy percentage for self-managed hotels was fixed (November 1992) by the Company at 60 per cent. Only one self-managed hotel and two self-managed hotels of the Company achieved 60 per cent occupancy target in the year 2011-12 and 2012-13 respectively. Further, though the Company's hotels were not permitted to allow credit in respect of tariffs for its rooms, the total amount recoverable in respect of unauthorised credit allowed by its 10 hotels as on 31 March 2013 stood at ₹ 56.47 lakh. The Company did not have any policy for fixation of room rent.

Transport services

The performance of transport services of the Company during the period 2009-14 was not satisfactory. It suffered losses during 2009-10, 2011-12 and 2013-14 and earned meagre profit of ₹ 28 lakh and ₹ three lakh in the year 2010-11 and 2012-13 respectively. The sundry debtors of the transport unit increased from ₹3.42 crore to ₹ 4.81 crore during the period 2010-11 to 2012-13. The newly purchased buses were not utilised for intended purposes. Non-release of payment as per agreement and purchase of Carvans without any Cost Benefit Analysis resulted in blocking up of ₹ 1.26 crore.

Travel-Trade and Ropeway

Finalisation of tender without preparing any estimate resulted in excess expenditure of ₹ 12 lakh on account of operation and maintenance charges. Besides, inaction on the part of the Company resulted in non-awarding of telecast rights to the successful bidder as well as revenue loss of ₹ 33.96 lakh.

Infrastructure development projects

Out of 83 projects for which funds were received during the period 2009-14, only 23 projects were completed of which 12 projects were completed with a delay ranging from one to 32 months. Delay in execution of infrastructural projects was mainly attributable to unplanned execution, viz., preparation of estimates without actual site-survey, poor monitoring and shortage of engineers in the Engineering wing of the Company.

Internal control system

Monthly meetings to review the progress of units were not held regularly which was indicative of lack of monitoring and supervision by the Top Management. There was no system in vogue for conducting periodical verification of Company's assets.

Conclusion

The Company failed to formulate a long term/perspective plan/road map with clearly defined targets/milestones to be achieved in the ensuing years as a result of which the tourist potential of the State remained largely untapped despite five years of adoption of State Tourism Policy; the working of Finance and Accounts wing of the Company was not streamlined; lack of

basic amenities, non-maintenance of prime assets, lack of manpower and non-professional approach to render quality services resulted in alienation of tourists from Company's hotels; the Company failed to utilise the new fleets for intended purposes which resulted in blocking up of fund.

Poor planning, lack of adequate monitoring and supervision of execution of infrastructure projects resulted in inordinate delays and non-availability of tourist facilities.

Introduction

2.1 The Bihar State Tourism Development Corporation Limited (Company) was incorporated as a wholly owned Government Company in November 1980 with the main objective of promoting tourism in the State by providing accommodation to tourists, providing transport and catering facilities and developing places of tourist interests. The Company is presently engaged in construction of tourist infrastructures, hotel/catering services, transport services, operation of ropeway services at Rajgir, leasing of assets such as hotels, wayside facilities, cafeteria, etc., motor boating and light and sound show at Golghar, Patna.

The Department of Tourism (DoT), Government of Bihar (GoB) being the Administrative Department of the Company sanctions various projects for development of tourist infrastructure in the State of Bihar and entrusts the same to the Company for execution**.** DoT also extends budgetary support to the Company in form of grants and seeks utilisation certificate in respect thereof.

As on 31 March 2014, Company had 21 hotels (10 self-run, seven leased out, three under renovation and one with the Forest & Environment Department, GoB) spread over different locations of the State. The Company also had 13 restaurants (four self-run, eight leased out and one under renovation) attached to its hotels. Besides, the other assets of the Company included wayside facilities, aerial ropeway at Rajgir, transport services, 266 other assets comprising mainly of cafeterias and small shops, motor boating, light and sound show at Patna, etc. The activities of the Company had five major segments viz. accommodation, catering, transport, ropeway and others.

Organisational set-up

2.2 The management of the Company is vested in a Board of Directors (BoD). As on 31 March 2014, the BoD consisted of six Directors including two professionals and one from public nominated by the GoB. The Principal Secretary, DoT is the ex-officio Chairman of the BoD of the Company. The Chairman-cum-Managing Director/Managing Director is the Chief Executive Officer (CEO) of the Company who is assisted by the General Manager, Deputy General Manager (Finance & Accounts), Deputy General Manager (Administration), Chief Engineer and an Executive Engineer in the day to day working of the Company.

Capital Structure

2.3 As on 31 March 2013[1] the authorised and paid up share capital of the Company was ₹ five crore fully owned by the State Government ***(Annexure-2.1)***. During the period 2009-10 to 2012-13 the Company had earned a profit ranging from ₹ 1.07 crore to ₹ 2.08 crore. Besides, there was Reserve & Surplus of ₹ 12.10 crore (Subsidy ₹ 0.58 crore and General Reserve of ₹ 11.52 crore).

A comprehensive review on the activities of the Company last featured in the Report of the Comptroller and Auditor General of India, for the year 2008-09 (Commercial), Government of Bihar. This was preceded by a sectoral review on the catering and occupancy performance and a comprehensive review on the activities of the Company which featured in the Reports for the year 1998-99 and 2003-04 respectively. The aforementioned reviews are yet to be discussed by the Committee on Public Undertakings (November 2014).

Audit Objectives

2.4 The objectives of Performance Audit of the Company were to assess as to whether:

- the Company had prepared a strategic plan/action plan or signed a Memorandum of Understanding (MoU) with the GoB for implementation of the State Tourism Policy (STP);
- the operations of the hotels and restaurants of the Company were carried out economically and efficiently;
- the transport and ropeway services were being managed on profitable lines;
- the funds received from Government of India (GoI)/GoB for infrastructural development were utilised economically, efficiently and effectively; and
- the Internal Control/Internal Audit system of the Company was adequate and effective.

Audit Criteria

2.5 The audit criteria considered for assessing the achievement of audit objectives were:

- State Tourism Policy (STP), i.e., Bihar Tourism Policy-2009;
- Guidelines and instructions issued by the Department of Tourism (DoT), GoI/GoB for sponsored schemes;
- Policies framed by the Government for promotion of tourism and other relevant rules and regulations issued from time to time;
- MoUs entered into between the Company and Government;
- Targets of occupancy and revenue set by the Company for its units/hotels;

[1] Accounts for the years 2011-12 and 2012-13 are provisional. Accounts for 2013-14 had not been prepared by the Company.

- Provisions of the Companies Act, 1956, other applicable Acts, and Memorandum & Articles of Association of the Company;
- Basis of fixation of tariffs; and
- Marketing policy of the Company.

Audit Scope and Methodology

2.6 This Performance Audit of the Company was carried out during the period from April 2014 to July 2014 and covered the overall performance of the Company during the last five years ending 31 March 2014 which included implementation of Bihar Tourism Policy-2009, operational performance of units, tariff fixation, catering services, transport services, leasing of assets and infrastructure development activities, etc.

For this purpose, records maintained at the Company Head Office and its four[2] out of 10[3] self-managed hotels and aerial ropeway services at Rajgir were examined. The sample selection of self-managed hotels was done on the basis of revenue generation of hotels during the period covered under Performance Audit by adopting random sampling method.

An Entry Conference was held on 10 April 2014 to apprise the Government and the Management about the objectives of Performance Audit. A mix of audit methodology adopted in the course of Performance Audit included examination of records of the Company at the Headquarters and units' level, examination of agenda and minutes of BoD meetings, Tourism Policy of the State as well as the guidelines and/or instructions issued by the Central/State Government from time to time and issuance of audit enquiries for information and interaction with the Management. The audit findings were reported (July 2014) to the Government and the Management and discussed in an Exit Conference held on 4 September 2014 which was attended by the Managing Director and other officials of the Company and the representatives of the Government. The views expressed by the Government and the Management have been considered while finalising this Performance Audit Report.

Audit Findings

2.7 The audit findings are discussed in the subsequent paragraphs.

State Tourism Policy and its Implementation

2.8 Government of Bihar notified (July 2009) a State Tourism Policy, i.e., Bihar Tourism Policy-2009. The key objectives of the said Policy, *inter alia*, was to position Tourism as a State priority, focus on domestic tourism as major driver of tourism growth, promote Bihar for cultural, religious and

---

[2] (i) Hotel Tathagat Vihar, Rajgir; (ii) Hotel Siddharth Vihar, Bodhgaya; (iii) Hotel Licchavi Vihar, Muzaffarpur and (iv) Hotel Kautilya Vihar, Patna.

[3] (i) Hotel Kautilya Vihar, Patna; (ii) Hotel Licchavi Vihar, Muzaffarpur; (iii) Hotel Siddharth Vihar, Bodhgaya; (iv) Hotel Buddha Vihar, Bodhgaya; (v) Hotel Sujata Vihar, Bodhgaya; (vi) Hotel Tathagat Vihar, Rajgir; (vii) Hotel Ajatshatru Vihar, Rajgir; (viii) Hotel Kaimur Vihar, Mohania; (ix) Hotel Singheshwar Vihar, Madhepura and (x) Hotel Renu Vihar, Purnea.

'wellness' tourism, improve the efficiency of the industry for enhanced social and economic benefits, etc.

We observed that:

- the implementation of the State Tourism Policy primarily depended on the establishment of the 'Tourism Promotion and Development Council' by the State Government. The Council was to work as a driver to maintain synchronisation and harmony with all the stakeholders of the tourism industry. However, the State Government failed to establish the said Council even after five years of existence of the said Policy;
- the State Government also failed to create a Special Tourism Security Force to instil a sense of security into the tourists;
- the State Government should have signed MoUs with the Company to make the Company accountable for implementation of its role as defined in the Policy. However, the State Government failed to sign any MoU with the Company in this regard; and
- the Company failed to prepare any long term/perspective plan/road map clearly defining the targets and/or milestones to be achieved in the coming years.

In Exit Conference, the State Government as well as the Company while accepting the audit observation stated (September 2014) that formation of a new State Tourism Policy-2014 was under process.

Recommendation: We recommend that the Company needs to prepare a long-term perspective plan/road map clearly defining the targets and /or milestones with due co-operation from the DoT for accomplishment of the goals defined in the STP.

Finance and Accounts wing

2.9 The Company's Finance & Accounts wing is primarily responsible for preparation of accounts, Budgets, Manuals, maintenance of Project-wise Bank Accounts and reconciliation thereof, strengthening internal control measures, carrying out internal audit, etc. in the Company. The following deficiencies were noticed in the Finance and Accounts wing of the Company:

Loss due to non-reconciliation of bank balances

2.9.1 The Company failed to reconcile its bank balances as per cash book with that of balances with the bank. The bank balances exhibited a shortage of ₹ 1.30 crore as shown in ***(Annexure-2.2)*** when compared with the Company's ledger balance. Passbooks/Bank statements were not available with the Company and banks also intimated that records relating to balances were not available with them. In absence of requisite details, these shortages were being carried forward in the Company's account as fictitious asset. Thus, lack of proper control over bank balances vis-à-vis cash balances through timely preparation of bank reconciliation statement resulted in a loss of ₹ 1.30 crore to the Company.

The Management in its reply accepted (September 2014) the facts and figures.

Non-preparation of Project-wise Bank Accounts

2.9.2 Though it was decided (June 2008) by the Company to maintain Project- wise Bank Accounts in order to keep a control over the diversion of funds and to keep proper record of savings and interest earned on each project, the Company failed to maintain Project-wise Bank Accounts in respect of its infrastructural projects.

The Management stated (September 2014) that there was no need to maintain Project-wise Bank Accounts since the Company maintained Project-wise sub-ledger to identify the available balance. The reply is not acceptable since it is contrary to the Company's own decision.

Non-placement of Budget before the BoD

2.9.3 The Budgets were not placed timely before the BoD. The Management stated (September 2014) that as per the Companies Act, 1956 the Budget is not required to be placed before the Board. The reply does not hold good since Budget is part of planning and as per clause 66 (24) of the Articles of Association of the Company, planning comes under the specific powers of the Board.

Non-filing of annual return with RoC

2.9.4 The Company was required to file annual returns[4] under section 159 of the Companies Act, 1956 with the Registrar of the Companies (RoC). However, the Company failed to file annual return with the RoC from the year 2007-08 onwards as a result of which the Company's name was included in the list of defaulting companies published by the Ministry of Corporate Affairs, Government of India.

Non-recovery of outstanding dues

2.9.5 The Company had sundry debtors of ₹ 6.08 crore as on 31 March 2013 including ₹ 73.63 lakh being recoverable for more than four years. Further, the aforementioned sundry debtors aggregating to ₹ 6.08 crore comprised of a substantial sum of ₹ 4.81 crore recoverable on account of hiring charges in respect of vehicle hired by the transport wing of the Company during the period 2010-11 to 2012-13. As a result of poor Receivable Management Policy, working capital to the extent of ₹ 3.83 crore[5] lay blocked during the period 2009-10 to 2012-2013.

Non-preparation of Accounts Manual, Operational Manual etc.

2.9.6 The Company did not prepare any Accounts Manual, Procurement Manual, Operation Manual, etc. even after expiry of 34 years of its incorporation. Further, the Company did not have an Internal Audit wing of its own. The internal audit of the company was carried out through firms of Chartered Accountants. The scope of work of internal audit was merely confined to compilation of accounts, reconciliation of bank accounts, etc. and

---

4 Balance Sheet and Profit and Loss accounts.

5 This denotes average dues outstanding during the period.

did not include examination of technical as well as financial propriety of expenditures incurred/to be incurred by the Company.

Recommendation: We recommend that the Company needs to streamline the functioning of Finance and Accounts wing viz. timely preparation of Bank Reconciliation Statement, preparation of Project-wise Bank Accounts, timely finalisation of Accounts and review of the Company's function through regular monitoring and supervision.

Performance of Hotels

2.10 The details of tourist inflow in the State along with the details of tourists who availed accommodation facilities of the Company during the last five year period ending 31 March 2014 is detailed in ***Annexure 2.3.***

It can be seen from the ***Annexure 2.3*** that despite an increase of 37.38 *per cent* in tourists' inflow between 2009-10 and 2013-14, the percentage of tourists availing Company's accommodation facilities drastically declined from 0.24 *per cent* in 2010-11 to 0.13 *per cent* in 2013-14. Reasons for decline in availing Company's accommodation by tourists have been discussed separately in Paragraph 2.11.1.

The Management while accepting the facts stated (September 2014) that process of reforms for services and other facilities were being initiated.

Operation of Hotels

2.10.1 The performance details indicating number of hotels operated, occupancy percentage achieved by these hotels during the period 2009-14 is given in the following table**:**

Table No: 2.1

Year	2009-10	2010-11	2011-12 (Provisional)	2012-13 (Provisional)	2013-14 (Provisional)
No. of self-managed hotels **(Details are given in *Annexure 2.4*)**	13	14	14	14	10
No. of room days	66065	73265	73265	73265	55380
No. of beds (in rooms)	362	402	402	402	304
No. of dormitory beds	197	197	197	197	159
Occupancy (in *per cent*)	**35.87**	**35.30**	**35.61**	**34.21**	**31.80**

(Source: Information furnished by the Company)

It can be seen from the above table that the number of room days decreased from 66065 in 2009-10 to 55380 in 2013-14 which was mainly attributable to leasing out of four[6] hotels to private operators.

We further observed that:

- The targeted occupancy rate for self-managed hotels was fixed (November 1992) by the Company at 60 *per cent*[7], only one[8] self-managed hotel and two[9]

[6] Hotel Gautam Vihar, Rajgir; Hotel Vishwamitra Vihar, Buxar; Hotel Koshi Vihar, Saharsa and Hotel Shersah Vihar, Sasaram.

[7] 60 *per cent* occupancy target was fixed by the BoD of the Company in 1992.

[8] Hotel Kaimur Vihar, Mohania.

[9] Hotel Siddhartha Vihar, Bodhgaya and Hotel Kaimur Vihar, Mohania.

self-managed hotels of the Company achieved 60 *per cent* occupancy target in the year 2011-12 and 2012-13 respectively. The targeted occupancy (60 *per cent*) was never reviewed by the Company in respect of its self-managed hotels.

The occupancy achieved by the flagship hotel was abysmally low

- the occupancy achieved by the flagship hotel of the Company viz. Hotel Kautilya Vihar, Patna was abysmally low during the period 2009-14 and was as low as 19.15 *per cent* and 15.10 *per cent* in the year 2011-12 and 2012-13 respectively; and
- though the company's units/hotels were not permitted to allow credit in respect of tariffs for its rooms, the total amount recoverable in respect of unauthorised credit allowed by its 10 hotels as on 31 March 2013 stood at ₹ 56.47 lakh.

The Management while accepting the audit observation stated (September 2014) that persuasion for recovery of outstanding dues is being done. It further stated that the Company had initiated steps to frame a policy regarding closure of services to the Government departments/institutions who defaulted regularly in payment of outstanding dues.

In course of test check by conducting joint inspection of Company's four self-managed hotels[10], the following deficiencies were observed which resulted in poor occupancy of the Company's hotels:

- lack of basic amenities/facilities, viz., good ambience of the hotels, absence of lift facility except one hotel, no full back up of power for AC rooms (all four hotels), inadequate transport facilities (except one hotel), non-maintenance of customers' complaint/feedback register (except one hotel), etc. ***(Annexure-2.5)***.
- lack of qualified and/or adequate manpower - As per the norm, the supervisory staff should have a certification of a degree/diploma from Central or State Institute of Hotel Management. Further, there should be an English speaking front office staff. It was observed that a Tourist Complex at Bodhgaya did not have a regular[11] Manager. The manager of a hotel based at Patna did not possess the requisite professional qualification, inadequate and/or irrational deployment of attendants against the prescribed norm of two attendants for each four rooms, in case of Hotel Tathagat Vihar - three attendants for 45 rooms, Tourist Complex, Bodhgaya- five attendants for 13 rooms and 75 dormitory beds, Hotel Kautilya Vihar – eight attendants for 35 rooms and 24 dormitory beds and Hotel Licchavi Vihar – two attendants for 16 rooms, were found deployed and there was absence of regular house keeper in Hotel Tathagat Vihar and Bodhgaya Tourist Complex;
- poor monitoring and inspection on the part of the Company to ensure whether qualitative services were being provided to the tourists: The Company

[10] Hotel Siddharth Vihar, Bodhgaya; Hotel Licchavi Vihar, Muzaffarpur; Hotel Kautilya Vihar, Patna and Hotel Tathagat Vihar, Rajgir.

[11] Receptionist officiated as Manager.

constituted (March 2010) three teams for periodical inspection of its hotels/restaurants to ensure whether the operation of hotels were as per the prescribed norms. However, inspection reports submitted by the inspection team were not found on the record. The system of receiving complaint and taking corrective action was not monitored by the Head Office either through periodical review meetings or through linking receipt of customer feedback on every room occupied at the time of check out;

- There was lack of marketing/advertisement campaign on the part of the Company to promote Company's hotels as the expenditure incurred by the Company during the period 2009-14 on account of advertisement and publicity was dismal and ranged between 0.47 *per cent* and 1.11 *per cent* of the total cash expenditure. Being a hospitable and service oriented Company, it was incumbent on the Company to allocate significant budget towards advertisement and publicity to promote and boost tourism in the State; and
- Further, the Company did not have any system of grading its hotels on the basis of customer feedback/complaints. There was no tie up with travel agents and/or tour operators to attract more tourists to its hotels.

The Management replied (September 2014) that occupancy of the Company's hotels primarily depended on tourists inflow and a decision to stay in the Company's hotels was a tourists discretion. The reply is not convincing since there was a substantial increase in tourists inflow in the State during the period 2009-14 as already mentioned in paragraph 2.11. Further, the reply was silent about deficiencies in Company's hotels, which primarily affected occupancy of the hotels.

Fixation of Tariff

2.10.2 The Company did not have any policy for fixation of room rent. There was no system to review the tariff after a specified period with reference to the prevailing market trend and/or the need for upgradation of existing services. Audit observed that the tariff was fixed on the recommendation/proposals of the hotel managers as and when they were instructed by the Company's Head Office to submit fresh tariff rates. The recommendation of hotel managers for fixation of tariff though based on market survey was made without carrying out any Cost Benefit Analysis (CBA).

The Management while accepting the fact stated (September 2014) that Cost Benefit Analysis would be done during fixation of tariff in future.

Performance of Catering Services

2.11 For providing catering services, the Company had 13 restaurants (Nine leased out) attached to its hotels out of which four were self-managed. Scrutiny of two[12] self-managed catering services/restaurants attached to the Company's self-managed hotels revealed that:

[12] Restaurant Licchavi Vihar, Muzaffarpur and Restaurant Tathagat Vihar, Rajgir.

- the profitability of restaurant of Hotel Licchavi Vihar, Muzaffarpur registered an increase of ₹ 0.87 lakh to ₹ 2.29 lakh during the period 2009-13. However, profitability of the said restaurant declined sharply by 50 *per cent* to ₹ 1.14 lakh in the year 2013-14;
- the profitability of restaurant of Hotel Tathagat Vihar, Rajgir increased from ₹ 7.26 lakh in 2009-10 to ₹ 15.55 lakh in 2012-13. However, the profitability of the said restaurant registered a sharp decline by 24.63 *per cent* to ₹ 11.72 lakh in 2013-14.

The sharp decline in profitability of the said restaurants was mainly attributable to poor occupancy of the hotels, poor service and hospitality due to lack of trained manpower, increase in prices of running expenditure (POL/food materials), etc.

The Management while accepting the Audit observation stated (September 2014) that the reason for reduction in revenue was attributable to deployment of non-professional staff and an effort to up-keep the professional staff was under process.

Recommendation: We recommend that the Company needs to infuse professionalism in management of its hotels with a view to provide qualitative services to tourists. Besides, the Company also needs to frame a suitable Tariff Policy for the fixation of tariff for its hotels.

Transport Services

2.12 The Company has its transport unit at Patna which provides transport facilities to tourists on hire for site seeing and also to their regular customers on hire. For this purpose apart from providing their own vehicles, the Company also hires vehicles from third parties on commission basis. The Company pays hiring charges to private vehicle operators at the prevailing tariff rate after due deduction of its commission. Subsequently, the Company raises the bill on its customers. The fleet strength of the Company as on 31 March 2014 comprised of 11 buses, two Carvans and 26 light vehicles. Income from the transport unit alone constituted 23.36 *per cent* to 31.47 *per cent* of the total income of the Company during the period 2009-14.

2.12.1 The operational performance of the transport unit over the past five years ending 31 March 2014 stood as under:

Table No: 2.2

(Amount: ₹ in crore)

Year	Actual	Expenditure		Total	Profit/ (loss)	Percentage of profit/ (loss)
	Income	Operational	Depreciation			
2009-10	2.80	2.18	1.39	3.57	(0.77)	(27.50)
2010-11	3.61	2.49	0.84	3.33	0.28	7.76
2011-12	3.15	2.76	0.50	3.26	(0.11)	(3.49)
2012-13	3.21	2.59	0.59	3.18	0.03	0.93
2013-14	3.28	2.88	1.20	4.08	(0.80)	(24.39)

(Source: Information furnished by the Company)

It is evident from the above table that the performance of the transport services of the Company during the period 2009-14 was not satisfactory. It suffered losses during 2009-10, 2011-12 and 2013-14 and earned meagre profit of ₹ 28 lakh and ₹ three lakh in the year 2010-11 and 2012-13 respectively. The poor performance of the transport services was mainly attributable to:

- under utilisation of fleet strength on account of non-plying of two Volvo buses on Patna-Purnea route in 2009-10 and discontinuance of regular operation of Volvo bus services since December 2013,
- meagre utilisation of four ISUZU buses introduced in the year 2013-14.
- abrupt revision of tariff rates after a span of nine years in February 2012 and failure of Company to evolve any system for periodical review of tariff in respect of its vehicles with respect to increase in input costs.

Non-recovery of outstanding hiring charges from the service users

2.12.2 The position of outstanding hiring charges from service users viz. Government departments/organisation on account of hiring charges over the past five years ending 31 March 2014 is depicted below**:-**

Table No: 2.3

(Amount: ₹ in crore)

Period	Opening Balance	Bills raised for the year	Bills realised during the year	Balance	Increase of sundry debtors with respect to the closing balance of the previous year. (in *per cent*)
2009-10	2.76	2.29	2.39	2.66	-4
2010-11	2.66	2.24	1.48	3.42	29
2011-12	3.42	3.33	2.31	4.44	30
2012-13	4.44	3.45	3.08	4.81	8
2013-14	4.81	3.43	4.24	4.00	-17

(Source: Information furnished by the Company)

In absence of credit policy, accumulation of sundry debtors reached up to ₹ 4.81 crore in 2012-13

It is evident from above that the sundry debtors of the transport unit increased from ₹ 3.42 crore to ₹ 4.81 crore during the period 2010-11 to 2012-13. The increase of debtors ranged between eight *per cent* and 30 *per cent* during the said period. However, realisation from the sundry debtors improved subsequently in the year 2013-14.

We observed that the Company neither had any credit policy nor fixed credit limit for extending credit to debtors. In absence of any credit policy, there was no control over extending credit to various department/organisation which resulted in blocking up of working capital to the tune of ₹ four crore up to 31 March 2014 and the consequential loss of interest thereon.

The Management while accepting the facts stated (September 2014) that approximately 99 *per cent* of the aforementioned dues were recoverable from the Government Departments. It further stated that the Company was contemplating to frame a policy with respect to the closure of the transport services to the Government Departments/Institutions who persistently defaulted in payment of their outstanding dues.

Recommendation: We recommend that the Company needs to frame a credit policy in respect of hiring of its fleet to the outside parties. The Company should stop hiring vehicles to those parties who persistently default in payment of dues. Besides, the transport division of the Company needs to aggressively pursue the realisation of its dues.

During test check of records of transport unit following deficiencies were noticed:

Unfruitful investment on purchase of luxury buses

2.12.3 The Company planned (March 2012) to purchase four luxury buses to restore regular bus services for tourists on Patna-Bodhgaya route, and to fulfil the demand of tour and travel agents for operation of buses on Buddhist Circuit with an expected cash inflow of ₹ 4.67 lakh per bus per month. The proposal for purchase of four high end fully AC buses was approved (March 2013) by the BoD of the Company. Accordingly, four SML ISUZU buses were purchased (June 2013) at a cost of ₹ 1.52 crore[13].

Failure of Company to run the newly purchased buses for intended purposes resulted in unfruitful investment of ₹ 1.52 crore

We observed that the newly purchased buses as envisaged were neither plied on Patna-Bodhgaya route nor utilised for meeting demand of travel agents for its operation in Buddhist Circuit. Against stipulated 3.24 lakh Kilometers for four buses in nine months period, total plying of buses during the period worked out to 0.37 lakh Kilometers only as these buses were being operated on a chartered basis to the private parties. As a result of under plying of the buses for intended purposes, the Company was deprived of the opportunity to generate a revenue of ₹1.43 crore[14] and very purpose of investment of ₹ 1.52 crore was defeated.

The Management while accepting the fact stated (September 2014) that more options were being explored for sustainable operation of the buses.

Blocking of fund on purchase of Carvan and Double decker buses

2.12.4 The Company placed order (November 2012) for purchase of three Double Decker buses at a cost of ₹ 1.61 crore[15] to a Fabricator. Further, the Company also purchased (March 2013) two luxury vans (Carvan) at a total cost of ₹ 51 lakh for promoting tourism in the State. We observed that:

---

[13] four buses at the rate of ₹ 38 lakh per bus.

[14] Estimated income by one Bus in six months= ₹ 27,89,500. Potential income for nine months: ₹ 27,89,500 * 4 Buses*9/6 months = ₹ 1,67,37,000 less actual income earned by four buses in nine months (₹ 24,16,940) = ₹1,43,20,060.

[15] Double decker: ₹ 53.67 lakh *3= ₹ 1.61 crore.

- The Double decker buses were to be supplied by March 2013. The Company made a payment of ₹ 74.56 lakh (November and December 2012) to the Fabricator. As per agreement 70 *per cent* of cost of chassis and fabrication was required to be paid to the Fabricator before the delivery of buses. However, the Company paid only 47 *per cent* amounting to ₹ 74.56 lakh to the Fabricator. As a result not a single bus was delivered to the Company till date (September 2014) and ₹ 74.56 lakh already paid to the Fabricator was blocked. Further, the warranty on Chassis and Engine of the buses procured by the Fabricator from the manufacturer (of SML ISUZU), was only for a period of 12 months which had already lapsed in December 2013.

Non-release of payment for double decker buses as per agreement and purchase of Carvans without any CBA resulted in blocking up of ₹ 1.26 crore.

The Management stated (September 2014) that purchase order for three buses were placed with intent of development of local tourism. However, the Management's reply is silent over non-delivery of the said buses till date (September 2014) as well as blocking up of the Company's fund with the Fabricator.

- The purchase of Carvan was made without any Cost Benefit Analysis and/or utilisation potential of the same as was evident from insignificant number of bookings i.e. only 14 bookings made during a span of 16 months up to July 2014 from which a meagre revenue of ₹ four lakh only was earned. These Carvans are lying parked idle in the Company's campus till date (November 2014).

The Management stated (September 2014) that the purchase of Carvan was made in accordance with the vision of the Company to attract tourists/promote tourism in Bihar. However, the reply of the Management is silent on meagre utilisation of the said luxury vans.

Undue benefit to the private operator

2.12.5 The Company invited (July 2011) tenders for operation of bus services under Public Private Partnership mode. After finalisation of tender, the Company issued work order (May 2012) to a licensee for operation of bus services on seven routes[16] at a monthly fee of ₹ 15,000 per bus under the Company's logo.

Failure of the Company to enter into an agreement resulted in non-recovery of licence fee of ₹ 12.72 lakh

Scrutiny of records revealed that the Company failed to enter into an agreement with the private operator and permitted the operator to ply its buses under the Company's logo. The operator persistently defaulted in payment of monthly rental to the Company since May 2012. Meanwhile, the Company also found (October 2012) that the licensee was plying its buses unauthorisedly on Company's routes. The Company, notwithstanding this, failed to cancel the work order and allowed the licensee to operate buses upto August 2013. The Company finally cancelled the work order in September 2013. The total license fee recoverable from the private operator up to

[16] (i) Patna-Vaishali-Keshariya-Kushinagar- Patna (ii) Bodhgaya-Patna-Siligudi-Jaigaon-Patna (iii) Patna- Bhagalpur- Patna (iv) Patna-Rauxal-Patna (v) Patna- Varanasi- Patna (vi) Patna- Gaya- Kolkata- Gaya and (vii) Kolkata – Bodhgaya – Patna.

September 2013 stood at ₹ 12.72 lakh which remained unrecovered so far (November 2014).

The Management stated (September 2014) that the Company had entered into an agreement with the operator for the use of the logo of the Company and that recovery of dues lying with the operator was under process. The reply does not hold good since the Management failed to produce a copy of the agreement.

Recommendation: The Company should endeavour to use its fleets for intended purpose i.e. development of local tourism. Further, the Company should also endeavour to enter into an agreement for plying its buses under PPP mode.

Travel-Trade and Ropeway

2.13 The Company has a Travel-Trade and Ropeway wing at its Headquarters' Office which is responsible for organising trade fairs, Mahotsavs, Tour Packages and monitoring the performance of Aerial Ropeway at Rajgir. During course of audit of said wing following deficiencies were observed:

Excess expenditure on maintenance of Computerised Ticketing System

2.13.1 The Company decided (September 2012) to install a computerised ticketing system in its Ropeway unit at Rajgir. After finalisation of tender the system was installed and made operational from May 2013. The cost of installation of the ticketing system was ₹ 31.50 lakh and its operation and maintenance charges was ₹ 2.20 lakh per month.

We observed that the Management did not prepare any estimate of installation of computerised ticketing system, as required under the Guidance Note[17] and awarded the tender at a higher rate. This was substantiated by the fact that after operation of one year of the said system, the Management renegotiated the rate with the contractor and reduced the operation and maintenance cost to ₹ 1.20 lakh per month as against the earlier quoted rate of ₹ 2.20 lakh per month and thus Company paid ₹ 12 lakh more as maintenance cost.

Thus, due to finalisation of tender without preparing any estimate, the Company incurred an excess expenditure of ₹ 12 lakh.

The Management stated (September 2014) that tender was floated and on the basis of which L1 bidder was selected. The reply is not convincing since tender was finalised by the Company without any estimate as a result of which the Company could not get the best economic deal which was upheld by the fact that the Management had to renegotiate the rate with the Contractor.

---

[17] Issued (December 2011) by the Department of Information Technology, Ministry of Communication & Information Technology, Government of India.

Loss of revenue due to inaction on the part of the Company: ₹ 33.96 lakh

2.13.2 The Company invited (July 2011) tenders for awarding rights for live telecast of "Ganga Maha Aarti" at Gandhi Ghat, Patna for a period of one year. In response, the Company received three bids. The tender committee recommended (October 2011) to award the live telecast right to a successful bidder at a licence fee of ₹ 2.83 lakh per month.

Inaction on the part of the Company on DoT's direction resulted in loss of revenue of ₹ 33.96 lakh

We observed that the Company referred the matter of award of telecast right to the Department of Tourism (DoT). The DoT directed that all potential Ganga Ghats from Buxar to Bhagalpur where Ganga Maha Aarti is held be identified and an integrated proposal for telecast be submitted for approval. However, the Company failed to take any action in this regard. Thus, inaction on the part of the Company on DoT's direction resulted in loss of opportunity to earn a revenue of ₹ 33.96[18] lakh in respect of telecast right of Ganga Maha Aarti at Gandhi Ghat, Patna for which tender committee had recommended the successful bidder.

The Management in the Exit Conference accepted (September 2014) the audit observation.

Infrastructure Development Projects

2.14 The Company being a nodal agency of the DoT for development of infrastructure facilities (viz. hotels, wayside facilities, tourist information centres, tourist complex, etc.) received fund from the DoT, to promote and boost tourism in the State. During the period 2009-10 to 2013-14, the DoT sanctioned a sum of ₹ 273.10 crore for development of tourist infrastructure in the Sate to various agencies viz. District Magistrates, Directorate of Tourism, Bihar Rajya Pul Nirman Nigam Limited, Bihar State Road Development Corporation Limited, CPWD, etc. However, based on the poor performance of the Company in execution of projects, only 35.23 *per cent* (₹ 96.21 crore) of the total fund was sanctioned by the DoT to the Company for development of tourist facilities in the State.

Against the sanctioned fund of ₹ 96.21 crore, the Company received an amount of ₹ 78.72 crore during the period 2009-14 for the purpose of construction/renovation/development of 83 projects.

We observed that:

Out of 83 projects only 23 projects could be completed of which 12 projects were completed with a delay of one to 32 months

- Against 83 projects, only 23 projects costing ₹ 15.48 crore could be completed of which 12 projects costing ₹ 6.46 crore were completed with a delay ranging from one to 32 months;
- Works in respect of 17 projects costing ₹ 8.41 crore could not be commenced even after a lapse of 11 to 59 months from the date of receipt of fund due to non-availability of land, revision in design and cancellation of tender, etc.;
- Work in respect of 43 projects costing ₹ 54.83 crore were under different stages of completion. However, the progress of execution of these projects was very slow;

[18] (₹ 2.83 lakh x 12 months).

- Delay in execution of infrastructural projects was mainly attributable to unplanned execution, viz., preparation of estimates without actual site-survey, non-inclusion of essential items in estimates, poor monitoring, lack of co-ordination with the DoT and other local authorities and shortage of engineers in the Engineering wing of the Company. The utilisation of the fund received in respect of the aforementioned projects during the period 2009-10 to 2012-13 was only 37.69 *per cent*.

  The Management accepted (September 2014) the audit observation.

- The Company, in contravention of the provision of the risk and cost clause of the agreement, failed to recover from the defaulting contractors excess expenditure of ₹ 32.84 lakh[19] incurred in respect of two projects viz. Hotel Karn Vihar, Munger and Conference hall at Buxar which were rescinded due to fault of the contractors.

  The Management accepted (September 2014) the audit observation.

2.14.1 Test check in Audit revealed the following five major incomplete projects costing ₹ 11.40 crore, which should have been completed within their scheduled time of completion. However, these projects were badly delayed and were yet to be completed (November 2014).

Hotel Janki Vihar, Sitamarhi: The Company had undertaken the reconstruction work of Hotel Janki Vihar, Sitamarhi in May 2011. The project included dismantling of the old structure of the hotel and construction of new building together with site development through earth filling and construction of approach road. For the purpose a sum of ₹ 1.84 crore was made available by DoT to the Company in two instalments in May 2010 and January 2013. As per the agreement the scheduled date of completion was May 2012. However, due to slow progress the said Project was incomplete till date (November 2014).

Construction of rooms at Hotel Buddha Vihar, Bodhgaya: The DoT sanctioned (2006-07) an amount of ₹ 6.21 crore for construction of additional rooms at hotel Buddha Vihar to upgrade it as star hotel. Out of the sanctioned fund, the Company received a sum of ₹ three crore till March 2014. As per the agreement the said work was to be completed by December 2013. However, due to revision of design the said project was yet to be completed (November 2014).

Development of tourist facilities at Mundeshwari Temple, Kaimur: The project included construction of tourist information centre, cafeteria and development of other facilities near the Mundeshwari Temple at a cost of ₹ 3.47 crore. The project was to be completed in 30 months time ending July 2011. However, due to change in site of the project, the project has been delayed by 41 months.

Way side facility, Birpur, Supaul: This included providing way side facility to tourists at a cost of ₹ 1.60 crore in 18 months time ending March 2012.

[19] ₹ 45.36 lakh – ₹ 12.52 lakh (Deductions) = ₹ 32.84 lakh.

Accordingly, the Company was provided with funds in December 2009. However, against tender in December 2009, the work could be awarded in September 2010 only. Thus, there was delay in finalisation of tender and award of work. The construction of the said way side facility was incomplete till date (November 2014).

Swimming pool at Tourist complex Bodhgaya: To provide better facility to tourists visiting Bodhgaya, the DoT sanctioned (2008-09) an amount of ₹ 1.49 crore for construction of swimming pool at tourist complex, Bodhgaya. Under the project a swimming pool with a change room and boundary wall were to be constructed. The Company awarded the work to contractor in March 2010. As per the agreement the work was to be completed by June 2011. However, due to slow progress of work the construction of the project was incomplete till date (November 2014).

As a result of delay in completion of the above projects the Company failed to ensure timely availability of tourist facilities.

Recommendation: We recommend that the Company should make efforts to improve the execution of infrastructural projects by avoiding procedural delay and to ensure transparency in finalisation of tender.

Non-maintenance/upkeep of Mayasarovar

2.14.2 Mayasarovar, a centre of tourist attraction consisting of pond, open air theatre, garden and park in front of Company's tourist complex, Bodhgaya, was developed by Central Public Works Department (CPWD). A sum of ₹ 1.50 crore was spent on development of the project consisting of pond, open air theatre, garden and park. Being the nodal agency of the State Government, any asset created on behalf of the department, is handed over to the Company for further maintenance and operation. Accordingly, the Mayasarovar was handed over (May 2007) to the Company.

We observed that:

- the Company, with a view to attract tourists, leased (September 2009) the operation of paddle boats in Mayasarovar at ₹ 1.55 lakh per annum with an increase of 10, 20, 30, 40 *per cent* per annum for five years. However, the operation of paddle boats was discontinued (January 2013) by the lessee;
- a joint inspection of Mayasarovar with the Management team revealed that the aforementioned asset was not maintained properly and was in a very poor condition. The water level in the pond was very low and stinked and was being used by washermen for washing clothes. Open air theatre was not mowed at regular intervals and was filled with long grasses; and
- due to non-maintenance of Mayasarovar, the Company was not in a position to issue fresh NIT to lease out the paddle boats which resulted in loss of revenue of ₹ two lakh per annum to the company. Besides, the paddle boats costing ₹ 1.70 lakh became condemned for not being in use for long.

Expenditure of ₹ 1.50 crore became unfruitful for want of upkeep and maintenance

Thus, due to failure on the part of the Company in the upkeep and maintenance of its prime asset, expenditure of ₹ 1.50 crore incurred on its development became unfruitful. Besides, the objective of development of Mayasarovar as centre of attraction for tourists was also defeated.

The Management in exit conference accepted (September 2014) the facts.

Recommendation: We recommend that the Company needs to put in place a procedure to maintain its assets properly.

Internal control

Internal Control System

2.15 Internal control system is a management tool used to provide reasonable assurance that management objectives are being achieved in an efficient, effective and orderly manner. For a service oriented sector like the Company, there has to be written norms of operation, service standards and targets. Further, there should be a proper management information system to report on performance of the Company *vis-à-vis* the established standards/norms. Review of internal control system prevalent in the organisation revealed that:

- the average tenure of CEO of the Company during the period under performance audit stood at one year only which may be attributed as a reason for non-formulation of any long term/perspective plan with clearly defined targets and goals to be achieved;
- monthly meetings to review the progress of units were not held at regular intervals since only seven, six and three meetings were held during the financial year 2009-10, 2010-11 and 2011-12 respectively. Further, not a single monthly meeting was held in the financial year 2012-13. Besides, only three meetings were held in the financial year 2013-14. This was indicative of lack of monitoring and supervision by the Top Management;
- there was no system in vogue for conducting periodical physical verification of Company's assets.

Conclusion

- **The Company failed to formulate a long term/ perspective plan/road map with clearly defined targets/milestones to be achieved in the ensuing years as a result of which the tourist potential of the State remained largely untapped despite five years of adoption of State Tourism Policy.**
- **The working of Finance and Accounts wing of the Company was not streamlined as there were cases of loss due to non-reconciliation of bank balances, non-maintenance of Project-wise bank accounts, non-filing of annual report with RoC, etc.**

- **Lack of basic amenities, non-maintenance of prime assets, lack of manpower and non-professional approach to render quality services resulted in alienation of tourists from Company's hotels.**
- **The Company failed to utilise the new fleets for intended purposes which resulted in blocking up of fund.**
- **Poor planning, lack of adequate monitoring and supervision of execution of infrastructure projects resulted in inordinate delays and non-availability of tourist facilities.**

CHAPTER III

3. PERFORMANCE AUDIT RELATING TO STATUTORY CORPORATION

PERFORMANCE AUDIT ON BIHAR STATE ROAD TRANSPORT CORPORATION

Chapter-III

Performance Audit relating to Statutory Corporation

3. Performance Audit on Bihar State Road Transport Corporation

Executive Summary

Introduction

Bihar State Road Transport Corporation (Corporation) was incorporated on 1 May 1959 under section 3 of the Road Transport Corporations Act, 1950 (Act) with mandate to provide efficient, adequate and economical road transport to public. The Corporation had a fleet strength of 414 buses out of which 95 buses were on road as on 31 March 2014. Apart from own buses, the Corporation, without framing any Public Private Partnership (PPP) policy, had implemented a PPP scheme under which private operators were allowed to operate buses on a commission basis.

Financial Performance

The Corporation had finalised its accounts up to the year 2004-05. However, as per provisional accounts, against the paid-up capital of ₹ 101.27 crore, accumulated loss of the Corporation as on 31 March 2014 was ₹ 1395.57 crore.

The State Government (SG) was liable to pay arrear salary of the employees. However, instead of reimbursing the salary to Corporation, the SG made available fund of ₹ 458.77 crore as loan at an interest rate of 15.50 per cent. The Corporation too had accepted the liability and provided for interest of ₹ 251.43 crore on the loan which was avoidable.

Due to non-existence of fare policy and fixation of fare without considering all input costs the Corporation sustained a revenue loss of ₹ 8.63 crore.

Operational Performance

The Corporation could not maintain fleet strength of right age buses despite availability of fund. As a result 54 per cent to 77 per cent of buses could not be plied and the Corporation sustained a revenue loss of ₹ 165.30 crore.

Against the All India Average of 93.52 per cent, the fleet utilisation of the Corporation varied from 35 per cent in 2009-10 to 23 per cent in 2013-14 as a result of which the Corporation suffered a contribution loss of ₹ 15.50 crore.

The Vehicle Productivity of the Corporation ranged between 232 Kilometer (K.M) to 205 K.M per day which was much below the All India Average of 374.18 K.M per day and the Corporation's own target of 280 K.M per day. As a result, the Corporation sustained a revenue loss of ₹ 25.16 crore.

The revenue from operation of buses on 17 per cent to 34 per cent routes were not meeting even the variable cost during 2009-14 due to poor route planning. As a result, the Corporation sustained a revenue loss of ₹ 1.09 crore.

The KMPL achieved by the Corporation was much below the All India Average Kilometre per Litre (KMPL) of 5.06 to 5.16. This resulted in extra expenditure of ₹ 11.51 crore.

The Corporation incurred excess expenditure of ₹ 2.49 crore due to fictitious exhibition of dead K.M.

PPP Scheme

The Corporation implemented operation of buses under PPP scheme without framing any PPP policy.

The Corporation failed to pursue and/or secure the realisation of subsidy amounting to ₹ 9.37 crore from the State Government and to adjust the same from the dues of ₹ 21.06 crore from the defaulting private operators.

Due to short charging of revenue in case of inter-state buses, the Corporation sustained revenue loss of ₹ 1.35 crore.

Non-implementation of PPP agreement relating to charging of commission resulted in a revenue loss of ₹ 1.01 crore to the Corporation.

The Corporation failed to check unauthorised operation of buses by private operators and remained deprived of revenue of ₹ 1.02 crore

The Corporation suffered a revenue loss of ₹ 61 lakh due to non-inclusion of minimum Vehicle Productivity clause in the PPP agreements as well as poor monitoring of operations of buses.

Internal Control

The Internal Control System and Management Information System (MIS) prevalent in the organisation was deficient. Despite having internal audit wing, no regular audit was conducted during last five years ending 31 March 2014.

Conclusion

The Corporation suffered revenue loss of ₹ 8.63 crore due to lack of fare policy and deficient fare fixation.

The Corporation, notwithstanding the availability of fund, failed to strengthen its fleet strength comprising of overaged buses and thus failed to fulfil its objective of providing adequate and well co-ordinated transport system to the public at large which had affected its operational performance.

The Corporation suffered a revenue loss of ₹ 13.72 crore due to deficient PPP agreements and poor monitoring.

The Internal control system prevalent in the Corporation was deficient.

Introduction

3.1 Bihar State Road Transport Corporation (Corporation) was incorporated on 1 May 1959 by the Government of Bihar under Section 3 of the Road Transport Corporations Act, 1950 (Act) as a wholly owned Corporation of the State Government. The Corporation is mandated to provide an efficient, adequate, economical and properly co-ordinated Road Transport.

The Corporation is under the administrative control of Transport Department of the Government of Bihar. As on 31 March 2014, the Corporation had a fleet strength of 414 buses. Out of 414 buses, number of on-road buses which was 145 in 2009-10 decreased to 95 in 2013-14. Neither the State Government nor the Corporation had formulated any Public Private Partnership (PPP) policy. However, the Corporation had implemented a scheme under PPP. Under the said scheme, the Corporation permits private operators to ply their buses on notified routes with road permits issued in the name of the Corporation on a commission basis. Thus under the PPP scheme, the Corporation, in effect, had let out the use of its road permits only.

According to section 38(1) of the Act, if the State Government is of opinion that a Corporation established by that Government is unable to perform the duties imposed on it under the Act, the State Government may with the previous approval of the Central Government supersede the Corporation for such period as specified in the notification. In exercise of Section 38(1) of the Act, the State Government dissolved the Board of the Corporation and appointed an administrator (October 1999) for a period of four years which expired on 11 October 2003. The Government extended (December 2013) the aforementioned supersession period from 12 October 2003 to 31 March 2014. During the period 2009-14, the Administrators were appointed to hold the post as additional charge.

The Corporation had finalised its accounts up to the year 2004-05 and the accounts for the years from 2005-06 were in arrears. As per the latest finalised accounts, as against the paid-up capital of ₹ 101.27 crore, accumulated loss of the Corporation as on 31 March 2005 stood at ₹ 841 crore. As per the provisional accounts, the Corporation incurred loss of ₹ 385.61 crore during last five years ending 31 March 2014 and accumulated loss of the Corporation as on 31 March 2014 stood at ₹ 1395.57 crore which had completely eroded the paid-up capital of ₹ 101.27 crore. Financial position and working results of the Corporation is given in ***Annexure- 3.1***.

Organisational set-up

3.2 The Management of the Corporation is vested in the Administrator of the Corporation who is assisted by Chiefs of Administration, Operation, Vigilance, Accounts, Purchase and Stores and Chief Mechanical Engineer at Headquarters, seven Divisional Managers, 17 Depot Superintendents and two Works Managers in the field units. Organisational chart is given in ***Annexure-3.2***

Audit Objectives

3.3 The objectives of the Performance Audit were to assess:

- whether the Corporation was able to augment its financial resources, raise claims and utilise the same properly;
- whether the Corporation maintained the required fleet strength and utilised the same in efficient and economical manner;

- whether the PPP agreements adequately provided for safeguarding the interests of the Corporation and clauses thereof were implemented properly;
- the effectiveness of Internal Control System prevalent in the Corporation and monitoring by the top management for accomplishment of the organisational goal.

Audit Criteria

3.4 The Audit criteria adopted for assessing the achievement of audit objectives were:-

- performance standards and operational norms fixed by the Association of State Road Transport Undertakings (ASRTU);
- physical and financial target/norms fixed by the Management;
- manufacturer's specifications, norms for life of bus, preventive maintenance schedule, fuel efficiency norms, etc.;
- instructions of the Government of India (GoI) and the State Government and other relevant rules and regulations;
- procedure laid down by the Corporation in respect of operation of buses, tariff collection, etc.; and
- orders of Hon'ble Supreme Court of India with respect to transportation activities.

Audit Scope and Methodology

3.5 The activities of the Corporation were last reviewed and incorporated in the Reports of Comptroller and Auditor General of India (Commercial), Government of Bihar for the year ended 31 March 2006 and 31 March 2009 which are yet to be discussed (November 2014) by the Committee on Public Undertakings (CoPU).

The present Performance Audit, conducted during the period 25 February to 05 July 2014 covered the overall performance of the Corporation for the last five years ending 31 March 2014. This Performance Audit deals mainly with the operational efficiency, financial management including fare policy, fulfillment of social obligations and Management Information System (MIS). Four[1] out of seven[2] divisions (including 13 depots of these divisions), central workshop and Headquarters of the Corporation were selected on the Random Sampling basis for detailed audit scrutiny.

An entry conference was held on 19 February 2014 to apprise the Government and the Management about the audit objectives of performance audit. The audit findings were reported (July 2014) to the Government/Corporation. The exit conference was held on 28 August 2014 which was attended by the Additional Secretary, Department of Transport, Government of Bihar and

---

[1] Gaya, Patna, Muzaffarpur and Bhagalpur.

[2] Gaya, Patna, Muzaffarpur, Bhagalpur, Chapra, Purnea and Darbhanga.

Administrator of the Corporation. The reply of the Corporation has been incorporated. The reply of the Government was not received. The views expressed by the Government in exit conference have been suitably incorporated.

Audit methodology for attaining the audit objectives with reference to the audit criteria consisted mainly of explaining audit objectives to the management, scrutiny of records at Head office and selected units, interaction with the auditee personnel, analysis of data with reference to available norms, raising of audit queries, discussion of audit findings with Management and issue of Draft Performance Audit Report to Government/Corporation for their comments.

Audit Findings

Financial Performance

3.6 The Corporation had finalised its accounts up to the year 2004-05 and the accounts for the years from 2005-06 were in arrears. The gist of Financial Position and Working Results of the Corporation are given in the table 3.1 and 3.2:-

Financial position and Working Results
Table No 3.1

Financial Position **(Provisional figures: ₹ in crore)**

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Capital	101.27	101.27	101.27	101.27	101.27
Borrowings & Fund	306.03	427.37	556.72	556.72	556.72
Trade dues and other current liabilities	1212.23	922.53	711.77	746.18	834.58
Total	**1619.53**	**1451.17**	**1369.76**	**1404.17**	**1492.57**
Net fixed assets	37.00	32.00	27.00	22.00	17.00
Current assets, loans & advances	495.90	325.39	149.75	88.00	80.00
Accumulated loss	1086.63	1093.78	1193.01	1294.17	1395.57
Total	**1619.53**	**1451.17**	**1369.76**	**1404.17**	**1492.57**

Table No. 3.2

Working Results **(Provisional figures: ₹ in crore)**

Description	2009-10	2010-11	2011-12	2012-13	2013-14
Total Revenue	22.23	19.56	31.38	26.00	21.06
Operating Revenue	19.50	19.56	21.03	18.00	13.13
Total Expenditure	85.72	39.89	130.61	127.16	122.46
Operating Expenditure	49.54	36.93	40.98	29.46	25.76
Operating Profit/ Loss	-30.04	-17.37	-19.95	-11.46	-12.63
Profit/ Loss for the year	-63.49	-20.33	-99.23	-101.16	-101.40

(Source: Data furnished by the Corporation)

It would be seen from the table above that the Corporation was not able to recover its operational cost during 2009-14 and the loss incurred by the Corporation increased from ₹ 63.49 crore in 2009-10 to ₹ 101.40 crore in 20013-14.

The Corporation failed to prepare any Annual Plan/Annual Budget necessary for exercising financial control and/or to acquire required asset. Further in contravention of Section 32 of Road Transport Corporations Act, 1950, the Corporation did not prepare any budget estimate in the last five years during 2009-14.

Undue creation of Avoidable Liability

3.6.1 It may be seen from the ***Annexure-3.1*** that, the reason for total loss of ₹ 385.61 crore incurred during the period 2009-14, was mainly attributable to the interest provision of ₹ 251.43 crore on Government loans during the said period.

The Hon'ble Supreme Court of India in its orders dated 12.8.2008 had directed the Government of Bihar and the Government of Jharkhand for payment of arrears of salary to staff as under:

(a) The State Government of Bihar and Jharkhand would be liable to pay the arrears of salary to the employees.

We observed that the Government of Jharkhand paid (November 2009 to March 2010) a sum of ₹ 96.65 crore to the Corporation against its share. However, the Government of Bihar, instead of owning up the liability for payment of salary, disbursed (during January 2009 to July 2011) a sum of ₹ 458.77 crore to the Corporation as a loan at an interest rate of 15.50[3] *per cent.* Thus, the Government in effect had actually transferred its liability to the Corporation. The Corporation too in disregard to its crumbling financial position and in contempt of Hon'ble Supreme Court's order did not take up the issue with the Government and accepted avoidable liability on account of Government loan. The total interest burden on this loan over the last five years ending March 2014 stood at ₹ 251.43[4] crore which remained unpaid till date (November 2014).

(b) Apart from above, the State Government of Bihar and Jharkhand had to reimburse the amount of ₹ 77.47 crore paid by the Corporation to its employees during the period July 2004 to February 2009 in the ratio of 65 and 35 respectively.

We observed that the Government of Jharkhand had reimbursed (February 2012) its share of ₹ 27.12 crore to the Corporation. However, the Government of Bihar did not reimburse its share of ₹ 50.35 crore to the Corporation. The Corporation too did not take effective steps to recover the amount from the Government of Bihar.

---

[3] Interest rate at a rate of 13 *per cent* per annum plus 2.5 *per cent* penal interest in case of default in payment. The Corporation had defaulted in payment of interest on aforesaid Government loan.

[4] Interest appearing in provisional accounts on principal amount of ₹ 458.77 crore.

The Corporation and the Government while accepting the audit findings in exit conference stated (August 2014) that necessary action would be taken for reimbursement of ₹ 50.35 crore.

Fare Policy of the Corporation

3.6.2 Under Section 67 of Motor Vehicles Act, 1988, the power to fix fare in respect of stage carriage operation in the State and their periodic revision is vested with the State Government. Power to fix fares by the Corporation at its own level on sound business principle was delegated (1998) to the Corporation by the State Government. It was observed that during 2009-10 to 2013-14, the Corporation revised fare thrice with effect from 20 May 2009, 11 October 2010 and 9 October 2012.

Due to lack of fare policy and deficient fare fixation, the Corporation suffered revenue loss of ₹ 8.63 crore

At each revision of tariff, increase in high speed diesel (HSD) price only was considered without linking to other input costs (i.e. tyres, spares, lubricants, depreciation, taxes etc.). Failure on the part of the Corporation to fix fare without taking into consideration other input costs resulted in a revenue loss of ₹ 8.63 crore to the Corporation as detailed in the ***Annexure- 3.3.***

The Corporation stated (September 2014) that the fare of the corporation buses was fixed on the basis of notification of the Transport Department, GoB. The reply is not acceptable since the State Government had already delegated (1998) the power of fare revision to the Corporation and the Corporation had in effect, revised the fare on a number of occasions[5] thereafter.

Recommendation: We recommend that the Corporation, in order to revive itself as well as to augment its financial resources, needs to judiciously utilise its financial resources, observe the canons of financial propriety and take up the matter of conversion of loan into equity/ grant and/or other financial assistance with the State Government.

Operational Performance

3.7 The operational performance of the Corporation for the last five years ending 31 March 2014 is given in the Table no. 3.3. The operational perormance of the Corporation was evaluated on the basis of various operational parameters regarding age profile of vehicles, fleet utilisation, vehicle productivity, load factor, fuel consumption, dead kilometers, repair and maintenance, etc. fixed by the ASRTU/ Corporation.

[5] The Corporation *suo motto* had revised the fare on three occasions during the period 2009-14.

Table No. 3.3

Sl. No.	Particulars[6]	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Total No. of vehicles held at the end of the year	414	414	414	414	414
2.	Average number of vehicles on road	145	171	170	129	95
3.	Percentage of utilisation of vehicles (in *per cent*)	35	41	41	31	23
4.	Number of employees at the end of the year	2036	1765	1516	1204	920
5.	Employee vehicle ratio (4÷2)	14.04	10.32	8.92	9.33	9.68
6.	Number of routes operated at the end of year	163	131	132	108	111
7.	Route Kilometres	32218	23916	22476	20164	22376
8.	Kilometres operated (in lakh) Gross Effective Dead	 126.46 122.48 3.98	 143.78 138.35 5.43	 145.18 136.94 8.24	 108.57 100.65 7.92	 75.37 70.91 4.46
9.	Percentage of dead kilometres to gross Kilometres	3.15	3.78	5.68	7.29	5.92
10.	Average kilometres covered per bus per day	232	222	221	214	205
11.	Average revenue[7] per Kilometres (₹)	15.92	14.14	15.36	17.89	18.52
12.	Number of operating depots	17	17	17	17	17
13.	Average number of breakdown per ten thousand kilometers	0.03	0.026	0.221	0.36	0.39
14.	Average number of accidents per lakh kilometres	0.04	0.076	0.013	0.10	0.07
15.	Passenger kilometres operated (in crore)	1.22	1.38	1.37	1.01	0.71
16.	Occupancy ratio (Load Factor)	65	64	64	69	76

(Source: Data furnished by the Corporation)

Audit findings in this regard are discussed in the subsequent paragraphs:

6 Excludes hired buses.
7 Operating Revenue/Traffic Revenue ÷ Effective Kilometers operated.

Fleet Strength and its Age Profile

3.7.1 The Association of State Road Transport Undertaking (ASRTU) had prescribed (September 1997) the desirable age of a bus as eight years or five lakh kilometers, whichever was earlier. The Corporation had a fleet strength of 414 buses. There was no addition in fleet strength after 2005-06 and the Corporation was not able to achieve the norm of right age buses during the period 2009-14. To achieve the norm of right age buses, the Corporation was required to buy 414 buses additionally which would have cost it around ₹ 75.45[8] crore. We observed that in spite of availability of specific/spare funds of ₹ 34.45 crore for purchase of buses and ₹ 50.35 crore being recoverable from Government of Bihar as reimbursement of salary paid by the Corporation during the period 2004-07 in view of order of Hon'ble Supreme Court (August 2008), the Corporation failed to utilise the available funds judiciously and/or realise the balance recoverable from GoB. Details of buses held are given in the ***Annexure-3.4***.

Corporation sustained loss of revenue due to non-replacement of over-age fleet

It would be seen from the annexure that due to overage, buses became off road frequently and 54 *per cent* to 77 *per cent* of buses could not be plied. As a result of not plying of over-age buses on the roads, the Corporation sustained a revenue loss of ₹165.30 crore during the period 2009-14.

The Government accepted the Audit observation in exit conference (August 2014).

Recommendation: We recommend that the Corporation needs to strengthen its fleet strength replacing its over-aged buses by purchasing new buses through effective management of financial resources.

Fleet Utilisation

3.7.2 Fleet utilisation represents the ratio of buses on road to the buses held by the Corporation. The details of buses held and their utilisation are given in the table below:

Table No: 3.4

Sl. No	Particulars[9]	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Total no. of buses at the beginning of the year	414	414	414	414	414
2.	Average no. of Vehicles on road	145	171	170	129	95
3.	Target for Fleet utilisation (71 *per cent* of total fleet)	294	294	294	294	294
4.	Shortfall in utilisation (3-2) (No. of buses)	149	123	124	165	199

[8] The cost of acquisition of additional 414 buses have been worked out at a rate of ₹ 14 lakh to ₹ 23 lakh per bus.

[9] Excludes hired buses.

5.	Vehicle productivity (KMs run *per* day *per* bus)	232	222	221	214	205
6.	Loss due to low fleet* utilisation (₹ in crore)	5.87	2.04	2.26	3.33	2.00

(Source: Data furnished by the Corporation)

The Corporation failed to achieve its fleet utilisation target of 71 *per cent* and suffered a contribution loss of ₹ 15.50 crore

It would be seen from the table above that against the All India Average[10] of 93.52 *per cent*, the fleet utilisation of the Corporation varied from 35 *per cent* in 2009-10 to 23 *per cent* in 2013-14. Even the fleet utilisation of the Corporation was much below the own target of 71 *per cent* set by the Corporation. The reasons for low fleet utilisation was mainly attributable to shortage of crew, breakdowns, shortage of tyres and overhauling engine defects, etc. and were controllable by the Corporation. However, the Corporation failed to make any effort for recruitment of crew, purchase of spares and to adhere to maintenance schedules for increasing vehicle utilisation as a result of which the Corporation suffered a contribution loss of ₹ 15.50 crore on account of low fleet utilisation.

The Corporation stated (September 2014) that the reason for low percentage of fleet utilisation was inclusion of 193 buses in the fleet which were in the process of condemnation. The reply is not acceptable as the Corporation had initiated action for condemnation of identified buses in June 2014 after completion of Performance Audit and the buses are yet (November 2014) to be declared as condemned.

Vehicle Productivity

3.7.3 Vehicle Productivity refers to the average kilometers (KM) run by each bus *per* day in a year. The vehicle productivity of the Corporation for the five years ending March 2014 is shown in the table below.

Table No: 3.5

Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Average no. of Vehicles on road	145	171	170	129	95
2.	Vehicle productivity (KM run *per* day *per* bus)	232	222	221	214	205
3.	Vehicle productivity (Norms of Corporation)	280	280	280	280	280
4	Traffic Revenue per KM (in ₹)	15.92	14.14	15.36	17.88	18.52

* Loss due to low fleet utilisation = (target fleet utilisation – fleet utilised) × vehicle productivity × 365 × contribution.

10 All India Average for the year 2009-13 was as per ASRTU's Report.

Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
5.	Loss[11] of revenue due to less vehicle productivity (₹ in crore)	4.04	5.12	5.62	5.56	4.82

(Source: Data furnished by the Corporation)

The Corporation could not achieve its vehicle productivity target of 280 KM per day and sustained a revenue loss of ₹ 25.16 crore

It can be seen from the table above that vehicle productivity of the Corporation decreased from 232 in 2009-10 to 205 in 2013-14. As against the All India Average of Vehicle productivity of 374.18 KM *per* day, the vehicle productivity of the Corporation was much on the lower side during the period 2009-10 to 2013-14. Further, failure of the Corporation to meet its own vehicle productivity target of 280 KM per day resulted in a revenue loss of ₹ 25.16 crore to the Corporation.

The reasons for shortfall in vehicle productivity were non-operation of all the routes, deficient route planning and cancellation of schedules, etc (as discussed in Paragraphs **3.7.4 and 3.7.5**). No effective measures were taken by the Corporation to improve vehicle productivity.

Load Factor/Occupancy Ratio

3.7.4 Capacity utilisation of a transport undertaking is measured in terms of Load Factor, which represents the percentage of passengers carried to seating capacity. The schedules to be operated are to be decided after proper study of routes and periodical reviews are necessary to improve the load factor. The table below shows the load factor and the loss incurred by the Corporation due to low occupancy/load factor for the period from 2009-10 to 2013-14.

Table No. : 3.6

Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Load Factor (*per cent*)	65	64	64	69	76
2.	Traffic Revenue (₹ in crore)	19.50	19.56	21.03	18.00	13.13
3.	Traffic Revenue at targeted 80 *per cent* Load Factor (₹ in crore)	24.00	24.45	26.28	20.87	13.82
4.	Loss of Revenue due to low occupancy/Load Factor (₹ in crore)	4.50	4.89	5.25	2.87	0.69

(Source: Data furnished by the Corporation)

It may be seen from the table above that the load factor of the Corporation ranged from 64 *per cent* in 2010-11 to 76 *per cent* in 2013-14 which was lower than the standard Load Factor of 80[12] *per cent* of seating capacity fixed

[11] Loss of revenue due to less vehicle productivity = (Corporation's own target of 280 per KM - Corporation's Effective KM) x Revenue per KM x 365 x on road buses.

[12] On the basis of the target of the load factor of 80 *per cent* adopted by the Corporation for fixation of fares for its buses.

by the Corporation. As a result Corporation failed to meet its own target of 80 *per cent* of load factor.

The main reasons for low load factor as analysed by the Corporation were permission granted by the State Government to run private buses on the same route, leakage of passenger revenue due to ticketless travellings, plying of buses on uneconomical routes and frequent breakdown of buses on account of inadequate servicing/maintenance due to unskilled workers, overage buses, etc. No serious efforts were made by the Corporation to arrest the declining load factor of the buses.

The Corporation could not meet its own capacity utilisation target of 80 *per cent*

The Corporation stated (September 2014) that despite ageing fleet and some less profitable routes, the Corporation was making efforts to utilise the seating capacity of buses to the maximum. The reply of the Corporation is not acceptable as it failed to achieve its own Occupancy Target of 80 *per cent*.

Route Planning

3.7.5 As the Corporation did not have sufficient number of buses to operate on all routes, it was incumbent upon the Corporation to resort to appropriate route planning so as to achieve higher load factor. We observed that the Corporation failed to evolve a sound route plan to improve the load factor and in turn augment the revenue of the Corporation. The details of schedules operated and profitability are given in the table below:

Table No: 3.7

Year	Total No. of schedules	No. of schedules meeting variable cost	No. of schedules not meeting variable cost	Loss of revenue due to schedules not meeting variable cost (₹ in lakh)
2009-10	184 (100)	152 (83)	32 (17)	7.83
2010-11	195 (100)	165 (85)	30 (15)	11.11
2011-12	159 (100)	138 (87)	21 (13)	6.48
2012-13	129 (100)	90 (70)	39 (30)	40.48
2013-14	97 (100)	64 (66)	33 (34)	42.89
			Total	**108.79**

(Source: Data furnished by the Corporation and Figures in bracket indicate the percentage)

Lack of route planning caused a revenue loss of ₹ 1.09 crore to the Corporation

It would be seen from the table above that percentage of routes not meeting the variable cost increased from 17 *per cent* in 2009-10 to 34 *per cent* in 2013 -14. As a result of poor route planning, the Corporation sustained a revenue loss of ₹ 1.09 crore.

The Corporation stated (September 2014) that the buses were being operated on routes as per existing permits and efforts were being made to rationalise it. The reply is not acceptable since the vehicles could have been utilised on profitable routes through sound route planning.

3.7.6 A review of the operations of eleven depots of the Corporation indicated that the scheduled kilometres were not fully operated mainly due to non-availability of adequate number of buses, shortage of crew, breakdowns, accidents, shortage of tyres, etc. as indicated in the ***Annexure- 3.5.***

Cancellation of scheduled kilometers led to contribution loss of ₹ 15.04 crore

It would be seen from the ***Annexure-3.5*** that 86 to 90 *per cent* of inoperative KM was mainly attributable to cancellation of schedules due to shortage of buses and crew. The buses of the Corporation were not roadworthy. The Corporation failed to evolve any plan to exclude these buses from fleet strength and replace them by new buses. Besides, it also failed to engage the required crew. Thus, lack of planning on the part of the Corporation resulted in a contribution loss of ₹ 15.04 crore to the Corporation.

Manpower Cost

3.7.7 Manpower is an important element of cost and it alone constituted 17.84 *per cent* of the total expenditure of the Corporation during the period 2009-14. The percentage of manpower cost to total expenditure of the Corporation in the year 2009-10 and 2010-11was as high as 29.98 *per cent* and 46.15 *per cent* respectively. Manpower cost registered a sharp decline in the subsequent years which was mainly attributable to employees turnover and accountal of Interest for Government loan from 2011-12 onwards. To keep the manpower cost under control, it was incumbent on the Corporation to utilise its manpower optimally to achieve higher manpower productivity. The details pertaining to manpower, its cost and productivity is indicated in ***Annexure-3.6.***

Manpower productivity of the Corporation was much below the All India Average

It is evident that manpower productivity during last five years ending March 2014 ranged from 16.48 KM to 24.75 KM which was much below the All India Average[13] manpower productivity of 65.56 KM during the period 2009-13. Further, manpower per bus, as compared to the All India norms of manpower per bus of 5.71 during the period 2009-14, was basically high in the range of 8.92 to 14.04 during the said period.

The Corporation stated (September 2014) that due to overage of the buses, percentage of off road buses increased and KM per person remained low as compared to the national average. The reply confirms that the failure to induct new buses resulted in lower manpower productivity.

Fuel Cost

3.7.8 Fuel cost is an important element of cost and on an average it constituted 12.53 *per cent* of the total expenditure during the period 2009-14. Control of fuel costs by a road transport undertaking has a direct bearing on its profitability. The targets fixed by the Corporation for fuel consumption, actual consumption, mileage obtained per litre (Kilo metre per litre i.e. KMPL), All India Average and estimated extra expenditure are given in ***Annexure-3.7.***

[13] Average of Manpower Productivity has been worked out on the basis of ASRTU Manpower Productivity for the period 2009-2013.

The Corporation incurred excess expenditure of ₹ 11.51 crore due to excess consumption of fuel

It can be seen from the ***Annexure-3.7*** that during the period 2009-14, the Corporation's target of KMPL was much below the All India KMPL (5.06 to 5.16) and KMPL of Uttar Pradesh State Road Transport Corporation (4.92 to 5.33). Further, for the given gross lakh kilometers, fuel consumption was in excess of the All India average norms for fuel consumption which resulted in excess expenditure of ₹ 11.51 crore. The main reasons for excess fuel consumption were old buses, poor maintenance of buses, etc.

The Corporation stated (September 2014) that due to general condition of link road of the State, KMPL was low. Reply is not acceptable as the buses were operated generally either on National Highway or on State Highway and not on link road.

Loss of ₹ 2.49 crore due to fictitious exhibition of Dead Kilometer

3.7.9 Dead Kilometer is the difference of distance between the Gross Kilometers and the Effective Kilometers covered in carrying passengers and as such relates to the distance travelled by the bus from Depot/workshop to bus stand, excess KM travelled due to plying of vehicles through longer route due to unavoidable situations, distance between en-route breakdown and workshop, on account of which no revenue or income accrues to the Corporation. The Corporation had set a norm of two *per cent* as the acceptable norm for dead Kilometer. The details of actual gross KM, effective KM, dead KM, fuel consumed and KMPL achieved by the Corporation during the period 2009-14 is indicated in the table below:-

Table No: 3.8

Description	Years					
	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Actual Gross KM(in lakh KM)	126.46	143.78	145.18	108.57	75.37	599.36
Effective KM (in lakh KM)	122.48	138.35	136.94	100.65	70.91	569.33
Dead KM (in lakh KM)	3.98	5.43	8.24	7.92	4.46	30.03
Dead KM of Gross KM (in *per cent*)	3.15	3.78	5.68	7.29	5.92	5.01

(Source: Data furnished by the Corporation)

It may be seen from the table above that as against the norm of two *per cent* for dead Kilometer, the actual dead KM of the Corporation during the period 2009-14 ranged from 3.15 *per cent* to 7.29 *per cent*. While the percentage of dead KM in five[14] divisions were well within the norms, in Bhagalpur division, dead KM was little higher than the target (3.06 to 3.65 *per cent*). However, in the Muzaffarpur Division it was abnormally higher and ranged between 6.47 *per cent* and 18.47 *per cent.*

[14] Patna, Gaya, Chapra, Darbhanga and Purnea.

Scrutiny of records of Muzaffarpur Division i.e. 'Form B registers' in which operational data is compiled at the depot level revealed that:-

- reason, if any, for dead KM was not entered in the register.
- reason, if any, for resorting to longer routes by the driver was also not recorded.
- In Motihari depot of the division, dead KM was drastically reduced (April 2013) with the change of Depot Superintendent.
- Gross KM shown by Muzaffarpur depot ranged between 194 and 202 KM which was higher than the KM shown by the buses of other depots (166 KM) between same places (e.g. Patna to Muzaffarpur).

The Corporation incurred excess expenditure of ₹ 2.49 crore due to fictitious exhibition of dead KM

We observed that dead KM was exhibited in the said 'Form B' without any justification. Possibility of misappropriation cannot be ruled out and it needs investigation. As such Muzaffarpur Division incurred excess expenditure to the tune of ₹ 2.49 crore on account of dead KM during the period 2009-14.

The Corporation stated (August 2014) that the case was being examined in the light of audit observation. Action will be taken accordingly.

Proceeds from Sale of Scrap

3.7.10 A mention was made in paragraph 3.20.5 of the Audit Report of the Comptroller and Auditor General of India (Commercial), Government of Bihar, for the year ended 31 March 2009 that as per revival scheme (1996) submitted by a committee appointed by the Supreme Court of India, a sum of ₹ 12 crore was to be raised through disposal of condemned buses and scrap. The funds so raised were to be utilised for purchasing 133 new buses.

The Corporation failed to utilise the available fund of ₹ 11.17 crore for purchase of 48 new buses.

We observed that the Corporation disposed off 746 condemned vehicles during the period 2009-12 and raised funds to the tune of ₹ 11.17 crore. However, the sale proceeds amounting to ₹ eight crore realised from disposal of condemned vehicles were lying in term deposits with bank for over two to four years. The Corporation failed to utilise these funds for acquisition of 48 new buses so as to mitigate the Corporation's requirement of 414 new buses during the period 2009-14 as already pointed out in Paragraph 3.7.1.

The Corporation stated (September 2014) that the process for purchase of buses has been initiated.

Recommendation: We recommend that the Corporation, in order to improve its operational performance, needs to improve its fleet utilisation, endeavour to achieve its Vehicle Productivity target, Occupancy Ratio, ply buses on profitable routes through proper route planning, reduce fuel cost and manpower cost through effective monitoring and supervision.

Public Private Partnership Scheme

The Corporation implemented PPP Scheme without framing any PPP policy

3.8 To augment revenue and to check illegal operation by the private operators on notified routes, the Corporation, without framing any PPP policy, started (December 2009) a Public Private Partnership (PPP) scheme for operation of buses (including buses owned by the Corporation) on nationalised routes by private operators on a fixed commission basis. The scheme, thus, included operation by private operators of buses owned by the operators, as well as by the Corporation.

Operation of private buses by operators

3.8.1 Under this PPP scheme, permits were to be obtained for buses of private operators in the name of Corporation. There was no competition in getting permits and tenderers, who had submitted security deposit and papers relating to the ownership of buses, were allowed to operate buses under the said scheme after entering into agreements with them. Thus, the Corporation in effect, had let out the use of its road permits. As on 31 March 2014, there were 435 buses operating under this scheme.

Test check of 97 out of 180 agreements, entered into between the Corporation and the operators for operation of buses, revealed three major deficiencies viz., deficient agreement, non-adherence to the clauses of PPP agreements and poor monitoring which are discussed below:

The Corporation did not pursue the subsidy of ₹ 9.37 crore from the State Government

- As per the agreements, the commission was to be recovered from the operators in advance. However, due to non-observance of the terms of agreements, the Corporation could not recover a sum of ₹ 21.06 crore from the defaulting operators. Besides, the Corporation did not pursue the recovery of subsidy of ₹ 9.37 crore from the State Government and thus failed to adjust the same from the recoverable dues on account of commission to that extent.

  The Corporation stated (September 2014) that for realisation of dues, certificate cases were filed in different Certificate Courts. Further, as regards the subsidy, there was no Government notification to give subsidy to private buses.

  The reply is not acceptable since certificate cases for recovery of ₹ 1.56 crore only had been filed by the Corporation till date (November 2014). As regards the issue relating to subsidy, the records of the State Government revealed that provision was made for subsidy under PPP Scheme.

Short charging of commission resulted in revenue loss of ₹ 1.35 crore

- As per agreements the commission was to be charged for each trip as provided in the road permits. However, the Corporation did not raise the demand for commission amounting to ₹ 1.35 crore and realise the same from the private operators in respect of return trip from Jharkhand.

Under charging of commission resulted in revenue loss of ₹ 1.01 crore

- As per the agreements, commission was to be charged on total income calculated on the basis of end to end fare of total seating capacity of the bus. As such the commission was to be charged on the basis of fare charged by the operator from passengers. However, the Corporation charged commission on the amount lower than the fare charged by the operators and as a result sustained revenue loss of ₹ 1.01 crore.

The Corporation did not check unauthorised plying of buses and suffered revenue loss of ₹ 1.02 crore

- On Patna-Madhubani route, permit for one bus was obtained against which, three buses were being operated by the operator unauthorisedly. Similarly one bus was being operated by the operator on Patna - Jogbani route without any permit. The Corporation could not check the unauthorised[15] operation of buses by M/s Girish Infrastructure Limited, Hyderabad on two above routes and as a result suffered loss to the tune of ₹ 1.02 crore.

Operation of Corporation' buses by private operators

3.8.2 To overcome the manpower crisis, operation of old buses and leakage of revenue caused by ticketless traveling, etc., the Corporation launched two schemes viz. Sajhedari[16] scheme and Income per Effective Kilometer (IPEKM[17]) scheme for operation of buses by private operators.

The Corporation failed to recover dues of ₹ 36 lakh

- The Corporation failed to recover its share of revenue income from 12 private operators in respect of three[18] divisions amounting to ₹ 36 lakh during the period September 2012 to January 2014. The operators have stopped the operation and as such the chances of recovery of the dues had became remote.

Due to deficient agreement, Corporation suffered a revenue loss of ₹ 61 lakh

- The PPP agreements in respect of operation under IPEKM were defective since it did not stipulate the minimum kilometers to be operated by the operators. Due to non-inclusion of minimum vehicle productivity clause in the PPP agreement as well as poor monitoring of operation of buses by Corporation, the Corporation suffered a loss of ₹ 61 lakh worked out on the basis of Private Operator's non-attainment of Corporation's actual average vehicle productivity during the period 2009-10 to 2013-14**.**

The Corporation stated (September 2014) that due to vehicles being very old, their operation could not be done as per the norms. Reply is not acceptable as the Corporation had not included the target regarding vehicle efficiency in the agreement.

Recommendation: We recommend that the Corporation, in order to safeguard its financial interest in operation of buses under PPP mode, needs to frame standard form of agreement, adhere to the clauses of PPP agreements and arrest the leakage of revenue through effective monitoring and supervision.

Internal Control System and Monitoring by the Top Management

3.9 Internal control is a management tool used to provide reasonable assurance that management's objectives are being achieved in an efficient, effective and orderly manner. For an organisation like Road Transport Corporation there has to be written norms of operation, service standards and target. Further, there

---

15 Operation of buses without valid permit.

16 A scheme under which ownership of the buses, subject to conditions, was to be transferred to the private operators.

17 Under IPEKM scheme private operator was to operate buses in lieu of payment of fixed income per effective KM covered.

18 Muzaffarpur, Patna and Gaya.

should be a Management Information system (MIS) to report on achievement of targets and/or norms. The achievements/performance of the organisation should be reviewed to find out the deviations, if any, from the set norms/standards for fixation of responsibility in respect thereof and for taking remedial measure. Further, the set target/norm should be realistic so as to make the organisation self-reliant. A review of Internal Control System prevalent in the organisation revealed that:

- the Corporation failed to formulate any functional operational manuals;
- the Divisions and Depots did not have any details of work executed by the outside agency;
- basic records like fixed assets register were not being maintained. There was no system of physical verification of stores annually. Physical verification has not been done since 2005-06; and
- The Corporation had an internal audit wing. The internal audit report was to be submitted to the Administrator through Chief of Operation who was in charge of internal audit. However, as against the sanctioned strength of 26, no official was posted in the said wing. Further, no regular audit was conducted during last five years ending 31 March 2014.

The internal control system and MIS was deficient

Thus, Internal Control System prevalent in the organisation as well as monitoring by top Management was deficient. No reply was furnished by the Corporation.

Recommendation: We recommend that the Corporation, in order to ensure economy, efficiency and effectiveness in its operation, needs to strengthen its Internal Control System by formulating functional manuals, setting service standards, MIS etc. together with effective monitoring and supervision by the Top Management.

Conclusion

- **The Corporation did not have a fare policy. Fare fixation was done only with respect to increase in HSD prices and without regard to the increase in other input costs. Due to deficient fare policy alone, the Corporation was deprived of the potential revenue of ₹ 8.63 crore.**
- **The Corporation, notwithstanding the availability of fund, failed to strengthen its fleet strength comprising of over aged buses and thus failed to fulfil its objective of providing adequate and well co-ordinated transport system to the public at large which had affected its operational performance.**
- **As a result of deficient PPP agreements, failure on the part of the Corporation to safeguard its financial interests and poor monitoring, the Corporation suffered a revenue loss of ₹ 13.72 crore.**
- **The Internal control system prevalent in the Corporation was deficient. The Corporation did not prepare annual plan, annual budget. Beside, monitoring by top management of key operational parameters was deficient and Internal Audit Wing was almost non-operational.**

CHAPTER IV

4. TRANSACTION AUDIT OBSERVATIONS

Chapter-IV

4. Transaction Audit Observations

Important audit findings emerging from test check of transactions of the State Government companies/Statutory corporations are included in this Chapter.

Government companies

South Bihar Power Distribution Company Limited

4.1 Long Paragraph on Billing and Collection of dues in respect of High Tension Specified Services Consumers

4.1.1 The erstwhile Bihar State Electricity Board (Board), in 2001, by virtue of the power conferred under section 49 of the Electricity (Supply) Act, 1948, with the approval of State Government, framed exclusive tariff for the consumers of electric induction furnace (a type of furnace that uses electric currents for melting and alloying a wide variety of metals with a minimum melting loss), designated as High Tension Specified Services (HTSS) tariff which was applicable to all the consumers having a contract demand of 300 KVA or more for induction furnace. Further, various tariff orders issued by the Bihar Electricity Regulatory Commission (BERC) with effect from November, 2006, *inter alia,* also included provisions for HTSS consumers.

The activity of distribution of electricity was carried out by the erstwhile Bihar State Electricity Board (Board). The Board was unbundled on a functional basis with effect from 01 November 2012 into five successor companies viz. Bihar State Power (Holding) Company Limited, South Bihar Power Distribution Company Limited, North Bihar Power Distribution Company Limited, Bihar State Power Transmission Company Limited and Bihar State Power Generation Company Limited.

A total of 394.88 Million Kilo Watt Hour (MKWH) to 476.39 MKWH units of electricity was sold to HTSS consumers during the period 2010-13 which ranged between 5.9 *per cent* and 11.95 *per cent* of the total units of electricity sold in the State.

Audit of Billing and Collection of dues in respect of High Tension Specified Services (HTSS) Consumers of South Bihar Power Distribution Company Limited (Company) was conducted since the percentage of electricity units sold to HTSS consumers with respect to the total units of electricity sold to the consumers across the State increased significantly from 5.9 *per cent* in 2011-12 to 11.95 *per cent* in the year 2012-13.

Audit Objectives

4.1.2 Audit of Billing and Collection of dues in respect of electricity units sold to HTSS consumers of the South Bihar Power Distribution Company

Limited (Company) during the period 2010-14 was conducted to ensure:

- due compliance with the provisions of Tariff Orders issued by BERC from time to time and with Rules pertaining to determination of Contract Demand and its subsequent revisions;
- adherence to the Bihar Electricity Regulatory Commission's (Standards of Performance of Distribution Licensee) Regulations, 2006; and
- billing in accordance with the applicable tariff and assessing the efficiency of billing and collection process.

Scope of Audit and Methodology

4.1.3 The methodology adopted for attaining the audit objectives consisted of scrutiny of records relating to 12 HTSS consumers out of a total of 16 consumers at Headquarters office of the Company, raising of audit queries, discussion of audit findings with management in exit conference (September 2014) and issue of Long Paragraph to the Management/ Government for comments. This audit covered the period 2010-11 to 2013-14.

Audit findings

4.1.4 Audit findings on the billing and collection of dues from HTSS consumers in respect of sale of electricity in units are discussed in the succeeding paragraphs:-

Short Determination of Contract Demand

4.1.5 Paragraph 7.4 of Tariff Order, 2012-13 and 2013-14 approved by Bihar Electricity Regulatory Commission (BERC) provided, *inter alia*, that for a new connection under HTSS category, the contract demand shall be based on the total capacity of the induction furnace and the equipments as per manufacturers' technical specifications. The billing demand shall be the maximum demand recorded during the month or the contract demand, whichever is higher.

A mention was made in Paragraph 4.1 of the Report of the Comptroller and Auditor General of India on PSUs for the year ended 31 March 2013 regarding non-adherence to the provisions of the tariff order regarding reduction of contract demand which resulted in undue benefit to the consumer and a loss of revenue of ₹ 1.19 crore to the Company. Further cases of non-compliance of the aforementioned provisions as noticed are discussed below:-

Failure to enhance the Contract Demand as per actual load

An HTSS consumer, M/s Neelkamal Steel Private Limited, Patna applied (March 2013) for load enhancement from 9000 Kilo Volt Ampere (KVA[1]) to 12000 KVA and furnished the details of existing load installed in its premise. As per the said details, the said consumer was having a load of 9831 KVA (8849.5 KW). The aforementioned load of the said consumer existed ever

[1] 1KVA= 1 Kilo Watt (KW) x 1.1111.

since the contract demand of 9000 KVA was being availed by the said consumer (i.e. from January 2013). Accordingly, as per the Tariff provisions, the said consumer should have been billed at a contract demand of 9831 KVA instead of 9000 KVA from January 2013. Further, the said consumer got his load enhanced from 9000 KVA to 12000 KVA in July 2013. However, as per the load details, the total load including equipments of the consumer worked out to be 13103 KVA (11794 KW). Thus, the consumer should have been billed accordingly.

Failure on the part of the Company to enhance the Contract Demand of the said HTSS consumer in accordance with the provisions of the Tariff Order resulted in short determination of Contract Demand which led to a revenue loss of ₹ 1.06 crore to the Company during the period from January 2013 to April 2014.

Short-assessment of Contract Demand

An HTSS consumer, M/s Dadiji Steel Private Limited, Patna, consequent upon installation of new furnace in place of old furnace, applied (July 2012) for load enhancement from 12051 KVA to 14701 KVA[2]. However, in load sanction, there was short assessment in respect of load of furnaces and auxiliary load. As regard the four furnaces, the manufacturer's[3] specifications, clearly stated that the total power consumption necessary for functioning of these furnaces was 12776 KVA (11500 KW). However, as against the manufacturers' technical specifications in respect of the aforementioned furnaces, the said consumer was sanctioned with a load of 11500 KVA only. Further, as regards the auxiliary load, the said consumer in its self-declaration, stated to have a load of 1334 KVA (1201KW). However, the said consumer was allowed a load of 1201 KVA in respect of auxiliary load. Consequently, as against the total load of 16110 KVA i.e. (12776 KVA + 1334 KVA + 2000 KVA) in respect of induction furnaces, auxiliary load and rolling mill, the said consumer was sanctioned with a load of 14701 KVA only with effect from January 2013.

As a result of short-assessment of Contract Demand by 1409 KVA, the Company suffered a revenue loss of ₹ 2.27 crore for the period January 2013 to November 2014.

The Management while accepting the audit observation stated (October 2014) that both consumers have been requested to execute fresh agreement for the enhanced contract demand.

Recommendation: We recommend that the Company needs to scrupulously adhere to the provisions of Paragraph 7.4 of the prevalent Tariff Orders with respect to determination of Contract Demand and Billing thereof.

[2] The load of 14701 KVA included the load of 11500 KVA for four induction furnace, 1201 KVA for auxiliary load and 2000 KVA for Rolling Mill.

[3] Megatherm Electronic Private Limited.

Adherence to the BERC (Standards of Performance of Distribution Licensee) Regulations, 2006

Delay in Load Enhancement

4.1.6 Paragraph 17 (a) of Bihar Electricity Regulatory Commission (BERC) (Standards of Performance of Distribution Licensee) Regulations, 2006 stipulated *inter alia*, that on receipt of application in the prescribed form for enhancement of the Contract Demand, the licensee[4] shall inspect the premises within seven days of receipt of application and shall allow the enhancement of load within twenty days, in case no extension and alteration of distribution network was required.

We observed that in case of two consumers[5] relating to enhancement of load, the time period prescribed by Standards of Performance of Distribution Licensee, 2006 was not adhered to and there were delays which are discussed below:

- An HTSS consumer, M/s Neelkamal Steel Private Limited, Patna, applied (05 March 2013) for enhancement of the load from 9000 KVA to 12000 KVA. Though the recommendation for the sanction of the enhanced load was sent on 14 March 2013 only, the Company, however, inordinately delayed the sanction of the enhanced load by almost one month. The supply at the enhanced load to the said consumer commenced from 6 July 2013. Delay in enhancement of load by 36 days resulted in a revenue loss of ₹ 25.20 lakh[6] to the Company on account of Demand Charges.
- An HTSS consumer, M/s Dadiji Steels Private Limited, Patna, applied (July 2012) for enhancement of load from 12051 KVA to 14701 KVA. The load proposal of the said consumer was sent to the then General Manager cum Chief Engineer on 3 August 2012. Thereafter, letter was written to the Executive Engineer, Electric Supply Division, Fatuha to inspect the premises of consumer and submit the concrete load proposal. Eventually, the enhanced load was sanctioned on 10 October 2012 only i.e. after a delay of 49 days after allowing 27 days provided under the aforementioned Regulation. We observed that had required steps for load enhancement been taken on time, the delay of 49 days was avoidable. Consequent upon load sanction, the said consumer deposited the security money on 26 November 2012 and supply to the said consumer at the enhanced load commenced from January 2013. Delay in enhancement of load of the said consumer by the Company resulted in a revenue loss of ₹ 30.30 lakh[7] on account of Demand Charges.

In both the aforementioned cases the Company stated (October 2014) that there was no delay in enhancement of load since the enhanced load applied

---

[4] Licensee means any person including a Company or a Local Authority licensed under the Indian Electricity Act, 1910 to supply energy and includes the Bihar State Electricity Board.

[5] M/s Neelkamal Steel Private Limited and M/s Dadiji Steel Private Limited.

[6] Demand Charge loss = 3000*36/30*700 = ₹ 25, 20,000.

[7] Demand Charge loss = 2650*49/30*700 = ₹ 30, 29,833.

for was sanctioned after completion of formalities like deposit of additional security deposit and execution of agreement stipulated under applicable clause of Bihar Electricity Supply Code-2007 (BESC 2007). Further, as regards the revenue loss, the said consumer was billed on actual meter reading recorded by the meter.

The reply of Management is not acceptable since there were inordinate delays at the stage of load sanction itself which was to be done before the formalities of execution of agreement and deposit of security money by the consumer. Further, as per the Tariff Provisions, demand charge was to be billed as per the contract demand or the maximum recorded demand, whichever was higher.

Recommendation: We recommend that the Company needs to adhere to the provisions of Paragraph 17 (a) of BERC (Standard of Performance of Distribution Licensee) Regulations, 2006 to reduce the unwarranted delays in matters involving new service connection.

Short Billing and Collection of Revenue

Short Assessment of Additional Security Deposit and Undue benefit to the Consumer

4.1.7 Clause 7.15(3) of Bihar Electricity Supply Code, 2007 (Code), *inter alia*, provides that the amount of the security deposit obtained from the consumer shall be reviewed by the licensee, half-yearly on the basis of consumption during the previous six months for High Tension (HT)/ Extra High Tension (EHT) consumers. The consumer shall be required to pay an additional security deposit based on his average consumption during the period concerned and the applicable tariff, etc., if the security for the average consumption of power exceeds the amount of the security deposit already held by the licensee, by 20 *per cent*. If otherwise, additional security deposit shall be refunded to the consumer.

Scrutiny of records of M/s Bhola Ram Steel Private Limited, Patna, an HTSS consumer revealed that security deposits of the said consumer was reviewed in July 2013 on the basis of ten month consumption from June 2012 to March 2013. Consequent upon revision, an additional security of ₹ 36.22 Lakh was levied on the said consumer. We observed that as per the billing details on the basis of prior six month consumption in October 2013 (on half yearly basis) additional security amounting to ₹ 52.63 Lakh was required to be charged on the said consumer. However, the Company in contravention of the provisions of Bihar Electricity Supply Code, 2007 charged security of ₹ 36.22 Lakh only on the said consumer. This resulted in short assessment of additional security deposit to the tune of ₹ 16.42 Lakh and led to extension of undue benefit to the said consumer to that extent.

The Management stated (October 2014) that security deposit of the Consumer was reviewed in July 2013 and accordingly additional security of ₹ 36.22 lakh was realised from the consumer in the month of October 2013 on the basis of ten months consumption from June 2012 to March 2013 and no further additional security deposit was required when the same was reviewed in the month of October 2013. The reply is not acceptable since as per the provisions of the Code, the Company was required to review security deposit on half yearly basis i.e. in the month of April/ May and October/ November on the basis of previous six months' consumption of the consumer.

Recommendation: We recommend that the Company needs to adhere to the provisions of Clause 7.15(3) of Bihar Electricity Supply Code, 2007 relating to review of security deposit of the HTSS consumers.

Irregular Grant of Rebate under Industrial policy

4.1.8 As per Paragraph 2 (xii) of the Industrial Policy, 2006 issued by the Industry Department, Government of Bihar, working units at present and new units shall avail exemption from payment of Annual Minimum Guarantee (AMG) / Monthly Minimum Guarantee (MMG) charges of electricity from the date of declaration of the New Industrial Policy. The aforementioned exemption under the Industrial Policy was extended for a further period of five years, vide the new Industrial Policy, 2011. However, the erstwhile Board issued an order in August 2008 to not to grant benefits of industrial policy to consumers being found guilty of theft of electricity/tampering of meter for the period of theft/tampering.

We observed that:

The erstwhile Board launched a scheme of voluntary disclosure of tampering of meter in June 2008 in line with clause 11.4 of ESC 2007. In response to the aforementioned scheme, six[8] consumers declared (June 2008) their meter as tampered. Accordingly, punitive bills were raised under clause 11.4 of the aforementioned Code for the period of tampering of meter. Further, it was observed that the erstwhile Board unduly granted the benefits of remission under Industrial policy, 2006 in July 2011 aggregating to ₹ 1.95 crore ***(Annexure-4.1)*** for the period of tampering of meter to these consumers notwithstanding, the instances of tampering of meters by them. However, as per the prevalent order of the Board, in case of tampering /theft of electricity, no incentive was to be given to the Consumer in terms of the Industrial Policy, 2006 for the period of tampering/theft.

M/s Gangotri Electrocasting Private Limited, Patna, an HTSS consumer, was served with a punitive bill of ₹ 1.01 crore for tampering of meter for the period of 12 January 2008 to 28 February 2008. At the direction of Hon'ble Patna High Court, the punitive bill was reviewed and the Assessing Officer upheld (September 2011) the earlier assessment of punitive bill of ₹ 1.01 crore. However, the consumer despite being served with a punitive bill for meter tampering, was also extended the benefit of remission amounting to ₹ 1.43 lakh in October 2012 for the period of theft (January 2008 to February 2008) under the said policy, in violation of the orders of the erstwhile Board.

[8] M/s Dadiji Steel Private Limited, Patna (Didarganj); M/s Patwari Steel Private Limited, Patna (Rajendra Nagar); M/s Balmukund Concast Limited, Patna (Exhibition road); M/s J.G. Foundry Limited, Patna (Agam Kuan); M/s Dina Iron & Steel Limited, Patna (Didargang); and M/s Gangotri Electrocasting Private Limited, Patna (Phulwarisharif).

The Management accepted the audit observation and stated (October 2014) that as per the observation of audit supplementary bill was served to the consumers.

Revenue recoverable on account of Energy Bills Kept in Abeyance

4.1.9 In the event of any dispute arising between the Company and the Consumers with respect to the amount and correctness of the Energy bills served and the matters related thereto, the Company keeps the amount involved therein as “Kept in Abeyance” pending settlement of the issues/disputes.

It was observed in Audit that the premises of M/s Dina Metals Limited (Patna), an HTSS consumer, were inspected by vigilance team along with the officials of the erstwhile Board in April 2008. The meter of consumer was found to be tampered and accordingly a First Information Report (F.I.R) was lodged for theft of electricity and a punitive bill for ₹ 3.56 crore was raised. The Consumer, in protest, filed a petition in Hon’ble High Court, Patna, who directed that meter of consumer be tested in the laboratory of the consumer’s choice viz. National Physical Laboratory, Delhi to identify and detect as to whether the said meter was mechanically defective or tampered and then the Assessing Officer take appropriate steps in accordance with the law and in case of any provisional bill raised on the consumer, the said consumer shall pay 50 *per cent* of the amount thereof and then file his objection, if any (January 2011).

We observed that the Company, even after a lapse of more than three years, failed to get the meter tested as a result of which ₹ 3.56 crore remained blocked for more than three years. The Company failed to realise the punitive bill till date (October 2014) and the said amount was lying idle as “Kept in Abeyance”.

The Management while accepting the facts and figures stated (October 2014) that in compliance of the Hon’ble High Court’s order, appropriate steps in accordance with law, would be taken shortly.

Recommendation: We recommend that the Company needs to dispose of cases of billing of consumers on a priority basis so as to avoid the incidents of the same being kept in abeyance as well as to avoid the unwarranted delays in collection thereof.

The matter was reported to the Government (August 2014), reply was awaited (November 2014).

Conclusion

- **The Company failed to enhance the Contract Demand of two HTSS consumers on the basis of the total capacity of the induction furnace and equipments of the consumers as per manufacturers’ technical specifications and bill them accordingly. This led to short determination**

of Contract Demand as a result of which the Company suffered revenue losses aggregating to ₹ 3.33 crore.

- **The Company failed to enhance the Contract Demand of two HTSS consumers within the prescribed time limit of 27 days and as a result suffered revenue losses aggregating to ₹ 55.50 lakh.**
- **The Company, even after a lapse of more than three years and in contravention of the High Court's directives, failed to get the meter of an HTSS consumer tested in a laboratory of consumer's choice as a result of which revenue of ₹ 3.56 crore was lying blocked on account of disputed Electricity Bills.**

4.2 Loss of revenue

Inordinate delay in enhancement of Contract Demand of Railway Traction Service (RTS) Consumer resulted in non-realisation of revenue of ₹ 5.14 crore.

Bihar Electricity Regulatory Commission (BERC) approved Tariff Order 2006-07[9], provided, *inter alia*, that the transformer capacity of all High Tension (HT) consumers shall not to be more than 150 *per cent* of the contract demand. It further provided that if a consumer was found to be utilising transformer of capacity higher than admissible for his contracted demand, then the same would be treated as malpractice. BERC Tariff Order 2010-11[10], considering the special need of Railway, permitted the Railway Traction Service (RTS) consumers to have transformers of capacity up to 200 *per cent* of the contract demand.

Scrutiny of the records of the erstwhile Bihar State Electricity Board [now South Bihar Power Distribution Company Limited[11] (Company)], revealed that:

- An RTS consumer at Lakhisarai having contract demand of 9.5 Mega Volt Ampere (MVA) was having two transformers of 21.6 MVA capacity in violation of provisions of the aforementioned Tariff Order.
- The contract demand of the said consumer, as per the provisions of the aforementioned Tariff Orders, worked out to be 14.40 MVA[12] for the period November 2006 to November 2010 and 10.80 MVA[13] for the period December 2010 to May 2013 so as to conform to the provisions of the Tariff Orders and the said RTS consumer should have been billed accordingly.

---

9 Applicable with effect from November 2006.
10 Applicable with effect from December 2010.
11 After restructuring of the BSEB, the RTS consumers at Lakhisarai is being billed by the South Bihar Power Distribution Company Limited.
12 21.6 MVA/150 *per cent* = 14.40 MVA.
13 21.6 MVA/200 *per cent* = 10.80 MVA.

- The Company failed to enhance the contract demand of the said consumer in time so as to match the provisions of the tariff order. The Company enhanced the contract demand of the said consumer to 10.80 MVA in June 2013 only.

Thus, non-compliance with the provisions of the Tariff Orders and inordinate delay in enhancement of the contract demand of the said consumer by the Company resulted in non-realisation of revenue amounting to ₹ 5.14 crore on account of Demand charge and Energy charge for the period November 2006 to May 2013.

The Management while accepting the facts and figures stated (October 2014) that the billing for unrealised revenue for the period November 2006 to May 2013 was in process. However, the fact remains that the unrealised revenue for the said period is yet to be recovered (November 2014).

The matter was reported to the Government (April 2014); reply was awaited (November 2014).

4.3 Short-assessment of Punitive Charges

Non-compliance with the provisions of the Tariff Order and Electricity Supply Code, 2007 by the Company resulted in short-assessment of punitive charges for an HTS consumer: ₹ 43.03 lakh.

The Bihar Electricity Regulatory Commission (BERC), vide Tariff Order 2011-12 (effective from 01 May 2011) provided that the transformer capacity of High Tension Services (HTS) Consumer shall not be more than 150 *per cent* of the contract demand and the consumer found to be utilising transformer of higher capacity than admissible for his contracted load, will fall under malpractice. Further, as per Electricity Supply Code, 2007 (Code), as amended in 2010*,* the assessment of Energy charges in the case of unauthorised use/theft of electricity shall be worked out on the basis of the formulae[14] where the Connected Load in Kilo Watt (KW) for an HTS consumer shall be:

- the Contracted Demand, or
- actual demand in KVA found at the time of inspection/raid, or
- eighty *per cent* of the permissible transformer capacity, whichever is higher × 0.90 (PF[15]).

Scrutiny of records (February 2014) of Electric Supply Circle, Munger of South Bihar Power Distribution Company Limited (Company)[16] revealed that a Joint Inspection of the premises of Divisional Electrical Engineer, Eastern

[14] U= L×F×D×H; where U= Quantum of Energy assessed in Units, L= Connected load in KW found at the time of inspection/raid at site, F= Load factor as per the applicable category of service, D= Number of days during which unauthorised use of Electricity has taken place. If days were not ascertained then such period shall be limited to 12 months i.e. 365 days and H= Number of average hours of supply made available per day.

[15] PF denotes Power Factor and is defined as the ratio of the real power flowing to the load, to the apparent power in the circuit.

[16] Erstwhile Bihar State Electricity Board.

Central Railway, Danapur (Consumer No. LS – 58), an HTS – I consumer having a contracted Load of 267 Kilo Volt Ampere (KVA) was carried out by the Company officials on 16.11.2011. In the joint inspection, the said consumer was found to be using the transformers of 880 KVA capacity as against the admissible 400 KVA capacity transformer. Accordingly, the Company (erstwhile Bihar State Electricity Board) issued (February 2011) a provisional bill of ₹ 1.37 crore towards punitive charges to the consumer for unauthorised use of electricity which was also upheld in the final assessment order issued (April 2011) to the consumer.

We observed that the Company in contravention of the provisions of Tariff Order and Codal provisions assessed the punitive charge on the basis of Contract Demand of 469.3 KVA[17] as against the chargeable Contract Demand of 587 KVA[18]. As a result, the punitive charge was short assessed by ₹ 43.03[19] lakh.

The Management stated (November 2014) that the punitive bill amounting to ₹ 1.77 crore has been served to the consumer. The reply is not acceptable since punitive bill to the extent of ₹ 1.37 crore only was served to the consumer, which has already been considered in the paragraph. The other amounts of ₹ 29.67 lakh and ₹ 10.94 lakh relates to arrear bills and Delayed Payment Surcharge recoverable by the Company from the said consumer and such did not fall within the preview of the punitive bill. As such, the remaining amount of ₹ 43.03 lakh was still short assessed.

Thus, non-compliance with the provisions of the Tariff Order and Electricity Supply Code, 2007 by the Company resulted in short-assessment of punitive charges for the said HTS consumer by ₹ 43.03 lakh.

The matter was reported (June 2014) to the Government, reply was awaited (November 2014).

North Bihar Power Distribution Company Limited

4.4 Short assessment of punitive charges

Non-compliance with the provisions of Electricity Supply Code, 2007 by the Company resulted in short assessment of punitive charges to the tune of ₹35.63 lakh and extension of undue benefit to the consumer.

Section 135 (1) (a) of the Electricity Act, 2003 (Act), provides that whoever, dishonestly taps, makes or causes to be made any connection with overhead, underground or under water lines or cables, or service wires, or service facilities of a licensee[20] or the supplier, as the case may be, so as to abstract or consume or use electricity shall be punishable with an imprisonment for a term which may extend to three years or with fine or with both. Further Clause 11.1

---

17 469.3 KVA = 80 *per cent* of 2/3 of 880 KVA.

18 587 KVA = 2/3 of 880 KVA.

19 i.e. Punitive charge as per the Tariff Order and Code imposable – Amount already billed = ₹ 179.88 lakh – ₹ 136.85 lakh = ₹ 43.03 lakh.

20 Licensee means any person including a Company or a Local authority licensed under the Indian Electricity Act, 1910 to supply energy.

(b) (i) and 11.2.3 (b) (i) of Electricity Supply Code, 2007 (ESC) as amended in 2010, *inter alia,* provides that the assessment of Energy Charges in the case of unauthorised use/theft of electricity shall be worked out on the basis of formulae U= L×F×D×H[21]. Further, the said supply code also provides that for assessment of Energy Charges in cases of theft of electricity, as defined in Section 135 (1) (a) of the Act *ibid,* i.e. the load factor shall be taken as equal to 1 (100%).

Scrutiny (March 2013) of records of the Electric Supply Circle, Muzaffarpur, North Bihar Power Distribution Company Limited (Company) revealed that:

- the premises of M/s Raj Flour Mill, a High Tension Services (HTS) consumer was inspected by the Company on 20 December 2012 wherein it was found that the said HTS consumer was dishonestly availing electricity by tapping 11 Kilo Volts Overhead line which comes under the purview of theft as defined under Section 135 (1) (a) of the Act *ibid*.
- a punitive charge of ₹ 49.28 lakh was imposed (December 2012) on consumer by the Company in its Provisional Assessment Order which was upheld in the Final Assessment Order issued in January 2013.
- in assessment of the punitive charges on the basis of the aforementioned formulae by the Company, Load factor i.e. F was considered as 0.75 as against 1 specified by the Act.
- as per this the imposable punitive charge worked out to be ₹ 84.91 lakh. However, a sum of ₹ 49.28 lakh only was imposed as fine on the said consumer. This in effect, tantamounted to extension of undue benefit to the consumer to an extent of ₹ 35.63 lakh[22].

The Management stated (October 2014) that the objectionable amount of ₹ 35.63 lakh has been imposed upon the consumer in the Energy Bill for the month of August 2014. However, the fact remains that the said amount is still recoverable as on date (October 2014).

Thus, non-compliance with the provisions of Electricity Supply Code, 2007 by the Company not only resulted in short assessment of punitive charges but also led to extension of undue benefit to the consumer to the tune of ₹ 35.63 lakh.

The matter was reported to the Government (June 2014); reply was still awaited (November 2014).

---

[21] U = Quantum of Energy assessed in Units,
L= Connected load in KW found at the time of inspection/raid at site,
F= Load factor as per the applicable category of service,
D= Number of days during which unauthorised use of Electricity has taken place and H= Number of average hours of supply made available per day.

[22] ₹ 84.91 lakh – ₹ 49.28 lakh = ₹ 35.63 lakh.

Bihar State Power (Holding) Company Limited

4.5 Undue benefit to the supplier

Irregularity in finalisation of tender resulted in procurement of sub-standard Poly Carbonate Seal bit materials valuing ₹ 1.28 crore and extension of undue benefit to the supplier by the Company.

Clause 12 of the Central Electricity Authority (CEA) (Installation and Operation of Meter) Regulation, 2006, *inter-alia*, stipulates that only the patented seals (seal for which the manufacturer has official right to manufacture) shall be used for sealing the energy meters. The erstwhile Bihar State Electricity Board (BSEB) [Now, Bihar State Power (Holding) Company Limited (Company)] invited (December 2011) sealed tenders vide Notice Inviting Tender (NIT[23]) for supply of 20 lakh Patented Poly Carbonate transparent seal bit along with stainless steel seal wires suitable for sealing energy meter with code number coded monogram serial number. Paragraph 2.2 of technical specifications of the said NIT stipulated that the manufacturer shall compulsorily have the patent right to manufacture the seal and necessary documents in respect thereof shall be submitted along with the bid. Further, clause 12 of the General conditions of NIT stipulated that the sample of the patented seal bit manufactured shall be sent to any laboratory accredited by National Accreditation Board for Testing and Calibration Laboratory (NABL) for conducting the tests[24] at the bidder's cost and the type test reports issued in respect thereof shall also be submitted along with the bids.

Scrutiny of records (November 2013) of Store and Purchase wing of the Company revealed that:

- against the aforementioned NIT, four bidders[25] submitted (January 2012) their bids. Technical part of the bid was opened in January 2012. However, none of the bidders was found suitable and acceptable for procurement of Patented Poly Carbonate seal bit since none of them had a valid patent for manufacturing the seal bit. The Technical Committee[26], however, requested (February 2012) all the bidders for further clarification/submission of required documents in support of their valid patent right.
- after examination of additional documents submitted by the bidders, the Company, perceiving M/s Secure Seals India (Private) Limited (Supplier) to be a valid patent holder, placed (April 2012) a purchase order for supply of 20 lakh Patented Poly Carbonate seal bit at a landed rate of ₹ 6.49 per unit valuing ₹ 1.28 crore.

---

[23] NIT No.: 206/PR/BSEB/2011 dated 30 December 2011.

[24] Identification of base polymer, Boiling water tests, Seal wire tests, specific gravity test, chemical tests, heat resistance test reports, melting point, ultra violet resistance test.

[25] M/s Safcon Seals Private Limited (Kolkata), M/s Secure Seals (India) Private Limited. (Mumbai), M/s Manoj Seals and Locks, Maharashtra and M/s Power Center, Patna.

[26] Consisting of Electrical Superintending Engineer (Purchase), Electrical Superintending Engineer (S&I) and Electrical Executive Engineer (Purchase).

Audit observed that:

- The supplier did not have a patent right to manufacture Poly Carbonate seal bit and had entered (October 2003) into a joint venture agreement with M/s E.J. Brooks (India), INC for the manufacture and marketing of seals and sealing devices pursuant to the terms and conditions of license from M/s E.J. Brooks, New Jersey, USA.
- The Company failed to ensure the authenticity of the patent document and/or assignment/joint venture agreement submitted by the supplier prior to the issue of purchase order in April 2012 which was essential and decisive for selection of the manufacturer as well as the product as per the terms of aforementioned NIT.
- The Assistant Controller of Patent & Design intimated (May 2012) the Company that supplier did not have a patent right to manufacture the Poly Carbonate Seal bit. Further, no assignment/license agreement between M/s E.J. Brooks Company (grantee) and M/s Secure Seals (India) Private Limited. was filed for registration with the Patent Office, Government of India. Notwithstanding this, the Company failed to rescind the contract with the supplier and continued to receive the supplies.
- The Company in contravention of the purchase order failed to ensure the quality of the seal bit supplied since pre-dispatch inspection was not done by Rail India Technical and Economic Services (RITES) Limited for the first lot comprising of two lakh seal bit. Further, Ultra Violet Resistance (UV) Test was not conducted for the second lot comprising of six lakh seal bit. Besides, the UV test failed in third lot comprising of 12 lakh seal bit.

This indicated deficient internal control mechanism not only with respect to finalisation of tenders but also in ensuring the quality of the materials procured. As a result, the Company received sub-standard materials from the supplier, which in effect, tantamounted to extension of undue benefit of ₹ 1.28 crore to the supplier.

The management replied (September 2014) that the supplier had submitted affidavit with regard to patent right for manufacturing of seal bit which was given by M/s E.J. Brooks (Patent holder). Two lakh seal bits were tested by Board officers in the interest of Board for avoiding delay in release of non-service connection, meterisation of un-metered consumers. The Management further stated that UV test was done by Electrical Research and Development Association (ERDA) and found satisfactory.

The Management's reply is not acceptable since Section 69 (1) of the Patents Act 1970, *inter alia*, provides that the notification of assignment, extension and revocation of patents should be registered whereas the Assistant Controller of Patent & Design intimated (May 2012) that no such assignment/ license agreement between M/s E. J. Brooks Company and M/s Secure Seals (India) Private Limited for the said patent was filed. Further, in respect of two lakh seal bits, the said seal bits were tested in hot water in place of 8 tests required to be done by RITES. As regards the UV test, the same failed in ERDA report (August 2012) in respect of serial no. 1200001 to 1200010 of seal bit.

Thus, irregularity in finalisation of tender led to procurement of sub-standard seal bit materials valuing ₹ 1.28 crore and consequently resulted in extension of undue benefit to the supplier.

The matter was reported to the Government (June 2014), the reply was awaited (November 2014).

4.6 Undue benefit to the Supplier

Deficient procurement planning as well as failure on the part of the Company to safeguard its financial interests not only resulted in undue benefit to the supplier but also led to avoidable excess expenditure of ₹ 1.19 crore.

General Conditions of the Notice Inviting Tender (NIT) issued by the erstwhile Bihar State Electricity Board [now Bihar State Power (Holding) Company Limited (Company)], *inter alia,* stipulated that in the event of an order being placed on the tenderer, the tenderer will have to supply additional 30 *per cent* of the ordered quantity on the same terms and conditions, if the extension order was placed by the Board/Company within twelve months from the date of acceptance by the tenderer/placement of the order.

Scrutiny of the records of the Company revealed that:-

- the Company invited (January 2012) three NITs[27] for procurement of 3,500 Kilometers (Kms) of Aluminum Conductor Steel Reinforced (ACSR) Rabbit conductor, 4,000 Kms of ACSR Weasel conductor and 1,000 Kms of ACSR Dog conductors. Against these NITs, the Board placed (June 2012 to September 2012) three Purchase Orders[28] for supply of the aforementioned materials at a firm "per Km landed rate" of ₹ 30,671.98, ₹ 17,498.95 and ₹ 60,556.81 respectively on M/s Balaji Enterprises (supplier).
- the Company again invited (November 2012) three NITs[29] for procurement of 6,000 Kms of ACSR Rabbit Conductor, 4,000 Kms of ACSR weasel conductor and 2,000 Kms of ACSR Dog Conductor which was well within the time period permissible for placement of Repeat Purchase Order /Extension Order on the basis of the previous Purchase Orders. Purchase Orders against these NITs were placed in April 2013. Against this, purchase orders for procurement of 6000 kms of ACSR Rabbit Conductor, 2000 kms of ACSR Dog Conductor at a rate of ₹ 35,775.42, ₹ 20,712.27 and ₹ 69,464.15 per km respectively were placed on the same supplier in April 2013.

We further observed that:-

- the Company failed to comply with the General Terms and Conditions of the aforementioned NIT.
- as the Company noticed significant increase in rates in the new tender, hence the benefit of repeat purchase order for procuring 30 *per cent* of the quantity of the aforementioned materials tendered under new NITs by placing

---

27 NIT No - 01/PR/BSEB/2012, 02/PR/BSEB/2012 and 03/PR/BSEB/2012.

28 Purchase order No: 40 dated 03/09/2012, P.O No: 36 dated 20/07/2012 and P.O No: 29 dated 26/06/2012.

29 NIT No. 145/PR/BSPHCL/2012, 146/PR/BSPHCL/2012 and 147/PR/BSPHCL/2012.

Extension Orders on the basis of previous Purchase Orders should have been resorted to. However, the Company placed three new Purchase Orders on the same supplier in April 2013 for procurement of above materials at a firm "per Km landed rate" of ₹ 35,775.42, ₹ 20,712.27 and ₹ 69,464.15 respectively.

- failure on the part of the Company to procure 30 *per cent* of the quantity of the aforementioned ACSR conductors tendered afresh in disregard of the provision of Repeat Purchase Order/Extension Order not only resulted in undue benefit to the supplier but also led to excess expenditure of ₹ 1.19 crore (as per ***Annexure-4.2***) which was avoidable.

Thus, deficient procurement planning as well as failure on the part of the Company to safeguard its financial interests not only resulted in undue benefit to the supplier but also led to avoidable excess expenditure of ₹ 1.19 crore.

The Company replied (September 2014) that the supply of materials was not urgently needed under the old NITs and the new NITs were floated for meeting the future requirements of replacement of the old conductors. Further, the supplier did not show his interest for supplying materials against the extended purchase orders under the old NITs and if the extended orders were placed to supplier without getting the consent from him, the supply of the aforementioned material would have been impossible.

The reply is not acceptable since the supplier was bound to supply the materials if the repeat purchase orders were placed within twelve months from the date of acceptance by the tenderer/placement of the order. The Company without obtaining any consent from the supplier presumed that the supplier would not accept the Repeat Purchase Order.

The matter was reported to the Government (January 2014), reply was awaited (November 2014).

Bihar Urban Infrastructure Development Corporation Limited

4.7 Undue favour to the Consultant

Deficient Internal Control System as well as failure on part of the Company to comply with the provisions of Master Service Agreement (MSA) resulted in irregular payment of ₹ 3.56 crore to the Consultant. Besides, it also led to extension of undue benefit to the Consultant.

The Bihar Urban Infrastructure Development Corporation Limited (Company) is a Company established (2009) by the Government of Bihar to execute and accelerate urban infrastructure projects such as construction of Buildings, Roads, Parks, Highways, Street, Drinking water, Sanitation, Sewerage system, etc. in the State of Bihar. The Company invited an open tender (January 2012) for availing the services of Theory of Constraint-Critical Chain Project Management (TOC-CCPM[30]) Consultants to implement Integrated Scheme Administrative System for the projects undertaken (as detailed in

[30] TOC – CCPM is a set of concepts, principles and tools created by Dr. Eliyahes Goldratt which involves managing time buffers and task priorities to systematically work through a project plan that will define and exploit constraints.

Annexure-4.3) by them. Two firms[31] participated in the tender and on the basis of evaluation of technical and financial bids submitted by the tenderers[32], the rate quoted by M/s Realization Technologies India Private Limited turned out to be the lowest rate i.e. L1 rate. The Company issued (March 2012) a Letter of Acceptance (LOA) to the Consultant. As per the conditions laid down in the LOA, the Consultant had to execute an agreement within seven days from the date of issue of the LOA, deploy personnel immediately to the project, and deposit Performance security in the form of Bank Guarantee at the rate of 0.25 *per cent* of the project cost for each project. An Agreement termed as Master Service Agreement (MSA) was entered (16 July 2012) into between the Company and the Consultant in respect of 15 projects with estimated value of ₹ 1201.57 crore. The provisions of MSA, *inter alia*, stipulated that: (i) the parties to the MSA shall from time to time enter into individual work order/s, (ii) Consultant shall deposit 0.25 *per cent* of the project cost as security for each project in the form of Bank Guarantee, (iii) the Consultant was to assist in developing Scheme, Projects/Plans, monitoring Scheme/Projects, necessary training and hand holding to the selected contractors for ensuring successful implementation of the Scheme etc., and (iv) a monthly payment of ₹ 16.55 lakh plus service tax shall be made to the Consultant for performance of services in accordance with provisions of schedule D of the MSA. Further, schedule D of MSA, *inter alia*, provided that consultant shall provide the resume, photographs and briefing on the personnel to be deployed, to the Company.

Scrutiny of records of the Company revealed that:-

- the MSA did not clearly define the role, duties and responsibilities of the Consultant and as such was pervasive in nature.
- the Consultant neither deposited the required Performance Security in form of unconditional Bank Guarantee nor submitted to the Company the list of engineers and/or personnel project wise to be deployed on the site or in the Corporate office respectively.
- the Company after a lapse of one year from the issue of LOA requested (April 2013) the Consultant to submit the Bank Guarantee immediately and arrange for deployment of personnel for the projects. The Consultant, in response to the Company's request, submitted (May 2013) 15 numbers of conditional[33] Bank Guarantee valuing ₹ three crore together with a list of personnel deployed for the various projects during the period April 2012 to May 2013 with a request to the General Manager (Technical) of the Company to confirm the deployment of the personnel mentioned in the aforementioned list into the Company during the said period.

[31] (i) M/s Vector Management Consulting Private Limited, Thane and (ii) M/s Realization Technologies India Private Limited, Pune.

[32] M/s Realization Technologies India Private Limited – ₹ 16.55 lakh/ month plus service tax and M/s Vector Management Consulting Private Limited – ₹ 49.00 lakh/ month plus service tax.

[33] Subject to the condition that the Company shall pay under the MSA, an amount of ₹ 2.50 crore into the accounts of consultant within 104 days failing which the Bank Guarantee shall stand cancelled.

- The G.M. (Technical) of the Company issued direction (June 2013) to all Project Directors to finalise work order with consultant and subsequently work order was issued after a lapse of 10 months from signing of the MSA i.e. July 2012.
- the Bank Guarantee submitted by the Consultant was cancelled by the bank in September 2013 for not depositing ₹ 2.50 crore in consultant's account by the Company by 31 August 2013. Further, the list of personnel deployed during the period April 2012 to May 2013 was neither confirmed by the General Manager (Technical) of the Company nor by the Project Director as well as Manager, Finance of the Company. A total payment[34] of ₹ 3.56 crore (including taxes and centage) was made to the consultant on account of personnel deployed in the various projects of the Company during the period April 2012 to October 2013.

We further observed that:-

- there were deficiencies in the agreement such as risk and cost clauses were not included in the Agreement, payment to the consultant was not linked with the performance of the consultant and progress of the Projects, provision for Supervision and monitoring by the Company was not incorporated in the Agreement.
- payment to the consultant for the period April 2012 to May 2013 was made without ensuring execution of any work towards the various projects of the Company covered under MSA.
- though the attendance sheet of the deployed personnel for the period August 2013 to October 2013 was made available to the Company, the same was not authenticated by the Company at any level.
- all the 15 projects covered under MSA were incomplete as of October 2013, when the consultant left the Job.

The Company replied (July 2014) that the Company benefited significantly from the engagement of the consultant and adoption of Critical Chain based method of managing projects. The reply is not acceptable since the Company failed to produce the documentary evidence of the day to day work performed/executed by the consultant's personnel. Besides, the Company being the Appointing Authority was solely responsible to ensure the progress of the works prior to payment for the same as well as to ensure the deployment of personnel of the consultant to various works.

Thus, deficient internal control mechanism prevalent in the Company as well as failure on the part of the Company to comply with the provisions of MSA not only resulted in irregular payment of ₹ 3.56 crore to the Consultant but also led to extension of undue benefit to the Consultant. Besides, the intended objective of appointing TOC-CCPM Consultant, to ensure expeditious completion of the various projects covered under MSA, was also defeated.

The matter was reported to the Government (August 2014); reply was awaited (November 2014).

---

[34] Payment was made during the period July 2013 to November 2013.

Bihar State Building Construction Corporation Limited

4.8 Loss to the Company on account of non-claiming of refund of TDS

Deficient Internal Control System and non-observance of financial interests on the part of the Company resulted in a loss of ₹ 7.33 crore to the Company due to non-claiming of refund of TDS.

Section 194A of the Income Tax Act, 1961 (Act), *inter-alia*, provides that interest earned on fixed deposits shall be subject to deduction of Income Tax at source (TDS) by the Banks. The tax so deducted shall be deposited by the Banks to the Income-Tax Department and a certificate to that effect shall be furnished to the assessee organisation by the Payee Banks in the manner prescribed under Section 203 of the Act. The assessee organisation shall claim refund of TDS by filing Income Tax Return (ITR) within a period of two years if its taxable income is nil/there is no/lesser tax liability.

Scrutiny (March 2014) of the records of Bihar State Building Construction Corporation Limited (Company) revealed that:

- the Company had deposited an amount of ₹ 305 crore, ₹ 377 crore and ₹ 347 crore in Term Deposits in six[35] Banks during the financial years 2008-09, 2009-10 and 2010-11 respectively.
- the Banks deducted TDS amounting to ₹ 7.33[36] crore on the interest earned by the Company on its Terms Deposits during the financial years 2008-09 to 2010-11.

We observed that:

- the Company failed to take timely action in obtaining TDS certificates from the Banks for the aforementioned financial years. Thus, the Company had no information regarding amount of tax deducted at source by the Banks which was indicative of absence of an effective Internal Control System prevalent in the Company to ensure timely flow of information in respect of tax deducted at source by the Banks.
- though the Company filed the Income Tax Return (ITR) for the financial years 2008-09 and 2010-11, it did not claim refund of TDS in the said ITR. Further, the Company failed to file the ITR for the financial year 2009-10 within the prescribed time limit of two years with the Income Tax Department for claiming refund in respect of tax deducted at source by the Banks. The Company had written off the TDS aggregating to ₹ 7.33 crore from its accounts for the year 2012-13 on account of the same becoming time-barred and unrecoverable.
- since the Company incurred losses of ₹ 25 lakh, ₹ 1.62 crore and ₹ 67 lakh during the financial years 2008-09, 2009-10 and 2010-11 respectively, it was imperative on the part of the Company to claim the refund of TDS by filing ITR within the prescribed time limit. However, the Company failed to do so.

[35] State Bank of India (SBI), Vishwesaraiya Bhawan, Patna; SBI, Shekhpura , Patna; SBI, High Court Campus, Patna; Allahabad Bank, Khazpura, Patna; Allahabad Bank, Shekhpura, Patna and Syndicate Bank, Bailey Road, Patna.

[36] TDS of ₹ 37 lakh in 2008-09, ₹ 2.69 crore in 2009-10 and ₹ 4.27 crore in 2010-11.

This was indicative of deficient management of financial resources prevalent in the Company as well as non-observance of financial interests on the part of the Company.

The Company while confirming the facts and figures, stated (July 2014) that efforts are being made to claim refund of TDS. However, the fact remains that perceiving refund of TDS becoming time-barred and irrecoverable, the Management has already written off the TDS amount.

Thus, deficient Internal Control System and non-observance of its financial interests resulted in a loss of ₹ 7.33 crore to the Company due to non-claiming of refund of TDS and writing off the same from the accounts.

The matter was reported to the Government (June 2014); reply was awaited (November 2014).

Bihar State Educational Infrastructure Development Corporation Limited

4.9 Irregular contribution to the Chief Minister's Relief fund

Incorrect recognition of revenue as well as non-adherence to the provisions of the Companies Act, 1956 by the Company resulted in irregular contribution to the CM Relief Fund.

As per Section 293(1)(e) of the Companies Act, 1956 (Act), the Board of Directors (BoD) of a public Company, shall not, except with the consent of Shareholders in general meeting contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts, the aggregate of which in any financial year, exceeds fifty thousand rupees or five *per cent* of its average profit during the immediately preceding three financial years, whichever is greater. Further, Voluntary Guidelines for implementation of Corporate Social Responsibility (CSR) issued (December 2009) by the Ministry of Corporate Affairs, Government of India, *inter alia*, stipulated that the Companies should allocate specific amount in their budgets for CSR activities. This amount may be related to profits after tax, cost of planned CSR activities or any other suitable parameter.

The Managing Director of the Bihar State Educational Infrastructure Development Corporation Limited (Company) proposed to the BoD vide a resolution by circulation (March 2012), to grant approval to make a donation of ₹ one crore to the Chief Minister's (CM) Relief Fund on the ground of Corporate Social Responsibility. The BoD approved donation of ₹ one crore to the CM Relief Fund in anticipation of approval of shareholders in a General meeting. Accordingly, the Company contributed (March 2012) a sum of ₹ one crore to the CM Relief Fund.

Scrutiny (September 2013) of records of the Company further revealed that:

- As against the admissible income of ₹ 1.31 crore in the Accounts for the year 2011-12, the Company exhibited a total income of ₹ 27.03 crore inclusive of ₹ 25.72 core, being the amount of interest earned on funds relating to the

Government projects and treated by the Company as its own income in contravention of the Accounting Standard 9 on revenue recognition. Thus, as against the exhibited profit of ₹ 24.15 crore, the Company, in fact, incurred loss of ₹ 1.57[37] crore. A comment on the incorrect recognition of revenue was also made in the Accounts of the Company for the year 2011-12.

- Since no surplus was available with the Company, the contribution of ₹ one crore to the CM Relief Fund*,* in fact, was made from the capital of the Company which was in violation of Section 293 (1) (e) of the Act.
- Further, the aforementioned contribution to the Chief Minister's Relief Fund was made in the absence of any specific call for contribution for an emergent cause.

The Management while accepting the facts and figures stated (March 2014) that interest earned on Government projects are being treated as Government Project's income from 2012-13 onwards. The Management further stated (July 2014) that in absence of specific instruction of the State Government, the interest earned on fund received for specific project was taken as income of the Company and ₹ one crore was contributed towards CM Relief fund accordingly.

The reply of the Management confirms that interest earned on the fund of the Government was wrongly recognised as Company's income which resulted in irregular contribution to the CM's Relief Fund.

Thus, incorrect recognition of revenue in the Accounts and non-adherence to the provisions of the Companies Act, 1956 and CSR guidelines resulted in irregular contribution of ₹ one crore to the CM Relief Fund.

The matter was reported to the Government (May 2014); reply was awaited (November 2014).

Bihar State Electronics Development Corporation Limited

4.10 Avoidable payment of Corporate Tax

Erroneous treatment of interest earned on the funds pertaining to the Government projects lying unutilised and invested in bank deposits, as its own income by the Company resulted in avoidable payment of Corporate Tax amounting to ₹8.43 crore.

Bihar State Electronics Development Corporation Limited (Company) is "State Implementing Agency" for the schemes and projects related to Information Technology sponsored by Central and State Government. Various Government Departments of Central and State Government provide funds in advance to the Company for implementation of schemes and projects. As per Generally Accepted Accounting Principles and conventions, the interest earned on the funds pertaining to the Government projects, lying unutilised and invested in bank deposits, shall not be treated as income of the Company and the same shall be credited to the specific work/Government projects. The

[37] Inadmissible income (₹ 25.72 crore) - Exhibited Profit(₹ 24.15 crore)= ₹ 1.57 crore

State Government also clarified (October 2012) that the interest earned on unutilised funds pertaining to the running projects is to be credited to the respective project funds.

Scrutiny of records (January 2013) of the Company revealed that:

- the Company invested unutilised fund pertaining to four[38] Government projects in interest bearing bank deposits and earned interests thereon to the tune of ₹ 25.43 crore during the period 2009-10 to 2011-12.
- in violation of Generally Accepted Accounting Principles, the interest earned in respect of unutilised funds pertaining to the Government projects was recognised as its own income by accounting for the same in its Profit and Loss Account for the period 2009-10 to 2011-12. This has resulted in payment of Corporate Tax to the Income-Tax Department of ₹ 8.43 crore for the period 2009-10 to 2011-12 which was irregular and avoidable in nature.

The Company stated (July 2013) that it was guided by the sanctioned terms and conditions of the Projects/Schemes issued or prescribed by the Project sanctioning Department/Agency. In compliance of the sanctioned terms and conditions of many Projects, interest accrued directly to the specific Projects did not route through the books of accounts of the Company. However, in case of other Projects, in absence of any specific terms and conditions, funds received against such sanctioned Projects was kept in general pool of surplus fund (including the funds belonging to the Company) which was then invested in Bank fixed Deposits to earn interest on surplus fund.

The reply is not acceptable since the Managing Director of the Company had instructed (March 2008) the Banks to not to deduct tax at source on interest earned on Government projects citing the reason that the same was not the income of the Company.

Thus, erroneous treatment of interest earned on the funds pertaining to the Government projects, lying unutilised and invested in bank deposits, as its own income by the Company resulted in avoidable payment of Corporate Tax to the tune of ₹ 8.43 crore.

The matter was reported to the Government (May 2014), reply was awaited (November 2014).

4.11 Wasteful Expenditure

Failure on the part of the Company to sub-lease the vacant space led to wasteful expenditure of ₹ 2.08 crore. Besides, the intended objective of establishing Software Technology Park remained unachieved.

Government of Bihar (GoB) decided (March 2001) to set up a Software Technology Park (STP) with a vision to develop an excellent state of art infrastructure facilities and professional management to attract investment in the fast growing Information Technology (IT) sector. The said STP was established in Bihar State Co-operative Marketing Union Limited

38 ICT@School Project, Jail Modernisation Project, Unified Power Project and e-Shakti Project.

(BISCOMAUN) Bhawan and is managed by Bihar State Electronics Development Corporation Limited (Company), being the IT nodal agency of the IT Department; GoB.

Scrutiny (February 2014) of records of the Company revealed that:

- The Company acquired (April 2002) three floors (13^{th}, 14^{th} & 15^{th}) of 11667 Square feet each in BISCOMAUN Bhawan, Patna aggregating 35000 Square feet through a lease agreement for a period of 10 years on a monthly rent of ₹ six per Square feet. The lease agreement was renewed (July 2013) for a further period of two years at a rate of ₹ 41.50 per Square feet per month with a retrospective effect from April 2012.
- The Company sub-leased (October 2003) 23,333 Square feet area of the 14^{th} & 15^{th} floor to M/s Reliance Communications (sub-lesse). The sub-leased area, however, was vacated by the sub-lessee in December 2011 after giving three months advance notice and since then the said area has been lying vacant.
- The Company requested (March 2012) for a financial assistance of ₹ two crore from the IT Department, GoB towards payment of rent to BISCOMAUN for floors lying vacant since January 2012 and the same was provided (February 2013) by the GoB. Thus, the Company paid rent of ₹ 2.08 crore in respect of the vacant space out of rental support received from the IT Department, GoB.
- The Company belatedly invited (May 2013) tender for sub-letting the vacant space after a span of 14 months from the date of advance notice of vacation given by the sub-lessee M/s Reliance Communications. The space vacated by the sub-lessee was still lying vacant as on date (March 2014).

The Company while accepting the facts and figures stated (June 2014) that the rent was paid to a State Co-operative organisation i.e. BISCOMAUN and the same was spent by BISCOMAUN in salary payment of their employees and as such can not be considered as a wasteful expenditure.

The reply of the Company is not acceptable since rent was paid in respect of the space lying vacant for over two years.

Thus, failure on the part of the Company to lease out the vacant space led to wasteful expenditure of ₹ 2.08 crore which was avoidable. Besides, the intended objective of establishing Software Technology Park remained unachieved.

The matter was reported to the Government (April 2014), reply was awaited (November 2014).

4.12 Avoidable Extra Expenditure

Deficient procurement planning as well as failure on the part of the Company to purchase Desktop Computers and Laptops on the basis of prevailing market prices resulted in avoidable extra expenditure of ₹ 1.51 crore and consequential loss to the Government.

Bihar State Electronics Development Corporation Limited (Company) is the "State Procurement Agency" for the Government of Bihar for purchase of

Information Technology (IT) related software and hardware materials. The Company purchases IT related Software and Hardware materials on Rate Contract basis to meet the orders received from various departments/offices. For the finalisation of Rate Contract, the Company issues Request for Proposal (RFP) to vendors. As per the terms of RFP, "the rates offered shall be competitive and shall be better than the prices offered for similar items in any Government supplies/Rate Contract. Government supplies include Director General of Supplies and Disposals (DGS&D)".

Scrutiny of records (February 2014) revealed that:-

- the Company received (March 2012) supply orders from four[39] engineering colleges for supply of 348 Desktop (Dell make) Computers. Further, the Commercial Tax Department, Government of Bihar placed (May 2012) an order for supply of 274 Desktop (Dell make) Computers and 389 Laptops (Dell make) to the Company.
- the Company placed (April 2012 to May 2012) five Purchase Orders (PO) to M/s Wizertech Informatics Private Limited (Vendor) at a rate of ₹ 58,347 per Desktop Computer and at a rate of ₹ 55,731 per Laptop on the basis of the prices fixed through Rate Contract in September 2010. The vendor supplied all the Desktops and 300 laptops against ordered quantity.
- the Company failed to consider the DGS&D rates prevailing on the date of placing of the aforementioned Purchase Orders. Further, during the aforementioned period of 21 months, the market prices of the Desktop Computers as well as the Laptops had undergone significant downward revisions to ₹ 38,627 per unit and ₹ 46,200 per unit respectively, as was evident from the Rate Contract entered into by the DGS&D for the period March 2012 to March 2013 with respect to the similar products.
- the Company failed to place the aforementioned Purchase Order on the basis of prevailing market prices which resulted in avoidable extra expenditure of ₹ 1.51 crore as detailed in ***Annexure-4.4***.

Thus, deficient procurement planning as well as failure on the part of the Company to purchase Desktop Computers and Laptops on the basis of prevailing market prices resulted in avoidable extra expenditure of ₹ 1.51 crore. Besides, it also resulted in consequential loss to the respective departments who had placed orders for purchase of Desktop Computers and Laptops.

The Company stated (July 2014) that: (a) a rate contract finalised through tender existed at the time of requirement and the same was used and (b) model of the Desktops purchased was "Dell Optiplex 990 SF" whereas the audit compared the same with "Dell Optiplex 990 MT". The configurations of the Desktop purchased by the Company were better than those purchased by DGS&D and accordingly their value was also more than those purchased by DGS&D, and (c) Laptops supplied by the Company were better than the Laptops purchased by DGS&D.

[39] Bhagalpur Engineering College, Bhagalpur; Government Polytechnic, Katihar; Loknayak JaiprakashTechnical Institute, Chapra and MIT, Muzaffarpur.

The reply is not acceptable as the time difference between finalisation of rate contract and requisition was more than 21 months. Therefore, the prices should have been re-examined on the basis of prevailing market/ DGS&D rates. Further, comparison of both the models of Desktops purchased by the Company and DGS&D as done by the Company was not based on facts, the details of which are provided in ***Annexure – 4.5***. The said annexure clearly indicated that no superior quality products were purchased by paying more. Further, as regards the Laptops, the model purchased by the Company as well as the Model purchased by the DGS&D were same (i.e. Dell Latitude E 5420).

The matter was reported to the Government (April 2014); reply was awaited (November 2014).

Bihar State Hydroelectric Power Corporation Limited

4.13 Idle expenditure

Deficient planning as well as execution of the SHP projects and subsequent non-review of the work resulted in expenditure of ₹ 7.28 crore becoming idle for over two years. Besides, there was irregular withdrawal of further instalment of NABARD Loan by submitting incorrect expenditure certificates by the Company.

To ensure successful completion of any construction project, efficient Project Planning requires that the availability of land for the project as well as the completion of its techno-commercial feasibility should be ensured prior to the commencement of execution of the project itself. A mention of a similar theme was made in the Paragraph Number 4.9 of the Report of the Comptroller and Auditor General of India on Public Sector Undertakings for the year ended 31 March 2013 captioned "Wasteful expenditure" which was related to wasteful expenditure of ₹ 0.31 crore incurred on account of deficient planning on the part of the Company. Besides, there was irregular drawal of further instalments of National Bank for Agriculture and Rural Development (NABARD) loan by submitting incorrect expenditure certificates by the Company.

National Bank for Agriculture and Rural Development (NABARD) sanctioned (March 2008) a loan[40] of ₹ 6.91 crore and ₹ 8.54 crore to Bihar State Hydroelectric Power Corporation Limited (Company) to set up Small Hydel Power (SHP) projects at Barbal (1.6 MW) and at Katanya (2 MW) respectively in the district of West Champaran at estimated costs of ₹ 7.27 crore and ₹ 8.99 crore respectively. The balance amount of fund (i.e. ₹ 36 lakh for Barbal SHP and ₹ 45 lakh for Katanya SHP) was to be funded by the Government of Bihar. As per the sanction order of NABARD, the scheduled date of completion for the aforementioned projects was March 2010. The Company was required to submit drawal applications along with duly certified statement of expenditure to NABARD through the Department of Energy, Government of Bihar for reimbursement of the subsequent expenditures incurred on the project. Government of Bihar also granted (February 2009)

[40] Interest at the rate of 6.5 *per cent per annum* was payable by GoB to NABARD for the Loan.

Administrative Approval for execution of the aforementioned projects and released loan [41] amounting to ₹ 5.43 crore for Barbal SHP and ₹ 6.90 crore for Katanya SHP to the Company till March 2011.

Scrutiny (February 2013) of records of the Company revealed that:

- the Company, without acquiring land or ensuring its availability for construction of the aforementioned projects, issued a Notice Inviting Tender (NIT) in January 2009 for execution on a Turnkey basis. However, the said NIT was cancelled (June 2009) on the ground of review of the projects due to administrative and technical reasons.
- the Company issued (April 2010) Letter of Intent (L.O.I.) for civil works for Barbal and Katanya projects to M/s Chanakya Techno Private Limited and M/s Gandak Construction Private Limited at a cost of ₹ 8.62 crore and ₹ 6.00 crore respectively against the cancelled NIT and the agreements for the same were entered into in July 2010. The scheduled date of completion of civil works for the said projects was June 2012. These works were awarded to the contractors against the cancelled tender which was irregular and against the basic tenets of Contract Management.
- the electro-mechanical work for Barbal and Katanya projects was awarded (July 2010) to M/s Energy Development Private Limited and M/s Beas Infrastructure Private Limited respectively at a cost of ₹ 6.45 crore and ₹ 6.55 crore on a limited tender basis. The scheduled date of completion of electro-mechanical work for these projects was June 2011.
- after completion of 10 *per cent* of civil works and incurring expenditure of ₹ 7.28 crore[42] on Barbal and Katanya projects, civil works of both the projects were suspended by the Company in January 2012 and February 2012 respectively to once again review the techno-commercial feasibility of the said projects which was not yet done (November 2014).
- the Company failed to ensure the availability of land prior to the commencement of these projects which persisted even after expiry of two years from the date of award of the work order and which was indicative of deficient planning.
- the Company failed to assess the techno-commercial feasibility of the aforementioned projects accurately since the said projects already suffered cost-overruns aggregating to ₹ 11.36[43] crore in the commencement stage itself.

---

[41] Interest at the rate of 13 *per cent per annum* was payable to GoB for Loan and additional 2.5 *per cent per annum* in case of default in repayment of loan.

[42] ₹ 3.52 crore for Barbal SHP (inclusive of mobilisation advance of ₹ 62.42 lakh) plus ₹ 3.76 crore for Katanya SHP (inclusive of mobilisation advance of ₹ 67.90 lakh).

[43] Estimated cost of Barbal SHP(i.e. ₹ 7.27 crore) + Estimated cost of Katanya SHP (i.e. ₹ 8.99 crore) – Contract value of Barbal SHP(₹8.62 crore on account of civil work +₹ 6.45 crore on account of E.M work) - Contract value of Katanya SHP (₹ 6.00 crore on account of civil work + ₹6.55 crore on account of E.M work) = ₹ 11.36 crore.

- the Company obtained further instalments of loan amounting to ₹ 5.05[44] crore during the period February 2009 to March 2011 in excess of expenditure incurred by submitting incorrect expenditure certificates to NABARD.
- the electro-mechanical work pertaining to the said projects were awarded to the contractors without ascertaining the additional sources of finance which was irregular and against the canons of financial propriety.
- though the funds for the said projects were taken on loan, mobilisation advances amounting to ₹ 1.30 crore given by the Company to the Contractors up to July 2011, were lying unadjusted/unrecovered till date (May 2014).

Thus, deficient planning as well as deficient execution of the SHP projects and subsequent non-review of the work not only resulted in expenditure of ₹ 7.28 crore becoming idle for over two years but also defeated the intended objectives of the targeted capacity addition of 3.6 MW of power in the State. Besides, there was irregular withdrawal of further instalment of NABARD Loan by submitting incorrect expenditure certificates by the Company.

The matter was reported to the Government/Company (June 2014), their replies were awaited (November 2014).

GENERAL

4.14 Response to Inspection Reports, Draft Paragraphs and Performance Audit Reports

Audit observations made during audit and not settled on the spot were communicated to the heads of PSUs and concerned departments of the State Government through Inspection Reports (IRs). The heads of the PSUs were required to furnish replies to the IRs through respective heads of departments within a period of four weeks. IRs issued up to March 2014 pertaining to 23 PSUs disclosed that 1545 paragraphs related to 589 IRs were outstanding at the end of September 2014. These outstanding Inspection Report paragraphs had not been replied to for one year to eight years. Department-wise break-up of IRs and audit observations outstanding as on 30 September 2014 is given in ***Annexure–4.6.***

Similarly, Draft Paragraphs and Performance Audit Reports on the working of PSUs were forwarded to the Principal Secretary/Secretary of the administrative department concerned demi-officially, seeking confirmation of facts and figures and their comments thereon within a period of six weeks. It was, however, observed, that replies to 13 Draft Paragraphs and two Performance Audit Reports forwarded to the various departments during April to August 2014 as detailed in ***Annexure -4.7*** were awaited (November 2014).

[44] [Loan obtained in respect of Barbal SHP(i.e. ₹ 5.43 crore) + Loan obtained in respect of Katanya SHP (i.e. ₹ 6.90 crore)] – [Expenditure incurred in respect of Barbal SHP (₹ 3.52 crore) + Expenditure incurred in respect of Katanya SHP (₹ 3.76 crore)] = ₹ 5.05 crore.

It is recommended that the Government should ensure that (a) procedure exists for action against officials who fail to send replies to Inspection Reports/Draft Paragraphs/Performance Audit Reports as per the prescribed time schedule; (b) action is taken to recover loss/outstanding advances/overpayments in a time bound schedule; and (c) the system of responding to audit observations is strengthened.

Patna **(P. K. SINGH)**

The **Accountant General (Audit), Bihar**

Countersigned

New Delhi **(SHASHI KANT SHARMA)**

The **Comptroller and Auditor General of India**

ANNEXURES

Annexure - 1.1

(Referred to in Paragraph 1.7)

Statement showing particulars of up to date paid-up capital, loans outstanding and Manpower as on 31 March 2014 in respect of Government companies and Statutory corporations

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

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	...... Paid-up Capital[$]				Loans[**] outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees) (as on 31.3.2014)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
A. Working Government Companies													
AGRICULTURE & ALLIED													
1.	Bihar Rajya Beej Nigam Limited (BRBNL)	Agriculture	18.7.1977	2.27 (0.65)	1.22 (0.02)	0.22 (0.03)	3.71 (0.70)	27.93	-	-	27.93	7.53:1 (7.53:1)	78
2.	Bihar Rajya Matasya Vikas Nigam Limited (BRMVNL)	Animal & Fish Resource	23.3.1980	3.00 (1.25)	-	-	3.00 (1.25)	2.60	0.03	-	2.63	0.88:1 (0.88:1)	NA
3.	SCADA Agro Business Company Limited (SABCL)	Water Resources		-	-	0.05	0.05	-	-	-	-	--	NA
Sector wise total				**5.27 (1.90)**	**1.22 (0.02)**	**0.27 (0.03)**	**6.76 (1.95)**	**30.53**	**0.03**	**-**	**30.56**	**-**	**78**
FINANCE													
4.	Bihar State Credit & Investment Corporation Limited (BSCICL)	Industries	30.1.1975	15.12 (0.12)	-	-	15.12 (0.12)	20.47	-	33.01	53.48	3.54:1 (3.54:1)	43
5.	Bihar State Backward Classes Finance & Development Corporation (BSBCFDC)	Backward Classes and Extremely Backward Classes Welfare	17.6.1993	21.36 (8.00)	-	-	21.36 (8.00)	-	16.14	-	16.14	0.76:1 (0.80:1)	17
6.	Bihar State Minorities Finance Corporation Limited (BSMFCL)	Minority Welfare	22.3.1984	33.89	-	-	33.89	-	-	27.32	27.32	0.81:1 (1.27:1)	30
7.	Bihar State Film Development & Finance Corporation Limited (BSFDFCL)	Art, Culture and Youth	6.3.1983	1.00	-	-	1.00	0.15	-	-	0.15	0.15:1 (0.15:1)	08
Sector wise total				**71.37 (8.12)**	**-**	**-**	**71.37 (8.12)**	**20.62**	**16.14**	**60.33**	**97.09**	**-**	**98**
INFRASTRUCTURE													
8.	Bihar Police Building Construction Corporation Limited (BPBCCL)	Home (Police)	26.6.1974	0.10 (0.00)[1]	-	-	0.10 (0.00)[2]	-	0.43	-	0.43	4.30:1 (4.30:1)	323

[1] ₹ 0.01 Lakh

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

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	…… Paid-up Capital[$]				Loans[**] outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees) (as on 31.3.2014)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
9.	Bihar Rajya Pul Nirman Nigam Limited (BRPNNL)	Road Construction	11.6.1975	3.50	-	-	3.50	-	-	-	-	-	396
10.	Bihar State Building Construction Corporation Limited (BSBCCL)	Building Construction	20.3.2008	5.00	-	-	5.00	-	-	-	-	-	107
11.	Bihar State Road Development Corporation Limited (BSRDCL)	Road Construction	20.04.2009	20.00	-	-	20.00	-	-	125.00	125.00	6.25:1	107
12.	Bihar Urban Infrastructure Development Corporation Limited (BUIDCO)	Urban Development & Housing	16.06.2009	5.00	-	-	5.00	-	-	-	-	-	58
13.	Bihar State Educational Infrastructure Development Corporation Limited (BSEIDCL)	Education	16.07.2010	20.00	-	-	20.00	-	-	-	-	-	217
Sector wise total				**53.60 (0.00)**	**-**	**-**	**53.60 (0.00)**	**-**	**0.43**	**125.00**	**125.43**	**-**	**1208**
MANUFACTURING													
14.	Bihar State Electronics Development Corporation Limited (BSEDCL)	Information Technology	21.2.1978	5.66 (5.51)	-	-	5.66 (5.51)	6.00	-	-	6.00	1.06:1 (1.06:1)	66
15.	Bihar State Mineral Development Corporation Limited (BSMDCL)	Mines & Geology	12.6.1972	9.97	-	-	9.97	-	-	-	-	-	01
16.	Bihar State Beverages Corporation Limited (BSBCL)	Registration, Excise & Liquor Prohibition	25.5.2006	5.00	-	-	5.00	-	-	-	-	-	269
Sector wise total				**20.63 (5.51)**	**-**	**-**	**20.63 (5.51)**	**6.00**	**-**	**-**	**6.00**	**-**	**336**
POWER													
17.	Bihar State Hydroelectric Power Corporation Limited (BSHPCL)	Energy	31.3.1982	99.04	-	-	99.04	213.09	-	192.72	405.81	4.10:1 (3.78:1)	184
18.	Bihar State Power (Holding) Company Limited (BSPHCL)	Energy	16.04.2012	8923.96 (8912.96)	-	-	8923.96 (8912.96)	92.50	-	-	92.50	0.01:1	263
19.	Bihar State Power Generation Company Limited (BSPGCL)	Energy	29.06.2012	-	-	2005.42 (2003.32)	2005.42 (2003.32)	-	-	1704.72	1704.72	0.85:1 (1.18:1)	295
20.	Bihar State Power Transmission Company Limited (BSPTCL)	Energy	29.06.2012	590.35 (590.35)	-	1716.73 (1714.73)	2307.08 (2305.08)	-	-	225.74	225.74	0.10:1 (1.18:1)	1454
21.	North Bihar Power Distribution Company Limited (NBPDCL)	Energy	06.07.2012	153.28 (153.28)	-	2017.56 (2015.46)	2170.84 (2168.74)	193.12	327.74	710.94	1231.80	0.57:1 (1.79:1)	4123
22.	South Bihar Power Distribution Company Limited (SBPDCL)	Energy	29.06.2012	-	-	2268.85 (2266.75)	2268.85 (2266.75)	288.71	198.90	1581.37	2068.98	(0.91:1) 0.94:1	4789

[2] ₹ 0.01 Lakh

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

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	...... Paid-up Capital[$]				Loans[**] outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees) (as on 31.3.2014)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
23.	Bihar Grid Company Limited (BGCL)	Energy	04.01.2013	-	-	5.00	5.00	-	-	-	-	-	7
24.	Pirpainti Bijli Company Private Limited (PBCPL)	Energy	11.04.2008	-	-	0.01	0.01	-	-	12.70	12.70	1270:1	NA
25.	Lakhisarai Bijli Company Private Limited (LBCPL)	Energy	23.04.2008	-	-	0.01	0.01	-	-	11.71	11.71	1171:1	NA
Sector wise total				**9766.63 (9656.59)**	**-**	**8013.58 (8000.26)**	**17780.21 (17656.85)**	**787.42**	**526.64**	**4439.90**	**5753.96**	**-**	**11115**
SERVICES													
26.	Bihar State Tourism Development Corporation Limited (BSTDCL)	Tourism	28.11.1980	5.00	-	-	5.00	-	-	-	-	-	233
27.	Bihar State Food & Civil Supplies Corporation Limited (BSFCSCL)	Food & Consumer Protection	22.4.1973	10.00 (4.73)	-	-	10.00 (4.73)	2560.06	-	-	2560.06	256.01:1 (73.99:1)	533
28.	Bihar Medical Services & Infrastructure Corporation Limited (BMS&ICL)	Health & Family Welfare	26.07.2010	6.74 (6.69)	-	-	6.74 (6.69)	-	-	-	-	-	41
Sector wise total				**21.74 (11.42)**	**-**	**-**	**21.74 (11.42)**	**2560.06**	**-**	**-**	**2560.06**	**-**	**807**
MISCELLANEOUS													
29.	Bihar State Forest Development Corporation Limited (BSFDCL)	Forest & Environment	10.2.1975	1.75	0.54	-	2.29	-	-	-	-	-	NA
30.	Bihar State Text Book Publishing Corporation Limited (BSTBPCL)	Education	2.4.1965	0.36	-	0.12	0.48	-	-	-	-	-	104
Sector wise total				**2.11**	**0.54**	**0.12**	**2.77**	**-**	**-**	**-**	**-**	**-**	**104**
Total A (All sector wise working Government companies)				**9941.35 (9683.54)**	**1.76 (0.02)**	**8013.97 (8000.29)**	**17957.07 (17683.85)**	**3404.63**	**543.24**	**4625.23**	**8573.10**	-	**13746**
B. Working Statutory corporations													
FINANCE													
1.	Bihar State Financial Corporation (BSFC)	Industries	2.11.1954	39.95	37.70	0.19	77.84	228.47	-		228.47	2.94:1 (2.94:1)	210
Sector wise total				**39.95**	**37.70**	**0.19**	**77.84**	**228.47**	**-**	**-**	**228.47**	**-**	**210**
SERVICES													
2.	Bihar State Road Transport Corporation (BSRTC)	Transport	1.5.1959	74.75	26.52	-	101.27	547.79	-	-	547.79	5.41:1 (5.41:1)	1000
3.	Bihar State Warehousing Corporation (BSWC)	Co-operative	29.3.1957	3.21	-	3.21	6.42	-	-	-	-	-	182
Sector wise total				**77.96**	**26.52**	**3.21**	**107.69**	**547.79**	**-**	**-**	**547.79**	**-**	**1182**
Total B (All sector wise working Statutory corporations)				**117.91**	**64.22**	**3.40**	**185.53**	**776.26**	**-**	**-**	**776.26**	**-**	**1392**
Grand Total (A + B)				**10059.26 (9683.54)**	**65.98 (0.02)**	**8017.37 (8000.29)**	**18142.60 (17683.85)**	**4180.89**	**543.24**	**4625.23**	**9349.36**	**-**	**15138**

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

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	…… Paid-up Capital[$]				Loans[**] outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees) (as on 31.3.2014)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
C. Non-working Government companies													
AGRICULTURE & ALLIED													
1.	Bihar State Water Development Corporation Limited (BSWDCL)	Water Resources	12.4.1973	10.00	-	-	10.00	49.68	-	-	49.68	4.97:1 (4.97:1)	NA
2.	Bihar State Dairy Corporation Limited (BSDCL)	Animal Husbandry & Fisheries	13.3.1972	6.72	-	-	6.72	-	-	-	-	-	-
3.	Bihar Hill Area Lift Irrigation Corporation Limited ((BHADCL)	Minor Irrigation	3.6.1975	10.82	-	-	10.82	8.55	-	-	8.55	0.79:1 (0.79:1)	NA
4.	Bihar State Agro Industries Development Corporation Limited (BSAIDCL)	Agriculture	28.4.1966	5.19	2.45	-	7.64	12.60	-	-	12.60	1.65:1 (1.65:1)	136
5.	Bihar State Fruit & Vegetables Development Corporation Limited (BSFVDCL)	Agriculture	8.10.1980	1.61	0.49	-	2.10	0.42	0.70	-	1.12	0.53:1 (0.53:1)	9
6.	Bihar Insecticide Limited (BIL)	Industries	27.2.1983	-	-	2.96 (2.39)	2.96 (2.39)	-	-	1.54	1.54	0.52:1 (0.52:1)	53
7.	SCADA Agro Business Limited, Khagaul (SABLK)	Agriculture	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
8.	SCADA Agro Business Limited, Dehri. (SABLD)	Agriculture	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
9.	SCADA Agro Business Limited, Arrah (SABLA)	Agriculture	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
10.	SCADA Agro Business Limited, Aurangabad (SABLA)	Agriculture	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
11.	SCADA Agro Busines Limited, Mohania (SABLM)	Agriculture	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
12.	SCADA Agro Forestry Company Limited, Khagaul (SAFCL)	Agriculture	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Sector wise total				**34.34**	**2.94**	**2.96 (2.39)**	**40.24 (2.39)**	**71.25**	**0.70**	**1.54**	**73.49**	**-**	**198**
FINANCE													
13.	Bihar Panchayati Raj Finance Corporation Limited (BPRFCL)	Panchayati Raj	20.4.1974	2.01	-	01.01	3.02	-	-	-	-	-	54
14.	Bihar State Handloom and Handicrafts Corporation Limited (BSHHCL)	Industries	21.5.1974	10.00	-	-	10.00	1.16	-	-	1.16	0.12:1 (0.12:1)	NA
15.	Bihar State Small Industries Corporation Limited (BSSICL)	Industries	29.10.1961	7.18	-	-	7.18	10.40	-	1.83	12.23	1.70:1 (1.70:1)	49
16.	Bihar State Industrial Development Corporation Limited (BSIDCL)	Industries	5.11.1960	14.04	-	-	14.04	66.56	-	-	66.56	4.74:1 (4.75:1)	768
Sector wise total				**33.23**	**-**	**1.01**	**34.24**	**78.12**	**-**	**1.83**	**79.95**	**-**	**871**

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

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	…… Paid-up Capital$				Loans** outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees) (as on 31.3.2014)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
INFRASTRUCTURE													
17.	Bihar State Construction Corporation Limited (BSCCL)	Water Resources	22.8.1974	7.00	-	-	7.00	2.03	-	-	2.03	0.29:1 (0.28:1)	227
Sector wise total				**7.00**	**-**	**-**	**7.00**	**2.03**	**-**	**-**	**2.03**	**-**	**227**
MANUFACTURING													
18.	Bihar Solvent & Chemicals Limited (BS&CL)	Forest & Environment	Aug-79	0.20	-	0.88	1.08	-	-	0.89	0.89	0.82:1 (0.82:1)	NA
19.	Magadh Mineral Limited (MML)	Industries	22.11.1984	-	-	0.36 (0.36)	0.36 (0.36)	-	-	0.47	0.47	1.31:1 (1.31:1)	5
20.	Kumardhubi Metal Casting & Engineering Limited (KMC&EL)	Industries	25.10.1983	-	-	2.17	2.17	-	-	6.63	6.63	3.06:1 (3.06:1)	NA
21.	Beltron Video System Limited (BVSL)	Industries	19.9.1984	-	-	5.05	5.05	-	-	4.51	4.51	0.89 (0.89:1)	NA
22.	Beltron Mining System Limited (BMSL)	Industries	30.1.1986	-	-	2.48	2.48	-	-	-	-	-	NA
23.	Beltron Informatics Limited (BIL)	Industries	1.3.1988	-	-	0.00[3]	0.00	-	-	-	-	-	NA
24.	Bihar State Sugar Corporation Limited (BSSCL)	Sugar Cane	26.12.1974	20.00	-	-	20.00	322.95	-	-	322.95	16.15:1 (16.15:1)	NA
25.	Bihar State Cement Corporation Limited (BSCCL)	Industries	17.10.1981	-	-	0.00[4]	0.00	0.03	-	-	0.03	42.86:1 (42.86:1)	NA
26.	Bihar State Pharmaceuticals & Chemicals Development Corporation Limited (BSP&CDCL)	Industries	22.2.1978	15.78 (0.78)	-	-	15.78 (0.78)	4.25	-	-	4.25	0.27:1 (0.27:1)	52
27.	Bihar Maize Product Limited (BMPL)	Industries	2.9.1982	-	-	0.74 (0.74)	0.74 (0.74)	-	-	0.02	0.02	0.03:1 (0.03:1)	NA
28.	Bihar Drugs and Chemicals Limited (BD&CL)	Industries	12.8.1983	-	-	4.00	4.00	1.28	-	-	1.28	0.32:1 (0.32:1)	NA
29.	Bihar State Textiles Corporation Limited (BSTCL)	Industries	21.2.1978	10.78	-	-	10.78	2.27	-	-	2.27	0.21:1 (0.21:1)	51
Sector wise total				**46.76 (0.78)**	**-**	**15.68 (1.10)**	**62.44 (1.88)**	**330.78**	**-**	**12.52**	**343.30**	**-**	**108**
SERVICES													
30.	Bihar State Export Corporation Limited (BSECL)	Industries	29.12.1974	2.00	-	-	2.00	1.22	-	-	1.22	0.61:1 (0.61:1)	23
Sector wise total				**2.00**	**-**	**-**	**2.00**	**1.22**	**-**	**-**	**1.22**		**23**

[3] ₹ 0.28 lakh
[4] ₹ 0.07 lakh

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

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	...... Paid-up Capital$				Loans** outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees) (as on 31.3.2014)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
MISCELLANEOUS													
31.	Bihar Paper Mills Limited (BPML)	Industries	8.7.1977	-	-	7.77	7.77	-	-	10.72	10.72	1.38:1 (1.38:1)	NA
32.	Bihar State Glazed Tiles & Ceramics Limited (BSGT&CL)	Industries	2.4.1984	-	-	1.40 (0.25)	1.40 (0.25)	-	-	3.66	3.66	2.61:1 (2.61:1)	32
33.	Vishwamitra Paper Industies Limited (VPIL)	Industries	18.6.1983	-	-	1.74 (0.60)	1.74 (0.60)	-	-	0.81	0.81	0.47:1 (0.47:1)	NA
34.	Jhanjharpur Paper Industries Limited (JPIL)	Industries	27.2.1982	-	-	1.49 (0.42)	1.49 (0.42)	-	-	0.46	0.46	0.31:1 (0.31:1)	13
35.	Bihar State Tannin Extract Limited (BSTEL)	Forest & Environment	27.1.1984	-	-	1.57	1.57	-	-	2.14	2.14	1.36:1 (1.36:1)	NA
36.	Bihar State Finished Leathers Corporation Limited (BSFLCL)	Industries	20.4.1982	-	-	1.47	1.47	9.18	-	-	9.18	6.24:1 (6.24:1)	NA
37.	Synthetic Resins (Eastern) Limited (SREL)	Industries	14.12.1982	-	-	0.31	0.31	-	-	1.05	1.05	3.39:1 (3.39:1)	-
38.	Bhavani Active Carbon Limited (BACL)	Industries	26.3.1985	-	-	0.09	0.09	-	-	-	-	-	NA
39.	Bihar State Leather Industries Development Corporation Limited (BSLIDCL)	Industries	23.3.1974	17.40	-	-	17.40	12.43	-	1.70	14.13	0.81:1 (1.81:1)	NA
40.	Bihar Scooters Limited (BSL)	Industries	19.1.1978	-	-	1.63	1.63	6.09	-	-	6.09	3.74:1 (3.74:1)	NA
Sector wise total				**17.40**	**-**	**17.47 (1.27)**	**34.87 (1.27)**	**27.70**	**-**	**20.54**	**48.24**	**-**	**45**
Total C (All sector wise non-working Government companies)				**140.73 (0.78)**	**2.94**	**37.12 (4.76)**	**180.79 (5.54)**	**511.10**	**0.70**	**36.43**	**548.23**	**-**	**1472**
Grand Total (A + B + C)				**10199.99 (9684.32)**	**68.92 (0.02)**	**8054.49 (8005.05)**	**18323.39 (17689.39)**	**4691.99**	**543.94**	**4661.66**	**9897.59**	**-**	**16610**

Above includes Section 619-B company at Sl. No. 3 of working companies and Sl. No. 7 to 12 of non-working companies.

$ Paid-up capital includes share application money which is appearing in brackets in column 5(a) to 5 (d).

** Loans outstanding at the close of 2013-14 represent long-term loans only.

NA indicates that the information has not been provided by the respective companies.

Figures of the companies at Sl. No. A-3, A-29, C-1, C-3 to C-15, C-18 to C-40 have been taken from the Audit Report (PSUs), Government of Bihar, 2012-13 as the required information has not been furnished by the respective companies.

Annexure - 1.2

(Referred to in Paragraph 1.10)

Statement showing Grants and Subsidy received/receivable, Guarantees received, waiver of dues, Loans written off and Loans converted into Equity during the year and Guarantee commitment at the end of March 2014

(Figures in column 3 (a) to 6 (d) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
A. Working Government Companies													
AGRICULTURE													
1.	Bihar Rajya Matasya Vikas Nigam Limited	-	-	-	0.26	-	0.26	-	-	-	-	-	-
Sector wise total		**-**	**-**	**-**	**0.26**	**-**	**0.26**	**-**	**-**	**-**	**-**	**-**	**-**
FINANCE													
2.	Bihar State Backward Classes Finance & Development Corporation	1.00	-	-	-	-	-	-	26.15	-	-	-	-
3.	Bihar State Minorities Finance Corporation Limited	0.10	-	-	35.00	-	35.00	-	27.33	-	-	-	-
Sector wise total		**1.10**	**-**	**-**	**35.00**	**-**	**35.00**	-	**53.48**	**-**	**-**	**-**	**-**
INFRASTRUCTURE													
4.	Bihar State Road Development Corporation Limited	-	-	-	-	-	-	125.00	125.00	-	-	-	-
Sector wise total		**-**	**-**	**-**	**-**	**-**	**-**	**125.00**	**125.00**	**-**	**-**	**-**	**-**
POWER													
5.	Bihar State Hydroelectric Power Corporation Limited	-	15.00	-	-	-	-	34.22	-				
6.	Bihar State Power Generation Company Limited	-	-	-	13.38	-	13.38	850.00	706.00	-	-	-	-
7.	Bihar State Power Transmission Company Limited	590.35	-	-	-	-	-	-	-	-	-	-	-

(Figures in column 3 (a) to 6 (d) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
8.	North Bihar Power Distribution Company Limited	153.28	187.75	-		1962.42	1962.42	780.96	-	-	-	-	-
9.	South Bihar Power Distribution Company Limited	-	276.31	-	1630.95	-	1630.95	858.65	-	-	127.53	-	-
Sector wise total		**743.63**	**479.06**		**1644.33**	**1962.42**	**3606.75**	**2523.83**	**706.00**	**-**	**127.53**	**-**	**-**
SERVICES													
10.	Bihar State Food & Civil Supplies Corporation Limited	-	600.48	-	-	-	-	-	2026.41				
11.	Bihar Medical Services & Infrastructure Corporation Limited	-	-	-	363.90		363.90	-	-	-	-	-	-
Sector wise total		**-**	**600.48**	**-**	**363.90**	**-**	**363.90**	**-**	**2026.41**	**-**	**-**	**-**	**-**
Total A (All sector wise Working Government Companies		**744.73**	**1079.54**		**2043.49**	**1962.42**	**4005.91**	**2648.83**	**2910.89**	**-**	**127.53**	**-**	**-**
B. Working Statutory corporations													
Co-operative													
1.	Bihar State Warehousing Corporation	-	-	-	16.80	-	16.80	-	-	-	-	-	-
Sector wise total		-	-	-	**16.80**	-	**16.80**	-	-	-	-	-	-
Total B (All sector wise working Statutory corporations)		**-**	**-**	**-**	**16.80**		**16.80**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A + B)		**744.73**	**1079.54**		**2060.29**	**1962.42**	**4022.71**	**2648.83**	**2910.89**	**-**	**127.53**	**-**	**-**

@ Figures indicate total guarantees outstanding at the end of the year.

Annexure - 1.3

(Referred to in Paragraphs 1.14, 1.28, 1.29 and 1.33)

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

(Figures in column 5 (a) to (6) and (7) to (10) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turn-over	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depre-ciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A. Working Government Companies														
AGRICULTURE & ALLIED														
1.	Bihar Rajya Beej Nigam Limited	1999-00	2013-14	(-)2.19	2.74	0.06	(-)4.99	1.89	-	3.71	-58.45	0.82	(-)2.25	-
2.	Bihar Rajya Matasya Vikas Nigam Limited	1992-93	1996-97	(-)0.01	0.17	0.04	(-)0.22	-	-	1.75	(-)1.92	1.74	(-)0.05	-
3.	SCADA Agro Business Company Limited	2010-11	2011-12	0.01	-	0.01	0.00[5]	-	-	0.05	(-)1.81	1.11	-	0.36
	Sector wise total			**(-)2.19**	**2.91**	**0.11**	**(-)5.21**	**1.89**	**-**	**5.51**	**(-)62.18**	**3.67**	**(-)2.30**	-
FINANCE														
4.	Bihar State Credit & Investment Corporation Limited	2005-06	2013-14	2.37	3.17	0.04	(-)0.84	3.04	(-)12.44	15.12	(-)150.46	30.67	2.33	7.60
5.	Bihar State Backward Classes Finance & Development Corporation	1997-98	2006-07	0.41	0.68	0.02	(-)0.29	0.64	-	3.62	0.53	3.86	0.39	10.10
6.	Bihar State Minorities Finance Corporation Limited	2009-10	2013-14	0.33	1.81	0.01	(-)1.49	2.88	-	11.50	(-)8.48	38.67	0.32	0.83
7.	Bihar State Film Development & Finance Corporation Limited	1992-93 1993-94 1994-95	2014-15	0.03	0.02	0.00[6]	0.01	-	-	1.00	(-)0.13	1.01	0.03	2.97
	Sector wise total			**3.14**	**5.68**	**0.07**	**(-)2.61**	**6.56**	**(-)12.44**	**31.24**	**(-)158.54**	**74.21**	**3.07**	**-**
INFRASTRUCTURE														
8.	Bihar Police Building Construction Corporation Limited	2005-06 2006-07 2007-08	2014-15	(-)0.88	-	0.01	(-)0.89	0.54	-	0.10	(-)13.89	(-)13.36	(-)0.89	-

[5] ₹ (-)0.42 lakh
[6] ₹0.15 lakh

(Figures in column 5 (a) to (6) and (7) to (10) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turn-over	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depre-ciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
9.	Bihar Rajya Pul Nirman Nigam Limited	2011-12 2012-13	2014-15	112.63	-	5.64	106.99	117.37	**	3.50	182.17	316.84	106.99	33.77
10.	Bihar State Building Construction Corporation Limited	2012-13 2013-14	2014-15	27.15	12.37	0.19	14.59	28.76	0.25	5.00	8.69	13.90	26.96	193.96
11.	Bihar State Road Development Corporation Limited	2012-13	2013-14	37.67	-	0.31	37.36	623.85	6.55	20.00	182.71	206.95	37.36	18.05
12.	Bihar Urban Infrastructure Development Corporation Limited	2012-13	2013-14	6.04	-	0.21	5.83	107.72	-	5.00	5.50	10.50	5.83	55.52
13.	Bihar State Educational Infrastructure Development Corporation Limited	2012-13	2013-14	5.28	-	0.04	5.24	9.72	-	20.00	39.81	59.81	5.24	8.76
Sector wise total		-	-	**187.89**	**12.37**	**6.40**	**169.12**	**887.96**	**6.80**	**53.60**	**404.99**	**594.64**	**181.49**	**-**
MANUFACTURING														
14.	Bihar State Electronics Development Corporation Limited	2010-11	2014-15	14.66	0.92	0.10	13.64	16.36	-	5.66	10.53	44.98	14.56	32.37
15.	Bihar State Mineral Development Corporation Limited	2000-01	2004-05	9.42	-	0.13	9.29	31.55	-	9.97	7.04	20.68	9.29	44.92
16.	Bihar State Beverages Corporation Limited	2011-12 2012-13	2014-15	39.45	-	0.17	39.28	2614.42	-	5.00	43.10	53.37	39.28	73.60
Sector wise total		-	-	**63.53**	**0.92**	**0.40**	**62.21**	**2662.33**	**-**	**20.63**	**60.67**	**119.03**	**63.13**	-
POWER														
17.	Bihar State Hydroelectric Power Corporation Limited	2000-01	2013-14	8.06	5.91	3.57	(-)1.42	9.12	(-)11.01	99.04	(-)28.18	279.75	4.49	1.61
18.	Bihar State Power (Holding) Company Limited	2012-13	2013-14	1.33	10.15	0.29	(-)9.11	-	(-)12.87	3193.14	(-)9.09	4146.83	1.04	0.03
19.	Bihar State Power Generation Company Limited	2012-13	2013-14	-	-	-	-	-	(-)2.90	551.99	-	682.61	-	-
20.	Bihar State Power Transmission Company Limited	2012-13	2013-14	20.56	4.31	16.25	-	53.66	2.67	375.41	-	1630.47	4.31	0.26

(Figures in column 5 (a) to (6) and (7) to (10) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-) Net Profit/ Loss before Interest & Depreciation	Interest	Depre-ciation	Net Profit/ Loss	Turn-over	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
21.	North Bihar Power Distribution Company Limited	2012-13 2013-14	2014-15	43.50	44.64	73.12	(-)74.26	2581.26	**	2170.84	(-)714.34	5854.03	29.62	0.51
22.	South Bihar Power Distribution Company Limited	2012-13	2013-14	126.27	101.10	47.96	(-)22.79	1414.75	(-)0.86	662.48	(-)83.76	2057.56	78.31	3.81
23.	Bihar Grid Company Limited	2013-14	2014-15	0.00	-	-	0.00[7]	-	-	0.05	0.00[8]	(-)0.05	0.00[9]	-
24.	Pirpainti Bijli Company Private Limited	A/c not finalised	-	-	-	-	-	-	-	-	-	-	-	-
25.	Lakhisarai Bijli Company Private Limited	A/c not finalised	-	-	-	-	-	-	-	-	-	-	-	-
Sector wise total		-	-	**199.72**	**166.11**	**141.19**	**(-)107.58**	**4058.79**	**(-)24.97**	**7052.95**	**(-)835.37**	**14651.30**	**58.53**	**-**
Services														
26.	Bihar State Tourism Development Corporation Limited	2009-10 2010-11	2013-14	4.20	-	1.03	3.17	9.80	-	5.00	7.98	12.98	3.17	24.42
27.	Bihar State Food & Civil Supplies Corporation Limited	1990-91	2012-13	(-)2.44	8.16	0.58	(-)11.18	140.14	(-)3.37	4.46	(-)46.04	39.12	(-)3.02	-
28.	Bihar Medical Services & Infrastructure Corporation Limited	2012-13	2013-14	2.66	-	0.17	2.49	0.36	-	6.74	2.31	9..05	2.49	27.51
Sector wise total				**4.42**	**8.16**	**1.78**	**(-)5.52**	**150.30**	**(-)3.37**	**16.20**	**(-)35.75**	**61.15**	**2.64**	**-**
Miscellaneous														
29.	Bihar State Forest Development Corporation Limited	2000-01	2005-06	0.34	-	0.06	0.28	22.81	(-)0.40	2.29	0.32	1.17	0.28	23.93
30.	Bihar State Text Book Publishing Corporation Limited	1998-99	2013-14	(-)0.26	-	0.06	(-)0.32	17.02	-	0.48	(-)6.29	(-)5.81	(-)0.32	-
Sector wise total		-	-	**0.08**	**-**	**0.12**	**(-)0.04**	**39.83**	**(-)0.40**	**2.77**	**(-)5.97**	**(-)4.64**	**(-)0.04**	**-**
Total A (All sector wise working		-	-	**456.59**	**196.15**	**150.07**	**110.37**	**7807.66**	**(-)34.38**	**7182.90**	**(-)632.15**	**15499.36**	**306.52**	**-**

[7] ₹ 1,000
[8] ₹ 37,532
[9] ₹ 1,000

(Figures in column 5 (a) to (6) and (7) to (10) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turn-over	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depre-ciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Government companies)														
B. Working Statutory Corporations														
FINANCE														
1.	Bihar State Financial Corporation	2012-13 2013-14	2014-15	(-)1.16	16.42	0.09	(-)17.67	8.16	***	77.84	(-)404.58	39.92	(-)1.25	-
Sector wise total				**(-)1.16**	**16.42**	**0.09**	**(-)17.67**	**8.16**	**-**	**77.84**	**(-)404.58**	**39.92**	**(-)1.25**	**-**
SERVICES														
2.	Bihar State Road Transport Corporation	2004-05	2014-15	(-)16.26	34.40	7.03	(-)57.69	50.65	***	101.27	(-)843.75	(-)653.99	(-)23.29	-
3.	Bihar State Warehousing Corporation	2009-10	2013-14	4.32	1.59	0.78	1.95	58.42	(-) 3.71	6.42	4.87	25.71	3.54	13.77
Sector wise total				**(-)11.94**	**35.99**	**7.81**	**(-)55.74**	**109.07**	(-) 3.71	**107.69**	**(-)838.88**	**(-)628.28**	**(-)19.75**	**-**
Total B (All sector wise working Statutory corporations)				**(-)13.10**	**52.41**	**7.90**	**(-)73.41**	**117.23**	**(-) 3.71**	**185.53**	**(-)1243.46**	**(-)588.36**	**(-)21.00**	**-**
Grand Total (A + B)				**443.49**	**248.56**	**157.97**	**36.96**	**7924.89**	**(-) 38.09**	**7368.43**	**(-)1875.61**	**14911.00**	**285.52**	**-**
C. Non- working Government companies														
AGRICULTURE & ALLIED														
1.	Bihar State Water Development Corporation Limited	1978-79	1997-98	3.03	0.25	0.61	2.17	-	-	5.00	11.20	26.70	2.42	9.06
2.	Bihar State Dairy Corporation Limited	1996-97	2013-14	(-)0.00	0.00	0.00[10]	(-)0.00[11]	-	-	6.72	(-)10.58	4.86	(-)0.00	-
3.	Bihar Hill Area Lift Irrigation Corporation Limited	1982-83	1993-94	0.18	0.13	0.31	(-)0.26	0.01	-	5.60	(-)0.86	9.53	(-)0.13	-
4.	Bihar State Agro Industries Development Corporation Limited	1990-91 1991-92	2013-14	(-)1.63	0.57	0.02	(-)2.22	3.70	-	7.57	(-)34.73	(-)6.64	(-)1.65	-
5.	Bihar State Fruit & Vegetables Development Corporation Limited	1994-95	2010-11	(-)0.12	0.73	0.07	(-) 0.92	0.00	(-) 0.14	2.10	(-)7.82	(-)0.07	(-)0.19	-
6.	Bihar Insecticide Limited	1986-87	1991-92	(-) 0.52	0.16	0.35	(-) 1.03	-	-	0.57	(-) 1.03	2.35	(-) 0.87	-

[10] ₹ 560.80
[11] ₹ (-) 0.36 lakh

(Figures in column 5 (a) to (6) and (7) to (10) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turn-over	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depre-ciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
7.	SCADA Agro Business Limited, Khagaul	-	-	-	-	-	-	-	-	-	-	-	-	-
8.	SCADA Agro Business Limited, Dehri.	-	-	-	-	-	-	-	-	-	-	-	-	-
9.	SCADA Agro Business Limited, Arrah	-	-	-	-	-	-	-	-	-	-	-	-	-
10.	SCADA Agro Business Limited Aurangabad	-	-	-	-	-	-	-	-	-	-	-	-	-
11.	SCADA Agro Busines Limited, Mohania	-	-	-	-	-	-	-	-	-	-	-	-	-
12.	SCADA Agro Forestry Company Limited, Khagaul	-	-	-	-	-	-	-	-	-	-	-	-	-
Sector wise total		-	-	**(-)0.94**	**1.84**	**1.36**	**(-)2.26**	**3.71**	**(-)0.14**	**27.56**	**(-)43.82**	**36.73**	**(-)0.42**	-
FINANCE														
13.	Bihar Panchayati Raj Finance Corporation Limited	1984-85	1991-92	0.23	0.24	0.00[12]	(-)0.01	-	-	1.44	(-)0.03	5.86	0.23	3.92
14.	Bihar State Handloom and Handicrafts Corporation Limited	1983-84	1996-97	0.02	0.11	0.01	(-)0.10	-	(-)0.01	6.28	(-)0.44	7.08	0.01	0.14
15.	Bihar State Small Industries Corporation Limited	1990-91	2005-06	(-)0.21	1.15	0.06	(-)1.42	15.22	(-)0.53	7.18	(-)16.56	1.86	(-)0.27	-
16.	Bihar State Industrial Development Corporation Limited	1987-88	2009-10	2.22	5.35	0.38	(-)3.51	6.59	(-)9.28	14.04	(-)26.42	29.54	1.84	6.23
Sector wise total				**2.26**	**6.85**	**0.45**	**(-)5.04**	**21.81**	**(-)9.82**	**28.94**	**(-)43.45**	**44.34**	**1.81**	
INFRASTRUCTURE														
17.	Bihar State Construction Corporation Limited	1991-92 1992-93 1993-94 1994-95	2014-15	(-)2.79	-	0.06	(-)2.85	6.72	-	7.00	(-)11.82	2.28	**(-)2.85**	**-**
Sector wise total				**(-)2.79**	**-**	**0.06**	**(-)2.85**	**6.72**	**-**	**7.00**	**(-)11.82**	**2.28**	**(-)2.85**	**-**
MANUFACTURING														
18.	Bihar Solvent & Chemicals Limited	1986-87	1995-96	(-)0.05	0.11	0.16	(-)0.32	-	(-)0.24	0.66	(-)0.32	1.67	(-)0.21	-

[12] ₹ 16,235.26

(Figures in column 5 (a) to (6) and (7) to (10) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turn-over	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depre-ciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
19.	Magadh Mineral Limited	-	-				-	-	-	-	-	-	-	-
20.	Kumardhubi Metal Casting & Engineering Limited	1994-95	1995-96	(-)1.13	0.38	0.88	(-)2.39	10.89	-	2.17	(-)8.16	0.91	(-)2.01	-
21.	Beltron Video System Limited	1987-88	1998-99	(-)0.09	0.05	0.01	(-)0.15	0.75	-	1.21	(-)0.22	1.02	(-)0.10	-
22.	Beltron Mining System Limited	1989-90	2002-03	(-)0.07	-	0.03	(-)0.10	0.41	-	1.26	(-)0.49	0.52	(-)0.10	-
23.	Beltron Informatics Limited	-	-	-	-	-	-	-	-	-	-	-	-	-
24.	Bihar State Sugar Corporation Limited	1984-85	1996-97	(-)2.84	6.00	0.36	(-)9.20	-	(-)4.67	9.97	(-)72.31	(-)10.24	(-)3.20	-
25.	Bihar State Cement Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-	-
26.	Bihar State Pharmaceuticals & Chemicals Development Corporation Limited	1985-86	1992-93	(-)0.16	0.00[13]	0.01	(-)0.17	-	-	3.62	(-)0.74	6.87	(-)0.17	-
27.	Bihar Maize Product Limited	1983-84	1987-88	(-)0.03	-	0.00[14]	(-)0.03	-	-	0.67	(-)0.06	0.80	(-)0.03	-
28.	Bihar Drugs and Chemicals Limited	1985-86	1991-92	(-)0.03	-	0.00[15]	(-)0.03	-	-	0.94	(-)0.16	1.16	(-)0.03	-
29.	Bihar State Textiles Corporation Limited	1987-88	1995-96	(-)0.08	-	0.01	(-)0.09	-	(-)0.02	4.98	(-)0.32	3.72	(-)0.09	-
Sector wise total				**(-)4.48**	**6.54**	**1.46**	**(-)12.48**	**12.05**	**(-)4.93**	**25.48**	**(-)82.78**	**6.43**	**(-)5.94**	
SERVICES														
30.	Bihar State Export Corporation Limited	1991-92	1999-00	0.11	0.20	0.01	(-)0.10	4.94	(-)0.03	2.00	(-)0.01	3.75	0.10	2.67
Sector wise total				**0.11**	**0.20**	**0.01**	**(-)0.10**	**4.94**	**(-)0.03**	**2.00**	**(-)0.01**	**3.75**	**0.10**	
MISCELLANEOUS														
31.	Bihar Paper Mills Limited	1985-86	1997-98	(-)0.05	-	0.01	(-)0.06	-	0.00[16]	1.56	(-)0.31	1.44	(-)0.06	-

[13] ₹ 1,680.50
[14] ₹ 9,052.80
[15] ₹ 328.52
[16] ₹ 36,000

(Figures in column 5 (a) to (6) and (7) to (10) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turn-over	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depre-ciation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
32.	Bihar State Glazed Tiles & Ceramics Limited	1985-86	1997-98	(-)0.06	0.02	0.00[17]	(-)0.08	-	-	0.16	(-)0.51	3.50	0.06	-
33.	Vishwamitra Paper Industies Limited	1984-85	1988-89	(-)0.01	-	0.00[18]	(-)0.01	-	-	0.40	(-)0.01	0.69	(-)0.01	-
34.	Jhanjharpur Paper Industries Limited	1985-86	1991-92	(-)0.01	0.00[19]	0.00[20]	(-)0.01	-	(-)0.03	0.42	(-)0.02	0.59	(-)0.01	-
35.	Bihar State Tannin Extract Limited	1988-89	1993-94	(-)0.16	0.16	0.00[21]	(-)0.32	-	-	1.03	(-)0.67	2.49	(-)0.16	-
36.	Bihar State Finished Leathers Corporation Limited	1983-84	1986-87	(-)1.49	-	-	(-)1.49	-	-	1.47	(-)2.13	6.15	(-)1.49	-
37.	Synthetic Resins (Eastern) Limited	1983-84	1987-88	(-)0.02	0.00[22]	-	(-)0.02	-	-	0.09	(-)0.01	0.17	(-)0.02	-
38.	Bhavani Active Carbon Limited	1985-86	1989-90	(-)0.01	-	-	(-)0.01	-	-	0.02	(-)0.01	0.01	(-)0.01	-
39.	Bihar State Leather Industries Development Corporation Limited	1982-83	2004-05	(-)0.25	0.08	0.04	(-)0.37	-	(-)0.01	5.14	(-)2.92	2.56	(-)0.29	-
40.	Bihar Scooters Limited	-	-	-	-	-	-	-	-	-	-	-	-	-
Sector wise total				**(-)2.06**	**0.26**	**0.05**	**(-)2.37**	**-**	**(-)0.04**	**10.29**	**(-)6.59**	**17.60**	**(-)2.11**	
Total C (All sector wise non working Government companies)				**(-)6.02**	**15.69**	**3.39**	**(-)25.10**	**49.23**	**(-)14.96**	**101.27**	**(-)188.47**	**111.13**	**(-)9.41**	
Grand Total (A + B + C)				**437.47**	**264.25**	**161.36**	**11.86**	**7974.12**	**(-)53.05**	**7469.70**	**(-)2064.08**	**15022.13**	**276.11**	

Above includes Section 619-B company at Sl. No. 3 of working companies and Sl. No. 7 to 12 of non-working companies.

\# Impact of accounts comments include the net impact of comments of CAG and is denoted by (+) increase in profit/ decrease in losses (-) decrease in profit/ increase in losses.

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

[17] ₹ 47,550.94
[18] ₹ 7,623.00
[19] ₹ 2,533.30
[20] ₹ 421.36
[21] ₹ 22,074.77
[22] ₹ 5,814.45

(including refinance).Consequent upon amendment in Schedule IV of the Companies Act, 1956, Capital Employed has been computed as Shareholders fund (i.e. Share capital, Share application money pending allotment and Free reserve after adjusting accumulated loss if any) plus Long term Borrowings.

$ Return on capital employed has been worked out by adding profit and interest charged to profit and loss account.

** Audit of Accounts of these PSUs is under progress.

*** Audit of Accounts by CAG who is the sole auditor for these corporations is under progress.

Annexure - 1.4

(Referred to in Paragraph 1.14)

Statement of financial position of Statutory corporations

(Amount: ₹ in crore)

1. Bihar State Road Transport Corporation[♦]			
Particulars	**2011-12** (Provisional)	**2012-13** (Provisional)	**2013-14** (Provisional)
A Liabilities			
Capital (including capital loan & equity capital)	101.27	101.27	101.27
Borrowings (Government)	545.42	547.79	547.79
(Others)	-	-	-
Funds**	0.30	0.30	0.30
Trade dues and other current liabilities (including provisions)	722.77	754.81	851.22
Total – A	**1369.76**	**1404.17**	**1500.58**
B Assets			
Gross Block	-	-	-
Less depreciation	-	-	-
Net fixed assets	27.00	22.00	25.00
Capital works in progress (including cost of chassis)	-	-	-
Investments	-	-	-
Current Assets, loans and advances	149.75	88.00	80.00
Accumulated Losses	1193.01	1294.17	1395.58
Total – B	**1369.76**	**1404.17**	**1500.58**
C. Capital employed	(-)546.32	(-)645.11	(-)746.52
2. Bihar State Financial Corporation[♦]			
Particulars	**2011-12**	**2012-13**	**2013-14**
A Liabilities			
Paid-up capital*	77.84	77.84	77.84
Share application money	-	-	-
Reserve fund, other reserves and surplus	10.05	10.05	10.05
Borrowings	-	-	-
Bonds and Debentures	-	-	-
Fixed Deposits	-	-	-
IDBI & SIDBI	-	-	-
Reserve Bank of India	-	-	-
Loan towards share capital (a) State Govt. (b) I.D.B.I.	228.47	228.47	228.47
Refinance Loan IDBI & SIDBI			
Others including State Govt.			
Current liabilities and provisions	281.51	292.55	306.33
Total – A	**597.87**	**608.91**	**622.69**

♦ Figures are as per information provided by the Corporation.
** Excluding depreciation funds.
♦ Figures are as per information provided by the Corporation.
* Paid-up capital includes share application money.

B Assets			
Cash and Bank balance	61.12	65.01	66.46
Investments	0.04	0.04	0.04
Loans and advances	143.92	140.17	138.90
Net fixed assets	0.64	0.60	0.74
Other assets	10.01	10.14	11.97
Miscellaneous Expenditure	382.14	392.95	404.58
Total – B	**597.87**	**608.91**	**622.69**
C. Capital employed**	31.98	34.75	39.92

3. Bihar State Warehousing Corporation♦			
Particulars	**2011-12** (Provisional)	**2012-13** (Provisional)	**2013-14** (Provisional)
A. Liabilities			
Paid-up capital	6.42	6.42	6.42
Reserves and surplus	11.59	11.59	11.59
Subsidy from Government	-	16.00	16.80
Borrowing- Govt. Others	0.01	0.01	0.01
Trade dues and other liabilities (including provisions)	34.66	55.31	41.86
Total -A	**52.68**	**89.33**	**76.68**
B Assets			
Gross block	22.30	22.43	22.46
Less depreciation	8.86	9.58	10.25
Net fixed assets	13.44	12.85	12.21
Capital work-in-progress	-	5.64	5.79
Current assets, loans and advances	39.24	70.84	58.68
Profit and loss Account	-	-	-
Total – B	**52.68**	**89.33**	**76.68**
C. Capital employed	**19.09**	**19.09**	**19.09**

** Capital employed represents shareholder fund + Free Reserve + Long term Borrowing as per revised schedule IV w.e.f. 1st April 2011.

♦ Figures are as per information provided by the Corporation.

Annexure - 1.5

(Referred to in Paragraph 1.14)

Statement of working results of Statutory corporations

(Amount: ₹ in crore)

1	**Bihar State Road Transport Corporation**◆			
	Particulars	**2011-12** (Provisional)	**2012-13** (Provisional)	**2013-14** (Provisional)
	Operating			
(a)	Revenue	21.03	18.00	13.13
(b)	Expenditure	36.46	27.24	25.76
(c)	Surplus (+)/Deficit (-)	(-) 15.43	(-) 9.24	(-)12.63
	Non-operating			
(a)	Revenue	10.35	8.00	10.49
(b)	Expenditure	94.15	99.92	274.58
(c)	Surplus (+)/Deficit (-)	(-)83.80	(-) 91.92	(-)264.09
	Revenue	31.38	26.00	21.05
	Expenditure	130.61	127.16	122.46
	Net Profit (+)/ Loss (-)	(-) 99.23	(-) 101.16	(-)101.41
	Interest on capital and loans	89.63	97.70	96.70
	Total return on Capital employed	(-)9.6	(-)3.46	(-)4.71
2	**Bihar State Financial Corporation**◆			
	Particulars	**2011-12**	**2012-13**	**2013-14**
1	**Income**			
i)	Interest on loans	5.78	6.86	8.16
ii)	Other income	7.70	9.89	7.70
iii)	Excess provision written back	20.65	3.81	6.04
	Total – 1	**34.13**	**20.56**	**21.90**
2.	**Expenses***			
i)	(a) Interest on long term loans and short term loans	19.03	16.35	16.42
	(b) Provision for non-performing assets	-	-	-
	(c) Provision for FBT/MAT	-	-	-
	(d) Other Expenses	15.04	15.01	17.12
	Total - 2	**34.07**	**31.36**	**33.54**
3.	Profit (+)/Loss (-) before tax (1-2)	0.06	(-)10.80	(-)11.63
4.	Provision for tax	-	-	-
5.	Other appropriations	-	-	-
6.	Amount available for dividend #	-	-	-
7.	Dividend	-	-	-
8.	Total return on capital employed	19.09	5.55	4.79[23]
9.	*Percent*age of return on capital employed	59.69	15.94	12.00

◆ Figures are provided by the Corporation.

◆ Figures are provided by the Corporation.

* Provision for Non-Performing Assets for the year may be distinctly shown under the head Expenses.

\# Represents profit of current year available for dividend after considering the specific reserve.

23 The figure includes the excess provision written back during the year 2013-14.

3	**Bihar State Warehousing Corporation**♦			
	Particulars	**2011-12** (Provisional)	**2012-13** (Provisional)	**2013-14** (Provisional)
1.	**Income**			
(a)	Warehousing charges	12.37	13.86	16.53
(b)	Other income	57.88	62.52	60.37
	Total - 1	**70.25**	**76.39**	**76.90**
2.	**Expenses**			
(a)	Establishment Charges	8.14	5.74	6.97
(b)	Other Expenses	61.87	58.09	48.20
	Total - 2	**70.01**	**63.83**	**55.17**
3	Profit (+)/Loss (-) before tax	0.24	12.56	21.73
4.	Prior period adjustment	-	-	-
5.	Other appropriation	-	-	-
6.	Amount available for dividend	0.24	12.56	21.73
7.	Total return on Capital employed	NA	NA	NA
8.	*Percentage* of return on Capital employed	-	-	-

♦ Figures are provided by the Corporation.

Annexure - 1.6

(Referred to in Paragraph 1.22)

Statement showing investments made by the State Government in PSUs whose accounts were in arrears

(Amount: ₹ in crore)

Sl. No.	Name of PSU	Year upto which Accounts finalised	Paid up capital as per latest finalised Accounts	Investment made by the State Government during the years for which Accounts are in arrears				
				Equity	Loans	Grants	Others to be specified (subsidy)	Total
1.	Bihar Rajya Beej Nigam Limited	1999-2000	3.71	-	2.28	59.69	-	61.97
2.	Bihar Rajya Matasya Vikash Nigam Limited	1992-93	1.75	1.25	5.63	-	0.26	7.14
3.	Bihar State Credit & Investment Corporation Limited	2005-06	15.12	-	53.48	-	-	53.48
4.	Bihar State Backward Classes Finance & Development Corporation	1997-98	3.62	17.74	7.49	-	-	25.23
5.	Bihar State Minorities Finance Corporation Limited	2009-10	11.50	22.39	-	55.00	-	77.39
6.	Bihar State Film Development & Finance Corporation Limited	1994-95	1.00	-	0.01	-	-	0.01
7.	Bihar State Mineral Development Corporation Limited	2000-01	9.97	-	-	11.00	-	11.00
8.	Bihar State Hydroelectric Power Corporation Limited	2000-2001	99.04	-	147.70	-	-	147.70
9.	Bihar State Power Generation Company Limited	2012-13	551.99	-	-	13.38	-	13.38
10.	Bihar State Power Transmission Company Limited	2012-13	375.41	590.35	-	-	-	590.35
11.	South Bihar Power Distribution Company Limited	2012-13	662.48	-	276.31	-	# 1630.95	1907.26
12.	Bihar State Tourism Development Corporation Limited	2010-11	5.00	-	-	-	12.00	12.00
13.	Bihar State Food & Civil Supplies Corporation Limited	1990-91	4.46	0.81	1201.23	-	-	1202.04
14.	Bihar Medical Services & Infrastructure Corporation Limited	2012-13	6.74	-	-	363.90	-	363.90

15.	Bihar State Text Book Publishing Corporation Limited	1998-99	0.48	-	-	-	205.00	205.00
	Total (A)		**1752.27**	**632.54**	**1694.13**	**502.97**	**1848.21**	**4677.85**
1.	Bihar State Road Transport Corporation	2004-05	101.27	-	456.77	-	-	456.77
2.	Bihar State Warehousing Corporation	2009-10	6.42	-	-	16.00	16.80	32.80
	Total (B)		**107.69**	**-**	**456.77**	**16.00**	**16.80**	**489.57**
	Total (A+B)		**1859.96**	**632.54**	**2150.90**	**518.97**	**1865.01**	**5167.42**
1.	Bihar State Water Development Corporation Limited	1978-79	5.00	5.00	154.33	-	-	159.33
2.	Bihar Hill Area Lift Irrigation Corporation Limited	1982-83	5.60	5.22	18.78	-	55.41	79.41
3.	Bihar State Agro Industries Development Corporation Limited	1991-92	7.57	0.07	24.66	-	-	24.73
4.	Bihar Fruits & Vegetables Development Corporation Limited	1994-95	2.10	-	4.65	21.07	-	25.72
5.	Bihar State Handloom & Handicrafts Corporation Limited	1983-84	6.28	3.72	0.25	-	0.48	4.45
6.	Bihar State Small Industries Corporation Limited	1990-91	7.18	-	1.66	-	2.46	4.12
7.	Bihar State Industrial Development Corporation Limited	1987-88	14.04	-	38.47	-	-	38.47
8.	Bihar State Construction Corporation Limited	1994-95	7.00	2.00	1.05	-	-	3.05
9.	Bihar State Sugar Corporation Limited	1984-85	9.97	10.03	365.32	-	-	375.35
10.	Bihar State Pharmaceutical & Chemical Development Corporation Limited	1985-86	3.62	12.92	6.30	-	-	19.22
11.	Bihar State Textile Corporation Limited	1987-88	4.98	5.80	2.74	-	-	8.54
12.	Bihar State Export Corporation Limited	1991-92	2.00	-	2.21	-	0.07	2.28
13.	Bihar State Finished Leathers Corporation Limited	1983-84	1.47	-	9.18	-	-	9.18
14.	Bihar State Leather Industries Development Corporation Limited	1982-83	5.14	12.26	43.18	-	-	55.44
15.	Bihar Scooter Limited	**	-	-	6.09	-	-	6.09
	Total (C)			**57.02**	**678.87**	**21.07**	**58.42**	**815.38**
	Total (A+B+C)			**689.56**	**2829.77**	**540.04**	**1923.43**	**5982.80**

** A/c has not been finalised since inception.

* Figures are based on the information furnished by the Companies.

The figure includes the amount of subsidy as well as Grant.

Annexure - 2.1

(Referred to in Paragraph 2.3)

Financial Position of Bihar State Tourism Development Corporation Limited for four years ending 31 March 2013.

(Amount: ₹ in crore)

Sources of Fund:				
Particulars	**2009-10**	**2010-11**	**2011-12 (prov)**	**2012-13 (prov)**
Shareholders' Funds (share capital)	5.00	5.00	5.00	5.00
Reserves & Surplus	5.90	7.98	10.07	12.10
Deferred Government Grant	2.08	1.25	-	1.39
Current Liabilities	50.34	57.62	69.01	110.74
Total	**63.32**	**71.85**	**84.08**	**129.23**
Application of Fund:				
Fixed Assets: Gross Block	*9.45*	*9.74*	*7.39*	*8.44*
Less : Depreciation	*5.51*	*6.54*	*5.74*	*5.53*
Fixed Assets: Net Block	3.94	3.20	1.65	2.91
Investments	0.35	0.35	0.36	0.36
Current Assets	59.03	68.30	82.07	125.96
Total	**63.32**	**71.85**	**84.08**	**129.23**

Note: ***Accounts for the year 2013-14 had not been prepared by the Company.***

Working Results of Bihar State Tourism Development Corporation Limited for four years ending 31 March 2013

(Amount- ₹ in crore)

Income:				
Particulars	**2009-10**	**2010-11**	**2011-12 (prov)**	**2012-13 (prov)**
Revenue from operations (*per cent* of total income)	8.29 (80.72)	9.80 (85.44)	9.79 (89.00)	11.45 (83.33)
Other Income	1.98	1.67	1.21	2.29
Total	**10.27**	**11.47**	**11.00**	**13.74**
Expenditure:				
Payments to and provision for Employees	2.83	2.83	3.34	4.46
Running & Maintenance Costs	3.15	3.80	3.49	4.12
CM Relief Fund	-	-	1.00	1.00
Depreciation	1.56	1.03	0.22	0.27
Office and Other Expenses	0.84	0.64	0.49	0.85
Prior period income/(expenses)	00	00	0.02	-
Total	**8.38**	**8.30**	**8.56**	**10.70**
Profit before Tax	1.89	3.17	2.44	3.04
Less : Provision for Income Tax	0.82	1.09	0.80	1.01
Profit after tax.	1.07	2.08	1.64	2.03
Percentage increase in profit	-	94.39	(21.15)	19.21

Note: ***Accounts for the year 2013-14 had not been prepared by the Company.***

Annexure - 2.2

(Referred to in Paragraph 2.9.1)

Statement showing shortages in bank accounts remaining unreconciled

Sl. No.	Name of Unit	Name of Bank	Bank Account No.	Shortages (₹)	Shortages carried from
1	Head Office, Patna	BOI	1204	66,89,755.61	01.04.2001
		Allahabad Bank	112401	14,181.00	01.04.2001
		Union Bank of India	14320	23,72,021.00	01.04.2001
2	Head Office, Maner	BOI	6683	17,863.98	01.04.2005
		BOI	15031	6053.00	01.04.2005
3	Transport Unit, Patna	BOI	12322	15,08,699.97	01.04.2001
4	Travel & Trade, Patna	BOI	682	2007.00	01.04.2007
5	Hotel Shershah Vihar, Sasaram	BOI	4606101 00006797	1,07,955.88	01.04.2001
6	Hotel Kaimur Vihar, Mohania	PNB	4062	2,76,057.04	01.04.2001
7	Tourist Complex, Bodhgaya	BOI	1811	6,45,171.60	-
8	Ropeway, Rajgir	SBI	1100006562	6,96,300.75	01.04.2001
9	Hotel Gautam Vihar, Rajgir	SBI	1100050013	4,01,763.52	01.04.2001
10	Hotel Tathagat Vihar, Rajgir	SBI	11384967615	98,449.00	01.04.2001
		SBI	11384967536	8,632.00	01.04.2001
11	Hotel Licchavi Vihar, Muzaffarpur	SBI	1100050280	1,80,903.18	-
			Total:	**1,30,25,814.53**	

or say ₹ 1.30 crore

Annexure - 2.3

(Referred to in Paragraph 2.10)

Details of tourist inflow in the State alongwith details of tourists who availed accommodation facility of the Company during the year 2009-10 to 2013-14.

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
No. of foreign tourists who visited India (in lakh)[24]	51.68	57.76	63.09	65.78	68.48
Tourists who visited Bihar					
Domestic (in lakh)	157.85	160.43	183.97	214.47	215.88
Foreign (in lakh)	4.23	5.41	9.72	10.97	6.79
Total (in lakh)	**162.08**	**165.84**	**193.69**	**225.44**	**222.67**
Percentage of foreign tourists who visited Bihar to foreign tourists who visited India.	8.18	9.37	15.41	16.68	9.92
Percentage increase of total tourists with respect to previous year	--	2.32	16.79	16.39	-1.23
No. of Tourists who availed accommodation in the Company's hotels					
Domestic (in lakh)	0.33	0.38	0.39	0.35	0.28
Foreign (in lakh)	0.02	0.01	0.02	0.01	0.01
Total (in lakh)	**0.35**	**0.39**	**0.41**	**0.36**	**0.29**
Percentage of tourists (both domestic and foreign) who availed the Company's facilities	0.22	0.24	0.21	0.16	0.13

(Source: India Tourism Statistic, Government of India for calendar years and information furnished by the Directorate of Tourism, GoB and the Company)

[24] Tourist data in respect of foreign tourists for the years are from January to December.

Annexure - 2.4

(Referred to in Paragraph 2.10.1)

List of self-managed hotels of Bihar State Tourism Development Corporation Limited

<u>List of self-managed Hotels as on 31 March 2010:</u>

1. Hotel Kautilya Vihar, Patna;
2. Hotel Licchavi Vihar, Muzaffarpur;
3. Hotel Siddharth Vihar, Bodhgaya;
4. Hotel Buddha Vihar, Bodhgaya;
5. Hotel Sujata Vihar, Bodhgaya;
6. Hotel Tathagat Vihar, Rajgir;
7. Hotel Gautam Vihar, Rajgir;
8. Hotel Ajatshatru Vihar, Rajgir;
9. Hotel Vishwamitra Vihar, Buxar;
10. Hotel Koshi Vihar, Saharsa;
11. Hotel Kaimur Vihar, Mohania;
12. Hotel Singheshwar Vihar, Madhepura and
13. Hotel Shershah Vihar, Sasaram.

<u>List of self-managed Hotels as on 31 March 2014:</u>

1. Hotel Kautilya Vihar, Patna,
2. Hotel Licchavi Vihar, Muzaffarpur,
3. Hotel Siddharth Vihar, Bodhgaya,
4. Hotel Buddha Vihar, Bodhgaya,
5. Hotel Sujata Vihar, Bodhgaya,
6. Hotel Tathagat Vihar, Rajgir,
7. Hotel Ajatshatru Vihar, Rajgir;
8. Hotel Kaimur Vihar, Mohania,
9. Hotel Sigheshwar Vihar, Madhepura and
10. Hotel Renu Vihar, Purnea.

Annexure - 2.5
(Referred to in Paragraph 2.10.1)

Deficiencies observed during joint inspection of Company's four self-managed hotels

The facilities and ambience of following Hotels of the Company were checked by audit with the respective Hotel Managers in which following deficiencies were observed which were attributable to customer dissatisfaction and the resultant poor occupancy.

Hotel Siddhartha Vihar, Bodhgaya

1. Door-mats near bathroom doors were not provided in all the rooms. The conditions of door mats kept at other places were far from satisfactory.
2. One out of two designer lamps provided in rooms was not working.
3. Lamp over the mirror of wash basin was either removed or not functioning.
4. Shower was not working (Room No.102).
5. The Flush system attached with commode in Bathroom no. 102 was not functioning properly.
6. In room no. 102 new Split Air conditioner was installed but old window AC was not removed which was not giving fair look. Further, in room no. 103, cabinet of AC was broken and therefore flow of air couldn't be set at desired stage.
7. Regulator of fan was not functioning (Room No. 102).
8. Ceiling and walls of bathroom were having damps and gave a dirty look.

Hotel Licchavi Vihar, Muzaffarpur

1. The rooms of new building were not well furnished, windows and doors of the room were without curtain and beds provided in the rooms were looking old.
2. One out of two designer lamps provided in rooms was not working.
3. As per provision a small plastic table was to be kept in bathroom but the same was not provided.
4. Crack in the wall of Room no. 306 was not repaired.
5. Air conditioners provided in Room no.103 and 104 were not working.
6. Sofa set of reception was very dirty/dilapidated and gave a poor look for visitors.
7. The front area of the Hotel was without light and remained dark in night.
8. The park of the hotel was not well maintained.
9. The overall ambience of hotel gave a poor look.

Hotel Kautilya Vihar, Patna

1. In Room no. 203, 206, 209 and 310, PoP chuncks of walls were coming out.
2. One out of two designer lamps provided in rooms was not working.
3. In room no. 209 AC, geyser, exhaust fans and shower were not working.
4. In room no. 202 tiles of bathroom wall and floor was dirty and door-bell was not working. The old window AC was not removed which was not giving a fair look. Spider webs were also found in the room. Drainage net of bathroom was broken.

5. In room no 209, AC was very old and not working properly; also TV was not installed in the room. Bath fittings like geyser, shower and exhaust was not working.
6. In suite room, the door well was not working, Fan's regulator was without knob, towel hanger of bathroom was broken, jet facility in toilet was not found, shower was leaking and wall fan was found without net.
7. In Room no. 312 door well was not working, drainage of bathroom was without net and wardrobe was in poor condition.
8. In room no. 108, Call-bell and designer lights were not working, Old AC was dumped in the room. There was ventilator in the AC room opening in the box of corridor which adversely affected the working of AC and thus the reason for excess power consumption.

Hotel Tathagat Vihar, Rajgir

1. Wardrobe of room No. 115 was not satisfactory and needs to be removed.
2. The back area of the Hotel was not cleaned, sewage and drainage were without cover and gave poor look.
3. There was leakage of water from the roof of third floor.

Annexure - 3.1

(Referred to in Paragraphs 3.1 and 3.6.1)

Financial position and Working results of Bihar State Road Transport Corporation

Financial Position

(Provisional figures: ₹ in crore)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Capital	101.27	101.27	101.27	101.27	101.27
Borrowings (Government)	305.73	427.07	556.42	556.42	556.42
(Others)	--	--	--	--	--
Funds[25]	0.30	0.30	0.30	0.30	0.30
Trade dues and other current liabilities (including provisions)	1212.23	922.53	711.77	746.18	834.58
Total	**1619.53**	**1451.17**	**1369.76**	**1404.17**	**1492.57**
Gross Block	--	--	--	--	--
Less depreciation	--	--	--	--	--
Net fixed assets	37.00	32.00	27.00	22.00	17.00
Capital works in progress (including cost of chassis)	--	--	--	--	--
Investments	--	--	--	--	--
Current Assets, loans and advances	495.90	325.39	149.75	88.00	80.00
Accumulated Losses	1086.63	1093.78	1193.01	1294.17	1395.57
Total	**1619.53**	**1451.17**	**1369.76**	**1404.17**	**1492.57**
Capital Employed#	**(-) 679.33**		**(-) 535.02**	**(-) 636.18**	**(-) 737.58**

[25] Excluding depreciation funds

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

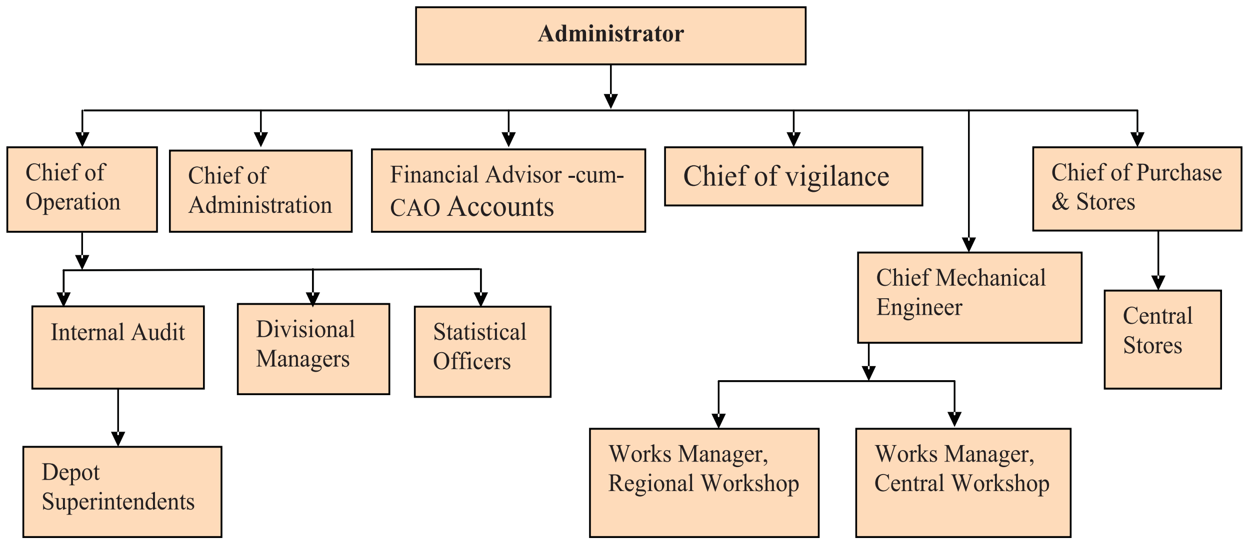
Working Results **(Provisional figures: ₹ in crore)**

Sl No.	Description	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Total Revenue	22.23	19.56	31.38	26.00	21.06
2.	Operating Revenue	19.50	19.56	21.03	18	13.13
3.	Total Expenditure	85.72	39.89	130.61	127.16	122.46
4.	Operating Expenditure	49.54	36.93	40.98	29.46	25.76
5.	Operating Profit/ Loss	-30.04	-17.37	-19.95	-11.46	-12.63
6.	Profit/ Loss for the year	-63.49	-20.33	-99.23	-101.16	-101.40
7.	Fixed Costs					
	(i) Personnel	25.70	18.41	18.58	15.30	12.24
	(ii) Depreciation	-	-	-	-	-
	(iii) Interest on Govt. Loan	18.53	-	71.10	80.90	80.90
	(iv) Interest on CPF	17.65	2.97	18.53	16.80	15.80
	(v) Others	6.43	5.07	5.07	2.22	3.06
	Total Fixed Costs	68.31	26.45	113.28	115.42	112.00
8.	Variable Costs					
	(i) Fuel & Lubricants	11.18	14.08	14.91	13.06	10.13
	(ii) Tyres & Tubes	0.67	0.50	0.82	0.58	0.45
	(iii) Other Items/ spares	1.60	1.71	1.83	1.47	1.27
	(iv) Taxes (MV Tax, Passenger Tax, etc.)	0.35	0.44	0.38	0.29	0.33
	Total Variable Costs	13.80	16.73	17.94	15.40	12.18
9.	Effective KMs operated (in Lakh)	122.48	138.35	136.94	100.65	70.91
10.	Earnings *per* KM (in ₹) (1/9)	18.15	14.14	22.92	25.83	29.70
11.	Fixed Cost *per* KM (in ₹) (7/9)	55.77	19.12	82.72	114.67	157.95
12.	Variable Cost *per* KM (in ₹) (8/9)	11.27	12.09	13.10	15.30	17.18
13.	Cost *per* KM (in ₹) (3/9)	69.99	28.83	95.38	126.34	172.70
14.	Net Earnings *per* KM (in ₹) (10-13)	-51.84	-14.69	-72.46	-100.51	-143.00
15.	Traffic Revenue	19.50	19.56	21.03	18	13.13
16.	Traffic revenue *per* KM (in ₹) (15/9) (Operating revenue)	15.92	14.14	15.36	17.88	18.52
17.	Operating Loss Per KM (in ₹) (5/9)	24.53	12.56	14.57	11.39	17.81
18.	Contribution per KM (in ₹) (16-12)	4.65	2.05	2.26	2.58	1.34

Annexure - 3.2

(Referred to in Paragraph 3.2)

Organisational chart of Bihar State Road Transport Corporation



Annexure - 3.3

(Referred to in Paragraph 3.6.2)

Statement showing fixation of fares without considering all input costs

Year	Period	Occupancy of buses (in %)	Variable cost per KM per Bus (₹)	Increase in variable cost since 2008-09 (₹)	Date of increase of Fair	Fare per KM per seat (₹)		Resultant Increase/ Decrease of fare per KM per seat on account of revision of fare from 2008-09 (₹)	Resultant Increase/Decrease of fare per KM per bus (each bus having 52 seats) (₹)	Fall in increase of fare	Effective KM covered under the period		Loss to the Corporation (₹)
						Semi Deluxe	Deluxe				Period	KM	
1	2	3	4	5= Col. 4- values of col. 4 in 2008-09	6	7	8	9= Col. 7- value of col. 7 in 2008-09	10= 52 seatxCol.3 in % x Col. 9	11=5-10	12	13	14 (13X11)
2008-09		69	10.59		1.7.08	0.5	0.56						
2009-10	06/2009 to 03/2010	65	11.27	0.68	20.05.09	0.48	0.53	-0.02	-0.676	1.356	06/2009 to 03/2010	10274556	13932298
2010-11	04/2010 to 10/2010	64	12.09	1.5		0.48	0.53	-0.02	-0.666	2.166	04/2010 to 10/2010	7854926	17013770
	11/2010 to 03/2011	64	12.09	1.5	11.10.10	0.53	0.58	0.03	0.998	0.502	11/2010 to 03/2011	6158963	3091799
2011-12	04/2011 to 03/2012	64	13.10	2.51		0.53	0.58	0.03	0.998	1.512	04/2011 to 03/2012	13634558	20615452
2012-13	04/2012 to 09/2012	69	15.37	4.71		0.53	0.58	0.03	1.076	3.634	04/2012 to 09/2012	6019405	21874518
	10/2013 to 03/2013	69	15.37	4.71	9.10.12	0.63	0.72	0.13	4.664	0.046	10/2012 to 03/2013	4045095	186074
2013-14	04/2013 to 02/2014	76	17.18	6.59		0.63	0.73	0.13	5.1376	1.452	04/2013 to 02/2014	6590372	9569220
													86283131

or say ₹ 8.63 crore

Annexure - 3.4

(Referred to in Paragraph 3.7.1)

Fleet Strength and age profile

S.No.	Year	2009-10	2010-11	2011-12	2012-13	2013-14
1	Number of overage Vehicles	111	142	324	408	414
	Percentage of non-utilisation of Corporation's buses	65	54	59	69	77
	Number of over-age vehicles not plied on roads	72	83	191	281	318
2	Number of Buses to be replaced each year	111	31	182	84	06
3	Rate per bus (₹ in lakh)	14.00	14.00	19.16	23.00	23.00
4	Cost of Buses (₹ in lakh) (2x3)	1554.00	434.00	3487.12	1932.00	138.00
5	Bus productivity per day(Corporation norm)	280	280	280	280	280
6	Traffic Revenue per Kilo Meter (in ₹)	15.92	14.14	15.36	17.89	18.52
7	Number of Days	365	365	365	365	365
8	Potential revenue loss (₹ in crore) (1x5x6x7)	11.71	11.99	30.07	51.37	60.16

Annexure - 3.5

(Referred to in Paragraph 3.7.6)

Statement showing non-utilisation of scheduled Kilometers

(In Lakh KMs)

S.No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Scheduled Kilometres	216.75	216.75	216.84	216.75	216.75
2.	Effective Kilometres	81.83	98.31	101.82	75.90	50.38
3.	Cancelled Kilometres	134.92	118.44	115.02	140.85	166.37
4.	Percentage of cancellation	62.25	54.64	53.04	64.98	76.76
Cause-wise analysis						
5.	Want of buses (Percentage)	98.49 (72.99)	89.05 (75.18)	86.41 (75.13)	109.05 (77.42)	133.65 (80.33)
6.	Want of crew (Percentage)	17.62 (13.06)	14.03 (11.84)	14.55 (12.65)	16.25 (11.54)	16.31 (9.80)
7.	Others (i.e. Breakdown + Accident + Others) (Percentage)	18.81 (13.95)	15.36 (12.98)	14.06 (12.22)	15.55 (11.04)	16.41 (9.86)
8.	Contribution per KM (₹)	4.65	2.05	2.26	2.58	1.34
9.	Avoidable cancellation (for want of buses and crew)	116.11	103.08	100.96	125.30	149.96
10.	Loss of contribution (8X9) (₹ in lakh)	539.91	211.31	228.17	323.27	200.95

(Source: As per the information furnished by the Corporation in respect of eleven depots)

Annexure - 3.6

(Referred to in Paragraph 3.7.7)

Statement showing manpower cost

Sl.No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Total Manpower at the end of year (Nos.)	2036	1765	1516	1204	920
2.	Manpower Cost (₹ in crore)	25.70	18.41	18.58	15.30	12.24
3.	Total Expenditure	85.72	39.89	130.61	127.16	122.46
4.	Percentage of Manpower Cost to total expenditure (in *per cent*)	(29.98)	(46.15)	(14.22)	(12.03)	(10.00)
5.	Effective KMs (in lakh)	122.48	138.35	136.94	100.65	70.91
6.	Cost per effective KM (₹)	20.98	13.31	13.57	15.20	17.26
7.	Productivity per day per person (KMs)	16.48	21.48	24.75	22.90	21.12
8.	Average no. of buses on road	145	171	170	129	95
9.	Manpower per on road bus	14.04	10.32	8.92	9.33	9.68

Annexure - 3.7

(Referred to in Paragraph 3.7.8)

Statement showing fuel consumption

Sl.No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Gross Kilometres (in lakh)	126.46	143.78	145.18	108.57	75.37
2.	Target of KMPL fixed by Corporation	4.00	4.00	4.20	4.30	4.30
3.	Kilometre obtained per litre (KMPL)	3.97	4.11	4.22	4.30	4.29
4.	All India Average in the category	5.13	5.16	5.06	5.07	5.10
5.	Actual Consumption (in lakh litres)	31.81	34.99	34.37	25.26	17.58
6.	Consumption as per All India Norms(in lakh litres) (1/4)	24.65	27.86	28.69	21.41	14.78
7.	Excess Consumption (in lakh litres) (5-6)	7.16	7.13	5.68	3.85	2.80
8.	Average cost per litre (₹)	36.85	39.06	42.48	52.21	59.80
9.	Extra expenditure (₹ in crore) (7X8)	2.64	2.78	2.41	2.01	1.67

Annexure - 4.1

(Referred to in Paragraph 4.1.8)

Statement showing grant of irregular rebate under Industrial Policy

Name of consumer	Period of theft	Amount of irregular Rebate (Amount In ₹)							
		Dec 07	**Jan 08**	**Feb 08**	**March 08**	**April 08**	**May 08**	**June 08**	**Total irregular rebate (In ₹)**
M/s J.G. Foundry Limited	28.12.07 to 27.06.08	15000	48750	138750	101250	131250	236250	361125	1032375
M/s Balmukund Concast Limited	17.01.08 to 01.07.08	0	1074556	1448250	1560750	1710750	1665750	1770750	9230806
M/s Patwari Steel Private Limited	10.01.08 to 30.06.08	0	462532	501750	441750	726750	794250	786750	3713782
M/s Dadijee Steel Pvt. Limited	28.12.07 to 27.06.08	80419	1163250	38250	98250	383250	668250	695925	3127594
M/s Dina Iron & Steel Limited	20.02.08 to 20.08.08	0	0	41120	471750	299250	0	0	812120.7
M/s Gangotri Electrocasting Private Limited	01.03.08 to 27.06.08	0	0	0	400500	558000	393000	299700	1651200
M/s Gangotri Electrocasting Private Limited	12.01.08 to 28.02.08		143225	0					143225.8
								₹ 19711105 or say ₹ 1.97 crore	

Annexure - 4.2

(Referred to in Paragraph 4.6)

Statement showing avoidable expenditure on purchase of conductors

Sl. No.	Name of materials	Quantity of previous P.Os. (in Kms)	30% of quantity of previous P.Os. (in Kms)	Landed rate as per previous P.Os. (₹)	Landed rate as per new P.Os. (₹)	Difference in landed rate (₹)	Excess Avoidable Expenditure (₹)
(1)	(2)	(3)	(4)	(5)	(6)	(7) (6 -5)	(8) (4 X 7)
1.	ACSR Rabbit conductor	3500	1050	30671.98	35775.42	5103.44	5358612
2.	ACSR Weasel conductor	4000	1200	17498.95	20712.27	3213.32	3855984
3.	ACSR Dog conductor	1000	300	60556.81	69464.15	8907.34	2672202
						Total	**11886798**

or say ₹ 1.19 crore

Annexure - 4.3

(Referred to in Paragraph 4.7)

Statement showing details of projects under Master Service Agreement

Sl No.	Name of Project	Estimated Completion period (months)	Contract Amounts (₹ in crore)
1.	Khagaul water Supply Project	12	15.74
2.	Danapur Water supply	21	67.01
3.	Phulwarisharif Water Supply	15	26.57
4.	Muzaffarpur Water Supply Work	24	56.56
5.	Bodhgaya Water Supply Project	15	27.06
6.	Patna Water Supply	24	476.94
7.	Road With Drains in Rosera	9	23.74
8.	Road With Drains in Narkatiyaganj	9	33.85
9.	Bodh Gaya Sewerage	24	90.65
10.	Sewerage System & Sewage Treatment Plant in Hajipur	24	92.18
11.	Sewerage System & Sewage Treatment Plant in Begusarai	24	56.18
12.	Sewerage System & Sewage Treatment Plant in Buxar	24	49.48
13.	Sewerage System & Sewage Treatment Plant in Munger	24	114.35
14.	Rajgir Sewerage Project	9	42.15
15.	Rajgir Storm Water Drainage System Project	9	29.11
Total			**1201.57**

Annexure - 4.4

(Referred to in Paragraph 4.12)

Statement showing details of excess expenditure

Particulars	***Desktop***	***Laptop***
Name of the Brand	Dell	Dell
Name of the Model	Optiplex 990	Dell Latitude E 5420
Processor	Intel Core i5	Intel Core i5
Operating System	Windows 7	Windows 7
Cost to BELTRON (in ₹)[26]	58,347/-	55,731/-
DGS&D rate for the product of same brand (in ₹)[27]	38,627/-	46,200/-
Difference per unit (in ₹)	19,720/-	9,531/-
Price difference (274 + 348 Desktops) and (300[28] Laptops) (in ₹)	1,22,65,840/-	28,59,300/-
Total Excess Payment (in ₹)	**1,51,25,140/- or ₹ 1.51 crore**	

[26] Including VAT.
[27] Including VAT.
[28] Only 300 laptops were supplied by vendor against order of 389.

Annexure - 4.5

(Referred to in Paragraph 4.12)

Statement showing comparison of both the models of Desktop as replied by the Company and Audit observation thereon

Parameter	MT model (supplied by DGS&D)	SF (ultra slim model)(supplied by the Company)	Company's Remarks	Audit observation
Processor	Normal Processor	x86 microprocessor	Better	Processor in both models were same
Memory	DDR3	Low voltage memory	Better	SF also had DDR3 memory
HDD	3.5 inches	2.5 inches	Better	Option of 2.5 inches of HDD is available in both the models.
Power	Standard 275W PSU active or optional 275W upto 90% efficient PSU	200W upto 90% efficient PSU	Substantial power saving	Standard 265W PSU in MT and Standard 240W PSU in SF. Therefore, reply not based on facts.
Optical Drive	16x DVD	8x ultra drive	Better	SF also consists of 16x DVD. Reply not based on facts.

Annexure - 4.6

(Referred to in Paragraph 4.14)

Statement of department-wise outstanding Inspection Reports (IRs)

Sl. No.	Name of Department	No. of PSUs	No. of outstanding IRs	No. of outstanding paragraphs	Year from which paragraphs outstanding
1.	Industries	2	10	33	2007-08
2.	Information Technology	1	4	25	2007-08
3.	Agriculture	1	3	12	2009-10
4.	Energy[29]	6	537	1228	2006-07
5.	Food & Consumer Protection	1	5	41	2008-09
6.	Tourism	1	3	22	2011-12
7.	Education	1	2	7	2010-11
8.	Road Construction	2	4	35	2011-12
9.	Home (Police)	1	4	34	2007-08
10.	Transport	1	3	20	2007-08
11.	Co-operative	1	3	15	2008-09
12.	Registration, Excise & Prohibition	1	5	22	2008-09
13.	Minority Welfare	1	2	12	2011-12
14.	Backward & Extremely Backward Classes Welfare Department	1	1	5	2011-12
15.	Urban Development & Housing	1	2	32	2010-11
16.	Building Construction	1	1	2	2012-13
	Total	**23**	**589**	**1545**	

[29] This includes 535 IRs and 1218 Paragraphs pertaining to the five PSUs viz., Bihar State Power (Holding) Company Limited, Bihar State Power Generation Company Limited, Bihar State Power Transmission Company Limited, North Bihar Power Distribution Company Limited and South Bihar Power Distribution Company Limited incorporated as a result of the unbundling of the erstwhile Bihar State Electricity Board with effect from 01st November 2012.

Annexure - 4.7

(Referred to in Paragraph 4.14)

Statement of department-wise Draft Paragraphs/Performance Audits, reply to which are awaited

Sl. No.	Name of Department	No. of Draft Paragraphs	No. of Performance Audits	Periods of issue
1	Energy	7	-	April 2014 to August 2014
2	Information Technology	3	-	May 2014 to August 2014
3	Education	1	-	May 2014
4	Building Construction	1	-	June 2014
5	Urban Development & Housing	1	-	August 2014
6	Transport	-	1	July 2014
7	Tourism	-	1	August 2014