REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA

FOR THE YEAR ENDED 31 MARCH 2003

COMMERCIAL

GOVERNMENT OF TAMIL NADU

http://cagindia.org/states/tamilnadu/2002-03

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PREFACE

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

(i) Government companies,

(ii) Statutory corporations, and

(iii) Departmentally managed commercial undertakings.

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

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

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

5. The cases mentioned in this Report are those, which came to notice in the course of audit during 2002-03 as well as those, which came to notice in earlier years but were not dealt with in the previous reports. Matters relating to the period subsequent to 2002-03 have also been included, wherever necessary.

OVERVIEW

1 Overview of Government companies and Statutory corporations

As on 31 March 2003, the State had 78 Public Sector Undertakings (PSUs) comprising 76 Government companies and two Statutory corporations (both working) as against 80 Public Sector Undertakings comprising 78 Government companies and two Statutory corporations as on 31 March 2002. Of 76 companies, 14 companies were non-working. In addition there were three deemed Government companies under Section 619-B of the Companies Act, 1956 as on 31 March 2003.

(Paragraphs 1.1 and 1.32)

The total investment in working PSUs increased from Rs.10,661.42 crore as on 31 March 2002 to Rs.11,496.85 crore as on 31 March 2003. The total investment in non-working PSUs increased from Rs.56.51 crore to Rs.88.12 crore during the same period.

(Paragraphs 1.2 and 1.16)

The budgetary support in the form of capital, loans, grants and subsidies disbursed to the working PSUs increased from Rs.1,895.39 crore in 2001-02 to Rs.3,715.99 crore in 2002-03. The State Government also contributed loan of Rs.4.18 crore to one non-working company during 2002-03. The State Government guaranteed loans aggregating Rs.844.95 crore during 2002-03. The total amount of outstanding loans guaranteed by the State Government increased from Rs.7,088.05 crore as on 31 March 2002 to Rs.7,116.02 crore as on 31 March 2003.

(Paragraphs 1.5 and 1.17)

Forty six working Government companies and one Statutory corporation have finalised their accounts for 2002-03. The accounts of 16 working Government companies and one Statutory corporation were in arrears up to two years as on 30 September 2003. The accounts of 11 non-working companies were in arrears for periods ranging from one to 13 years as on 30 September 2003.

(Paragraphs 1.6 and 1.19)

According to the latest finalised accounts, 35 working PSUs (34 Government companies and one Statutory corporation) earned aggregate profit of Rs.156.09 crore. Out of 46 working Government companies, which finalised their accounts for 2002-03 by September 2003, only seven companies declared dividend aggregating Rs.6.10 crore. Twenty eight working PSUs (27 Government companies and one Statutory corporation) incurred aggregate loss of Rs.5,061.50 crore as per their latest finalised accounts. Of the loss incurring working Government companies, 20 companies and one statutory corporation had accumulated losses aggregating Rs.1,969.66 crore and Rs.1,408.20 crore respectively, which exceeded their aggregate paid-up capital of Rs.593.39 crore and Rs.200 crore respectively.

(Paragraphs 1.7, 1.8, 1.9, 1.10 and 1.11)

Even after completion of 18 to 26 years of their existence, the turnover of three working Government companies had been less than rupees five crore in each of the preceding five years as per their latest finalised accounts. Of these three, one company had been incurring losses for three consecutive years and another company had been incurring losses for two consecutive years leading to net negative net worth. In view of the poor turnover and continuous losses, the Government may either improve performance of these three companies or consider their closure.

(Paragraph 1.29)

Review relating to Government company

2 Tamil Nadu Adi Dravidar Housing and Development Corporation Limited

Tamil Nadu Adi Dravidar Housing and Development Corporation Limited was incorporated in September 1974 with a view to implement economic development schemes for the welfare and benefit of adi dravidars and scheduled tribes and construction of hostels, school buildings, community centers, *etc.*, for adi dravidars in the State. Audit observed that the Company suffered from three serious problems *viz.*, being unable to disburse assistance to adi dravidars in time, non-recovery of term loan and margin money from them and non-evaluation of the welfare schemes. Some of the important points noticed in Audit are given below:

The Company had appropriated Rs.18.26 crore in excess of permissible limits from special central assistance funds towards its adminstrative expenditure.

(Paragraph 2.7)

Failure to utilise the funds allotted for the implementation of the schemes resulted in idle funds of Rs.57.88 crore in personal deposit (Rs.52.33 crore), deposits (Rs.3.10 crore) and saving (Rs.2.45 crore) accounts throughout the four years ended 31 March 2003.

(Paragraph 2.8)

The Company disbursed Rs.33.18 crore out of special central assistance funds on individual entrepreneur scheme for scheduled castes without fixing income limit for beneficiaries in violation of Government of India's guidelines.

(Paragraph 2.9.1)

Subsidy of Rs.1.53 crore was released in excess of unit cost of the scheme fixed by National Bank for Agriculture and Rural Development.

(Paragraph 2.9.3)

The welfare schemes implemented by the Company by spending Rs.261.76 crore during the five years ended 31 March 2002 remained largely unevaluated.

(Paragraph 2.11)

3 Review relating to Statutory corporation

Performance of Ennore Thermal Power Station - Tamil Nadu Electricity Board

Ennore Thermal Power Station (ETPS) of Tamil Nadu Electricity Board was commissioned during March 1970 to December 1975 with a total capacity of 450 mega watt (MW). The Board decided (May 1998) to completely revamp the station, at an estimated cost of Rs.281.74 crore, to achieve plant load factor of 80 per cent. The unit III and IV have not been able to achieve envisaged plant load factor even after spending Rs.134.94 crore on refurbishment. The Board had indefinitely postponed the refurbishment of unit I and II after investing a large amount in the procurement of material The performance of the plant was very poor due to low plant availability, low plant load factor, excess auxiliary consumption and very high outages. Due to poor performance, the cost of generation increased. Thus, even after substantial investment on refurbishment, the performance of ETPS has not improved. Some of the important points noticed in Audit are given below:

Non-achievement of plant load factor of 80 per cent as envisaged in respect of unit III and IV even after incurring Rs.134.94 crore on refurbishment resulted in generation loss of Rs.416.73 crore.

(Paragraph 3.10)

Delay in refurbishment of unit III, IV and V resulted in generation loss of 1,592.052 million unit valued at Rs.356.59 crore during the period of delay.

(Paragraphs 3.8 and 3.12)

Indefinite postponement of refurbishment work of units I and II after procuring materials valuing Rs.38.33 crore, resulted in continued generation loss of 0.969 million unit worth Rs.22 lakh per day besides deterioration of materials. In addition, Board had to pay compensation of Rs.1.55 crore to the contractor for security, insurance, etc.

(Paragraph 3.14)

Failure to restrict auxiliary consumption within the norms resulted in generation loss valued at Rs.15.79 crore during 2000-2003.

(Paragraph 3.21)

4 Miscellaneous topics of interest

Besides the reviews, test check of the records of Government companies and Statutory corporations in general revealed number of irregularities, some of which are given below:

Tamil Nadu Small Industries Corporation Limited failed to take effective action on the recommendations of Committee on Public Undertakings resulting in loss of Rs.7.85 crore due to non-closure of unviable units and extra expenditure of Rs.7.95 crore on excess supervisory staff and excess consumption of zinc due to non-modernisation of galvanising plant.

(Paragraph 4.1)

Lack of planning in procurement of paddy by **Tamil Nadu Civil Supplies Corporation Limited** led to non-lifting of central pool quota rice available at cheaper price, which resulted in a cash loss of Rs.60.65 crore.

(Paragraph 4.2)

Failure of **Tamil Nadu Civil Supplies Corporation Limited** to float tender in the procurement season to meet its annual requirement resulted in avoidable extra expenditure of Rs.6.32 crore.

(Paragraph 4.3)

Failure of **Tamil Nadu Industrial Development Corporation Limited** to disinvest its entire holding of units in Unit Trust of India resulted in avoidable loss of Rs.5.28 crore.

(Paragraph 4.7)

Failure of **Tamil Nadu Industrial Investment Corporation Limited** to collect sales tax from its clients and pay to the commercial tax department resulted in a loss of Rs.1.84 crore.

(Paragraph 4.10)

Failure of **Tamil Nadu Small Industries Development Corporation Limited** to assess demand potential before developing a new industrial estate resulted in locking up of funds of Rs.1.36 crore.

(Paragraph 4.11)

Delay by **Tamil Nadu Electricity Board** in procurement of spares for fan motors resulted in loss of contribution of Rs.11.50 crore on generation loss of 120.11 million unit.

(Paragraph 4.15)

Failure to include additional 25 *per cent* charge on energy consumption for service having arc furnace resulted in revenue loss of Rs.3.91 crore to **Tamil Nadu Electricity Board**.

(Paragraph 4.17)

CHAPTER-I

Overview of Government companies and Statutory corporations

Introduction

1.1 As on 31 March 2003, there were 76 Government companies (62 working companies and 14 non-working companies) and two Statutory corporations (both working) as against 78 Government companies (66 working companies and 12 non-working companies) and two working Statutory corporations as on 31 March 2002 under the control of the State Government. During the year two companies (one each working and non-working) were merged with other companies and three more working companies also became non-working companies. The accounts of the Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors, who are appointed by the Comptroller and Auditor General of India (CAG) as per provisions of Section 619 (2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provisions of Section 619 of the Companies Act, 1956. The State Government had formed Tamil Nadu Electricity Regulatory Commission and its audit is entrusted to the Comptroller and Auditor General of India under Section 34 (4) of the Electricity Regulatory Commissions Act, 1998. The audit arrangements of Statutory corporations are as shown below:

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

Working Public Sector Undertakings (PSUs)

Investment in working PSUs

1.2 As on 31 March 2003, the total investment in 64 working PSUs (62 Government companies and two Statutory corporations) was Rs.11,496.85 crore (equity: Rs.1,863.10 crore; long-term loans♣: Rs.9,633.75 crore) as against 68 working PSUs (66 Government companies and two Statutory

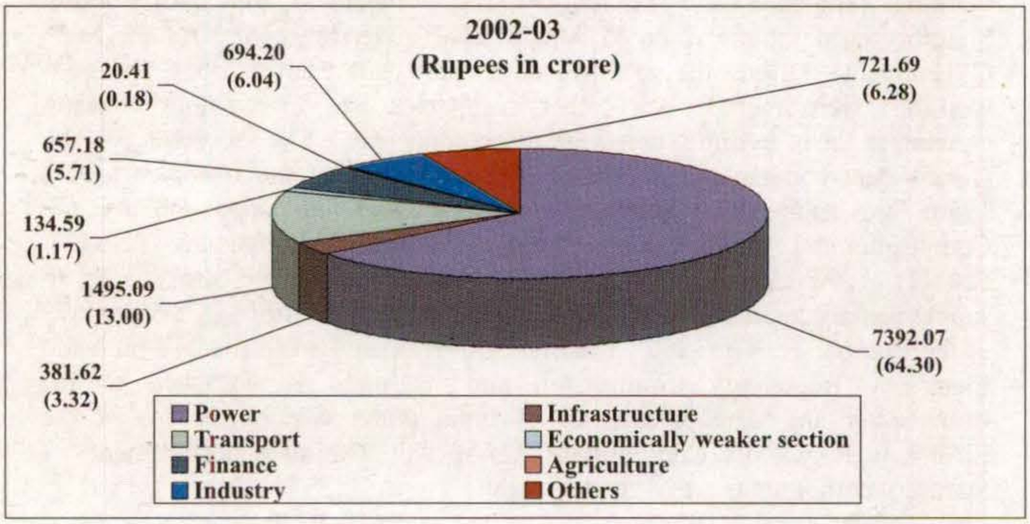
♣ Long term loans mentioned in paragraphs 1.2, 1.3, 1.4 and 1.6 are excluding interest accrued and due on such loans.

corporations) with a total investment of Rs.10,661.42 crore (equity: Rs.1,657.74 crore; long-term loans: Rs.8,835.62 crore and share application money: Rs.168.06 crore) as on 31 March 2002. The analysis of investment in working PSUs is given in the following paragraphs.

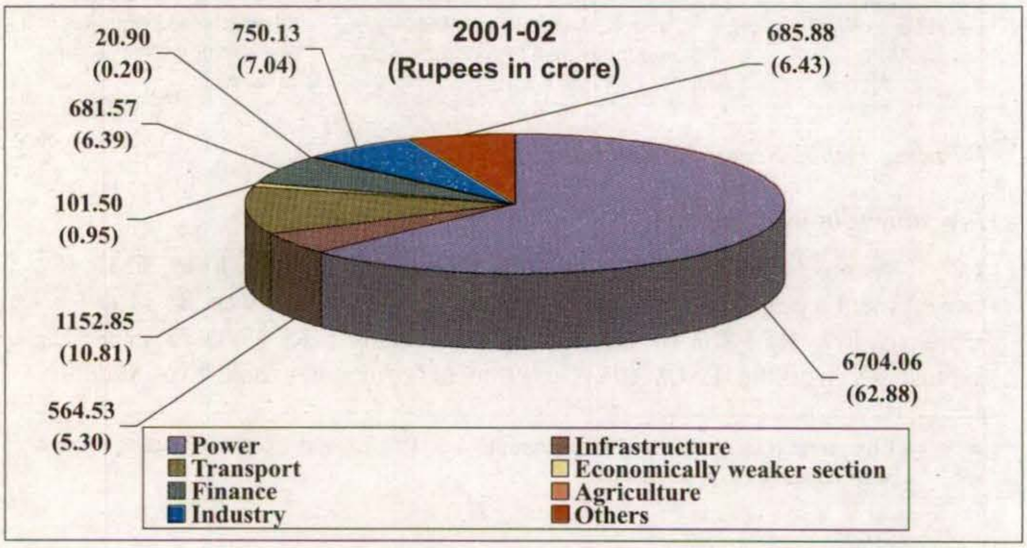
The investment (equity and long-term loans) in various sectors and percentage thereof at the end of 31 March 2003 and 31 March 2002 are indicated below in the pie charts.

SECTOR-WISE INVESTMENT IN WORKING COMPANIES AND STATUTORY CORPORATIONS

Total investment: Rs.11,496.85 crore
(Figures in brackets indicate percentage)



Total investment: Rs.10,661.42 crore
(Figures in brackets indicate percentage)



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Working Government companies

1.3 Total investment in working Government companies at the end of March 2002 and March 2003 was as follows:

(Rupees in crore)

Year	Number of companies	Equity	Share application money	Loans	Total
2001-02	66	1,450.12	168.06	2,331.57	3,949.75
2002-03	62	1,630.49	---	2,466.68	4,097.17

As on 31 March 2003, the total investment in working Government companies comprised 39.80 *per cent* of equity capital and 60.20 *per cent* of loans as compared to 41 and 59 *per cent*, respectively as on 31 March 2002.

The summarised statement of Government investment in working Government companies in the form of equity and loans is detailed in **Annexure-1.**

Working Statutory corporations

1.4 The total investment in two working Statutory corporations at the end of March 2003 and March 2002 was as follows:

(Rupees in crore)

Name of corporation	2001-02		2002-03	
	Capital	Loans	Capital	Loans
Tamil Nadu Electricity Board	200.00	6,492.45	225.00*	7,167.07*
Tamil Nadu Warehousing Corporation	7.61	---	7.61	---

The summarised statement of Government investment in working Statutory corporations in the form of equity and loans is detailed in **Annexure-1**.

Budgetary outgo, grants/subsidies, guarantees, waiver of dues and conversion of loans into equity

1.5 The details regarding budgetary outgo, grant/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by State Government to working Government companies and Statutory corporations are given in **Annexures-1 and 3**.

The budgetary outgo (in the form of equity capital and loans) and subsidies from the State Government to working Government companies and working

* Provisional figures, as accounts are under finalisation.

Statutory corporations for the three years up to March 2003 are given below:

(Amount – Rupees in crore)

	2000-01				2001-02				2002-03			
	Companies		Corporations		Companies		Corporations		Companies		Corporations	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Equity capital outgo from budget	7	7.81	---	---	2	3.79	1	100.00	5	34.35	1	25.00
Loans given from budget	3	10.57	---	---	4	16.54	---	---	5	19.57	--	--
Grants	---	---	---	---	---	---	1	43.62	---	---	1	29.47
(i) Subsidy towards projects/ programmes/ schemes	8	1,599.27	1	16.55	10	1,354.99	---	---	9	1,373.60	---	---
(ii) Other subsidy	14	121.23	1	250.00	12	53.95	1	322.50	5	21.86	1	2,212.14
(iii) Total subsidy	22	1,720.50	1	266.55	22	1,408.94	1	366.12	14	1,395.46	1	2,212.14
Total outgo	26*	1,738.88	1	266.55	25*	1,429.27	1	466.12	19*	1,449.38	1	2,266.61

During 2002-03, the Government had guaranteed loans aggregating Rs.844.95 crore obtained by 14 working Government companies (Rs.415.56 crore) and one working Statutory corporation (Rs.429.39 crore). At the end of the year, guarantees amounting to Rs.7,116.02 crore against 23 working Government companies (Rs.2,801.83 crore) and one working Statutory corporation (Rs.4,314.19 crore) were outstanding. The guarantee commission paid/payable to Government by Government companies and Statutory corporations during 2002-03 was Rs.4.79 crore and Rs.21 crore, respectively.

Finalisation of accounts by working PSUs

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

However, as could be noticed from **Annexure-2**, out of 62 working Government companies and two Statutory corporations, only 46 working companies and one Statutory corporation have finalised their accounts for 2002-03 within the stipulated period. During October 2002 to September 2003, 15 working Government companies finalised 17 accounts for previous years. Similarly, during the same period both the Statutory corporations finalised their accounts for previous year.

* These are actual number of companies/corporation, which have received budgetary support in the form of equity, loan, subsidies and grant from the State Government during the respective years.

The accounts of 16 working Government companies and one Statutory corporation were in arrears up to two years as on 30 September 2003 as detailed below:

Sl. No.	Number of working companies/corporations		Year for which accounts are in arrears	Number of years for which accounts are in arrears	Reference to Sl.No. of Annexure 2	
	Government companies	Statutory corporations			Government companies	Statutory corporations
1.	2	---	2001-02 & 2002-03	2	A-22 and 30	----
2.	14	1	2002-03	1	*	B-1

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

Financial position and working results of working PSUs

1.7 The summarised financial results of working PSUs (Government companies and Statutory corporations) as per their latest finalised accounts are given in **Annexure-2**. Besides, statement showing financial position and working results of individual working Statutory corporations for the latest three years for which accounts are finalised are given in **Annexures-4** and **5** respectively.

According to the latest finalised accounts of 62 working Government companies and two working Statutory corporations, 27 companies and one Statutory corporation incurred aggregate loss of Rs.209.61 crore and Rs.4,851.89 crore respectively and 34 companies and one Statutory corporation earned aggregate profit of Rs.152.78 crore and Rs.3.31 crore, respectively. In case of one company (serial number 35 of **Annexure-2**) entire amount of loss is being compensated by the State Government.

Working Government companies

Profit earning working companies and dividend

1.8 Out of 46 working Government companies, which finalised their accounts for 2002-03 by 30 September 2003, 28 companies earned an aggregate profit of Rs.149.59 crore and only seven companies (serial numbers 17, 20, 21, 23, 38, 39 and 61 of **Annexure-2)** declared dividend aggregating Rs.6.10 crore. The dividend as percentage of share capital in the above seven companies worked out to 9.19. The remaining 21 profit making companies did not declare any dividend. The total return by way of above dividend of Rs.6.10 crore worked out to 0.40 *per cent* in 2002-03 on total equity investment of Rs.1,540.79 crore by the State Government in all Government

* Serial numbers A-7, 8, 9, 14, 26 to 29, 31 to 35, and 62 of Annexure-2.

companies as against 0.16 *per cent* in the previous year. The State Government has not formulated any dividend policy for payment of minimum dividend.

Similarly, out of 15 working Government companies, which finalised their 17 accounts for previous years by September 2003, four companies earned an aggregate profit of Rs.2.80 crore and out of these four companies, three companies earned profit for two or more successive years.

Loss incurring working Government companies

1.9 Of the 27 loss incurring working Government companies, 20 companies had accumulated losses aggregating Rs.1,969.66 crore, which exceeded their aggregate paid-up capital of Rs.593.39 crore.

Despite poor performance and complete erosion of paid-up capital, the State Government continued to provide financial support to five out of these 20 companies in the form of equity, loans and subsidy amounting to Rs.50.88 crore during 2002-03.

Working Statutory corporations

Profit earning Statutory corporation and dividend

1.10 Out of two Statutory corporations, one corporation (Tamil Nadu Warehousing Corporation) finalised their accounts for 2002-03. This Corporation earned a profit of Rs.3.31 crore and declared a dividend of Rs.26.63 lakh to the State Government.

Loss incurring Statutory corporation

1.11 One corporation (Tamil Nadu Electricity Board) which finalised their accounts for 2001-02, incurred loss and accumulated losses of this Corporation aggregated Rs.1,408.20 crore, which had far exceeded their paid up capital of Rs.200 crore.

Operational performance of working Statutory corporations

1.12 The operational performance of the working Statutory corporations is given in **Annexure-6**.

It could be seen from **Annexure-6** that the power generation by Tamil Nadu Electricity Board decreased by 2.48 *per cent* during 2002-03 though demand increased by 4.04 *per cent* during the same period. This necessitated increased purchase of power from other states. Further, transmission losses increased from 16.3 *per cent* in 2001-02 to 18 *per cent* in 2002-03 with consequent revenue loss of Rs.195.92 crore.

As regards Tamil Nadu Warehousing Corporation, the percentage of capacity utilisation came down drastically from 90 to 73 *per cent* resulting in reduction in income by Rs.3.24 crore.

Return on capital employed

1.13 As per the latest finalised accounts (up to September 2003), the capital employed♦ worked out to Rs.8,147.78 crore in 62 working companies and total return♠ thereon amounted to Rs.533.37 crore, which is 6.55 *per cent* as compared to total return of Rs.205.27 crore (2.57 *per cent*) in the previous year (accounts finalised up to September 2002). Similarly, the capital employed and total return thereon in case of working Statutory corporations as per the latest finalised accounts (up to September 2003) worked out to Rs.8,571.72 crore and (-)Rs.4,306.42 crore respectively as against the total return of Rs.934.64 crore (9.99 *per cent*) in 2001-02. The details of capital employed and total return on capital employed in case of working Government companies and Statutory corporations are given in **Annexure-2**.

Reforms in power sector

Status of implementation of MOU between the State Government and the Central Government

1.14 In pursuance to Chief Ministers' conference on Power Sector Reforms, held in March 2001, a Memorandum of Understanding (MOU) was signed on 9 January 2002 between the Ministry of Power, Government of India and the Department of Energy, Government of Tamil Nadu as a joint commitment for implementation of reforms programme in power sector with identified milestones.

Status of implementation of reform programme against each commitment made in the MOU is detailed below:

	Commitment as per MOU	Targeted completion Schedule	Status (as on 31 March 2003)	Remarks
	Commitments made by the State Government			
1	Appointment of chairperson in State Electricity Regulatory Commission (SERC)	January 2002	Appointed and assumed charge in July 2002	---
2	100 per cent electrification of all villages and hamlets	By 2007 (64,042 villages and hamlets)	63,817 villages and hamlets have been electrified	---

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

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

	Commitment as per MOU	Targeted completion Schedule	Status (as on 31 March 2003)	Remarks
3.	Reduction in transmission and distribution losses to 15 per cent	By December 2003	Transmission and distribution losses - 18 *per cent*	Transmission and distribution losses increased to 18 per cent in 2002-03 from 16.3 per cent in 2001-02
4.	100 per cent metering of all distribution feeders	December 2001	Completed	---
5.	100 per cent metering of all consumers	December 2003	All services except agriculture and huts service metered	In these two services, new connections effected from 1 July 2002 are metered.
6.	Current operations in distribution to reach at break-even	March 2003	There was deficit of Rs.111.59 crore as per the preliminary accounts for the year 2002-03	Positive return in distribution operation after March 2003
7.	Energy audit at 11 KV sub-stations level	January 2002	Introduced in January 2002	---
8.	Computerisation of HT & LT billing	December 2002	HT billing fully computerised	LT billing in 33 sections out of 2,376 sections were computerised
9.	Securitised outstanding due of central public sector undertakings	As per scheme approved by Govt. of India	State Cabinet approved securitisation in April 2002. Government order issued in June 2002.	---
10.	State Electricity Regulatory Commission (SERC)			
	(i) Establishment of TNERC		Established in March 1999	---
	(ii) Implementation of tariff orders issued by TNERC during the year	First Tariff petition to be filed by 30 September 2002	Since filed in September 2002 and first tariff revision effected from March 2003.	---
	General			
11.	Monitoring of MOU	Quarterly	Being monitored on quarterly basis.	---

State Electricity Regulatory Commission

1.15 Government of Tamil Nadu constituted (March 1999) Tamil Nadu Electricity Regulatory Commission (TNERC), with three members including a chairman, under Section 17(1) of the Electricity Regulatory Commissions Act, 1998. The Commission started functioning with effect from 1 September 1999. The chairman of the Commission has assumed charge in July 2002. The Commission issued its first tariff notification in March 2003. Accounts of TNERC have been finalised up to March 2002.

Non-working PSUs

Investment in non-working PSUs

1.16 As on 31 March 2003, the total investment in 14 non-working PSUs (all Government companies) was Rs.88.12 crore (equity: Rs.43.43 crore; long-term loans: Rs.44.69 crore) as against total investment of Rs.56.51 crore (equity: Rs.23.42 crore; long term loans Rs.33.09 crore) in 12 non-working companies as on 31 March 2002.

The classification of the non-working companies was as under:

(Amount – Rupees in crore)

Sl.No.	Status of non-working companies	Number of companies	Investment	
			Equity	Long-term loans
(i)	Under liquidation	2[A]	3.95	NIL
(ii)	Under closure	8[B]	27.31	44.69
(iii)	Under merger	2[C]	10.10	NIL
(iv)	Others	2[D]	2.07	NIL
	Total	**14**	**43.43**	**44.69**

Of the above non-working PSUs, 10 Government companies were under liquidation or closure under Section 560 of the Companies Act, 1956 for three to 13 years and substantial investment of Rs.75.95 crore was involved in these companies. Effective steps need to be taken for their expeditious liquidation or revival.

Budgetary outgo, grant/subsidy, guarantees, waiver of dues and conversion of loans into equity

1.17 The details regarding budgetary outgo in the form of loan to the non-working Government companies are given in **Annexure-1**. The State Government had given loan of Rs.4.18 crore to one non-working company during 2002-03. At the end of 2002-03, loan of Rs.8.43 crore outstanding in respect of two non-working companies has been guaranteed by the Government.

A Serial numbers C-7 and 11 of ANNEXURE-2

B Serial numbers C-1 to 5, 9, 10 and 13 of ANNEXURE-2

C Serial number C-8 and 14 of ANNEXURE-2

D Serial number C-6 and 12 of ANNEXURE-2

Total establishment expenditure of non-working PSUs

1.18 The year-wise details of total establishment expenditure of non-working PSUs and the sources of financing them during the last three years up to 2002-03 are given below:

(Amount – Rupees in crore)

Year	No of PSUs	Total establishment expenditure	Financed by	
			Disposal of investment/ assets	Government by way of loans
Government companies				
2000-01	10*	0.61	0.61	---
2001-02	10*	5.41	0.04	5.37
2002-03	2*	0.62	0.62	---

Finalisation of accounts by non-working PSUs

1.19 The accounts of 11 non-working companies were in arrears for periods ranging from one to 13 years as on 30 September 2003 as could be noticed from **Annexure-2**.

Financial position and working results of non-working PSUs

1.20 The summarised financial results of non-working Government companies as per their latest finalised accounts are given in **Annexure-2**.

The net worth of 14 non working companies against their paid up capital of Rs.43.43 crore was (-) Rs.126.91 crore. These companies suffered a cash loss of Rs.36.45 crore and their accumulated loss worked out to Rs.170.14 crore.

According to latest finalisd accounts of 14 non-working Government companies, 12 companies had incurred an aggregate loss of Rs.33.12 crore.

Of the 12 loss incurring non-working companies, 8 companies had accumulated losses aggregating Rs.154.12 crore which exceeded their aggregate paid-up capital of Rs.18.82 crore.

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

1.21 The following table indicates the status of placement of various Separate Audit Reports (SAR) on the accounts of Statutory corporations issued by the CAG, in the Legislature by the Government:

* Information in respect of other companies were not available.

Sl. No.	Name of Statutory corporation	Years up to which SARs placed in Legislature	Years for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
1.	Tamil Nadu Electricity Board	2000-01	2001-02	September 2003	---
2.	Tamil Nadu Warehousing Corporation	2001-02	2002-03	September 2003	---

Disinvestment, privatisation and restructuring of Public Sector Undertakings

1.22 The Government decided (May 1997) to amalgamate the then existing 21 State Transport Undertakings (STUs) into seven STUs for operational convenience and economic viability. During 2002-03, one working Government company (Tamil Nadu Corporation for Industrial Infrastructure Development Limited) was merged with another company (State Industries Promotion Corporation of Tamil Nadu Limited). One non-working company (Tamil Nadu Spirit Corporation Limited) was merged with its holding company (Tamil Nadu State Marketing Corporation Limited).

Results of audit of accounts of PSUs by Comptroller and Auditor General of India

1.23 During October 2002 to September 2003, the audit of accounts of 69 Government companies (working: 64 and non-working: 5) and three accounts of two working Statutory corporations were selected for review. As a result of the observations made by the CAG, six working companies, one non-working company and one Statutory corporation listed below revised their accounts:

Sl.No.	Name of the company	Year of accounts
1.	Tamil Nadu Civil Supplies Corporation Limited	2001-02
2.	Arasu Rubber Corporation Limited	2002-03
3.	Tamil Nadu Industrial Development Corporation Limited	2002-03
4.	Metropolitan Transport Corporation Limited	2002-03
5.	Tamil Nadu Sugar Corporation Limited	2001-02
6.	Perambalur Sugar Mills Limited	2001-02
7.	Tamil Nadu Film Development Corporation Limited	2002-03
8.	Tamil Nadu Electricity Board	2001-02

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

Sl. No.	Details	Number of accounts			Rupees in crore		
		Government companies		Statutory corporations	Government companies		Statutory corporations
		Working	Non-working		Working	Non-working	
(i)	Increase in profit	2	---	---	1.40	---	---
(ii)	Decrease in profit	1	---	---	0.69	---	---
(iii)	Increase in loss	---	1	1	---	0.14	21.61
(iv)	Decrease in loss	3	---	---	10.38	---	---

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

Errors and omissions noticed in case of Government companies

1.24 Some major errors/omissions in case of Government companies noticed during review of accounts are given below:

Sl. No	Name of the company	Year of accounts	Errors/omissions	Amount (Rupees in crore)
1.	Tamil Nadu Backward Classes Economic Development Corporation Limited	2001-02	Non-provision for doubtful debts	0.70
2.	Tamil Nadu Cements Corporation Limited	2001-02	Non-provision for cement pressure pipes lying in stock for a long period	3.92
3.	Poompuhar Shipping Corporation Limited	2002-03	Understatement of deferred tax liability	9.65

Errors and omissions noticed in case of Statutory corporation

1.25 Some major errors noticed during review of accounts for 2001-02 of Tamil Nadu Electricity Board are given below:

Sl.No.	Errors/omissions	Amount (Rupees in crore)
1.	Overstatement of deficit due to non-inclusion of amounts for which bills had been raised	23.37
2.	Overstatement of capital work-in-progress due to inclusion of completed works	38.66
3.	Understatement of deficit due to non-inclusion of depreciation on assets already commissioned	1.76

Audit assessment of the working results of Tamil Nadu Electricity Board

1.26 Based on the audit assessment of the working results of the Tamil Nadu Electricity Board for the three years up to 2002-03 and taking into consideration the major irregularities and omissions pointed out in the Separate Audit Reports on the annual accounts and not taking into account the subsidy/subventions received/receivable from the State Government, the net surplus/deficit, percentage of return on capital employed, capital invested will be as under:

(Amount – Rupees in crore)

Sl. No	Particulars	2000-01	2001-02	2002-03 (Provisional)
1.	Net surplus/(-) deficit as per books of accounts	387.87	(-)4,851.89	150.13
2.	Subsidy from the State Government	1,693.21	322.50	2,212.14
3.	Net surplus/(-) deficit before subsidy from the State Government (1-2)	(-)1,305.34	(-)5,174.39	(-)2,062.01
4.	Net increase/decrease in net surplus/(-) deficit on account of audit comments on the annual accounts	(-)1,448.73	21.61	N.A.
5.	Net surplus/(-) deficit after taking into account the impact of audit comments but before subsidy from the State Government (3-4)	(-)2,754.07	(-)5,152.78	N.A.
6.	Total return on capital employed	930.10	(-)4,610.84	---
7.	Percentage of total return on capital employed	9.98	---	---

Persistent irregularities and system deficiencies in financial matters of PSUs

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

- Fixed assets registers had not been maintained in some circles. Board also does not monitor verification of fixed assets.
- Capital expenditure on completed works had been arrived at based on the completion certificates from field engineers and not on the basis of closed work orders.
- There were huge differences between balance sheet figures and cash book in respect of bank balances in eight circles.

Internal audit/internal control

1.28 The statutory auditors (chartered accountants) are required to furnish a detailed report upon various aspects including the internal control/internal audit systems in the companies audited in accordance with the directions issued by the Comptroller and Auditor General of India to them under Section 619 (3) (a) of the Companies Act, 1956 and to identify areas, which needed improvement. Directions/sub directions under the Act, ibid, were issued to the

Statutory auditors in respect of 66 Government companies involving 71 accounts between October 2002 and September 2003. In pursuance of directions so issued, reports of statutory auditors involving 40 accounts of 33 Government companies were received (September 2003).

An illustrative resume of major recommendations/comments made by the statutory auditors on possible improvements in respect of State Government companies are indicated in the **Annexure-7.**

Recommendations for closure of PSUs

1.29 Even after completion of 18 to 26 years of their existence, the turnover of three Government companies (serial numbers A-5, 13, and 54 of **Annexure-2**) has been less than rupees five crore in each of the preceding five years as per latest finalised accounts. Of these three, one company (serial number A-13 of **Annexure-2**) had been incurring losses for three consecutive years (as per latest finalised accounts) and another company (serial number A-54 of **Annexure-2**) had been incurring losses for two consecutive years leading to negative net worth. In view of poor turnover and continuous losses, the Government may either improve performance of above three Government companies or consider their closure.

Response to inspection reports, draft paragraphs and reviews

1.30 Audit observations noticed during audit and not settled on the spot are communicated to the heads of PSUs and concerned departments of State Government through inspection reports. The heads of PSUs are required to furnish replies to the inspection reports through respective heads of departments within a period of six weeks. Inspection reports issued up to March 2003 pertaining to 77 PSUs disclosed that 2,201 paragraphs relating to 616 inspection reports remained outstanding at the end of September 2003. Of these, 526 inspection reports containing 1,687 paragraphs had not been replied to for more than two years. Department-wise break-up of inspection reports and audit observations outstanding as on 30 September 2003 is given in **Annexure-8**.

Similarly, draft paragraphs and reviews on the working of PSUs are 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 27 draft paragraphs forwarded to the various departments during March to September 2003 as detailed in **Annexure-9** had not been replied to so far.

It is recommended that (a) the Government should ensure that procedure exists for action against the officials who failed to send replies to inspection reports/draft paragraphs/reviews as per the prescribed time schedule, (b) action to recover loss/outstanding advances/overpayment is taken within prescribed time, and (c) the system of responding to the audit observations is revamped.

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

1.31 The following table indicates the details regarding number of reviews and paragraphs pending discussion at the end of 31 March 2003:

Period of Audit Report	Number of reviews and paragraphs appeared in the Audit Report		Number of reviews/paragraphs pending for discussion	
	Reviews	Paragraphs	Reviews	Paragraphs
1995-96	4	24	1	3
1996-97	5	24	2	---
1997-98	5	20	5	18
1998-99	6	23	6	21
1999-2000	4	24	4	24
2000-01	4	21	4	21
2001-02	3	29	3	29

619-B companies

1.32 There were three companies coming under Section 619-B of the Companies Act, 1956. **Annexure-10** indicates the details of paid-up capital, investment by way of equity, loans and grants and summarised working results of these companies based on their latest available accounts.

CHAPTER-II

REVIEW RELATING TO GOVERNMENT COMPANY

2 TAMIL NADU ADI DRAVIDAR HOUSING AND DEVELOPMENT CORPORATION LIMITED

HIGHLIGHTS

Tamil Nadu Adi Dravidar Housing and Development Corporation Limited was incorporated in September 1974 with a view to undertake economic development schemes for alleviation of poverty and upliftment of the standard of living of adi dravidars in the State.

(Paragraph 2.1)

The Company had appropriated Rs.18.26 crore in excess of permissible limits from special central assistance funds towards its administrative expenditure.

(Paragraph 2.7)

Failure to utilise the funds allotted for the implementation of the schemes resulted in idle funds of Rs.57.88 crore in personal deposit (Rs.52.33 crore), deposits (Rs.3.10 crore) and saving (Rs.2.45 crore) accounts throughout the four years ended 31 March 2003.

(Paragraph 2.8)

The Company disbursed Rs.33.18 crore out of special central assistance funds on individual entrepreneur scheme without fixing income limit for beneficiaries in violation of Government of India's guidelines.

(Paragraph 2.9.1)

Subsidy of Rs.1.53 crore was released in excess of unit cost of the scheme fixed by National Bank for Agriculture and Rural Development.

(Paragraph 2.9.3)

The Company paid Rs.3.49 crore under "High cost schemes" without studying the viability of the projects.

(Paragraph 2.9.9)

The welfare schemes implemented by the Company by spending Rs.261.76 crore during the five years ended 31 March 2002 remained largely unevaluated.

(Paragraph 2.11)

Two industrial estates constructed at Mudalipalayam and Ingur at a cost of Rs.31.18 crore by diverting special central assistance funds remained largely unutilised. Thus, the objective of uplifting adi dravidars could not be achieved.

(Paragraph 2.12.5)

Introduction

2.1 Tamil Nadu Adi Dravidar Housing and Development Corporation Limited (TAHDCO) was incorporated in September 1974 with a view to provide housing facilities to adi dravidars in the State. Subsequently, the scope of object clause of the Company was enlarged (February 1975), to enable it to undertake a wide spectrum of economic development schemes for alleviation of poverty and upliftment of the standard of living of adi dravidars in the State. The area of state of Tamil Nadu is 1,30,058 square kilometres and the state has a population of 5.59 crore as per 1991 census. The population of scheduled castes (SC) and scheduled tribes (ST) in the state is 1.07 crore and 5.74 lakh respectively, which works out to 19.18 and 1.03 *per cent* respectively of total population of the state. According to a survey by the Directorate of Rural Development in 1999, there were 9.75 lakh SC families and 0.69 lakh ST families in the state living below the poverty line.

Objectives

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

- To provide housing facilities to the adi dravidars in the State.
- To implement economic development schemes for the welfare and benefit of adi dravidars and ST in the State.

Apart from the above main objectives, the other objectives of the Company include construction of hostels, school buildings, community centers, balwadies, *etc.*, for adi dravidars and any specific item of work entrusted by Government from time to time.

Consequent to entrustment of the construction of houses for adi dravidars in the state to District Rural Development Agencies (DRDA) since 1989-90, the activities of the Company are presently confined to implementation of economic development schemes for adi dravidars and ST and construction of hostels, school buildings, community centers, *etc.* for adi dravidars and backward classes in the state. In order to achieve these objectives, the Company is presently engaged in the following activities:

- Margin money-cum-subsidy schemes through banks *viz.* individual entrepreneur scheme for scheduled castes and scheduled tribes and agricultural and allied activities.
- Non-banking term loan-cum-subsidy schemes under National Scheduled Castes and Scheduled Tribes Finance and Development Corporation Limited (NSFDC) and National Safai Karamchari Finance and Development Corporation Limited (NSKFDC).
- National scheme for Liberation and Rehabilitation of Scavengers (NSLRS).
- Development schemes executed through other departments of the State Government.
- Training schemes.
- Construction of hostels, school buildings, *etc.*

Organisational set up

2.3 The management of the Company is vested in a Board of Directors. The Company had 12 directors on the Board as on 31 March 2003 including a full time Managing Director. Nine of the 12 directors were appointed by the State Government and out of the remaining three; two are nominated by Government of India (GOI) and the other by NSFDC. The Managing Director, who is the chief executive officer of the Company, is assisted by two General Managers, for looking after the day-to-day management of the Company.

Each District Office of the Company is headed by a District Manager, who invites and receives applications and is responsible for selection of beneficiaries and disbursement of assistance to them. The recovery of loans and margin money is also monitored by the District Managers.

Committee on Public Undertakings (COPU) had recommended (April 1983 and April 1993) that the chief executives of Public Sector Undertakings (PSU) should have a minimum tenure of three years to ensure continuity, stability and accountability. However, between April 1997 and March 2003, the Company had 10 Managing Directors and their tenure ranged from one to 19 months.

Scope of Audit

2.4 The performance of the Company was last reviewed and included in the Report of the Comptroller and Auditor General of India for the year ended 31 March 1997 (Commercial). The Committee on Public Undertakings (COPU) discussed the same in July 2001 and its recommendations are awaited.

The activities of the Company during 1998-2003 were reviewed in audit between November 2002 and February 2003 by auditing records at the Head Office and 17 out of 29 District Managers' offices of the Company. The main objective of the review was to examine how far the existence of the Company had helped in alleviation of poverty and upliftment of the standard of living of adi dravidars in the State.

Audit findings as a result of test check, were reported to the Government/Company in April 2003 with a specific request for attending the meeting of Audit Review Committee for State Public Sector Enterprises (ARCPSE) so that the view point of Government/Company was taken into account before finalising the review. The meeting of ARCPSE was held on 7 May 2003. This review has been finalised taking into account the Company/Government's view during the ARCPSE meeting

Share capital

2.5 Share capital of the Company is contributed by the State and Central Government in the ratio of 51:49. As against the authorised share capital of Rs.100 crore, the paid-up capital of the Company as on 31 March 2003 was Rs.79.75 crore of which, Rs.43.56 crore has been contributed by the State Government and Rs.36.19 crore by the Central Government. The State Government did not release the share capital assistance of Rs.6.63 crore for 2001-03 though provided for in its budgets for the respective years.

As against the share capital assistance of Rs.12.74 crore due from Central Government for 1999-2003, the Company received Rs.5.40 crore only. Non-release of assistance by the State Government and poor recovery performance of the Company below the stipulated percentage (60 *per cent*) were the reasons for non-receipt of share capital assistance from the Central Government.

Financial position and working results

Financial position

2.6 The accounts of the Company have been finalised up to 2000-01 only. The financial position of the Company for the five years ended 31 March 2001 is given in **Annexure-11**.

Working results

2.7 The working results of the Company for the five years ended 31 March 2001 are given in **Annexure-12**.

An analysis of the working results revealed the following:

Company appropriated Rs.18.26 crore of SCA funds in excess of the prescribed limit, to meet its administrative expenditure.

- The Company was entitled to receive one (up to 1997-98) and three *per cent* (from 1998-99 onwards) of special central assistance (SCA) disbursed during the year to meet its administrative expenses. Audit observed that the Company charged entire administrative expenses without restricting the same within the prescribed limit. The Company appropriated Rs.3.70 crore, Rs.1.32 crore, Rs.4.70 crore, Rs.4.18 crore and Rs.4.36 crore, respectively, in excess of the permissible limit, from SCA during the five years up to 2000-01. But for this excess appropriation, which was in violation of GOI guidelines, the losses in the three years up to 1998-99 would have increased from Rs.6.94 lakh to Rs.3.77 crore, from Rs.14.47 lakh to Rs.1.46 crore and from Rs.49.84 lakh to Rs.5.20 crore respectively. Similarly, the profits of Rs.19.77 lakh in 1999-2000 and Rs.60.12 lakh in 2000-01 would have turned into losses of Rs.3.98 crore and Rs.3.76 crore respectively. Consequently, the reserves and surplus of Rs.84.92 lakh as on 31 March 2001 would have turned into an accumulated loss of Rs.17.41 crore.
- Interest on margin money loans and NSFDC sponsored schemes (operational income) was always less than the non-operational income except in 1999-2000.
- Though a sum of Rs.4.02 crore representing (old) margin money is doubtful of recovery, provision has been made to the extent of Rs.2.64 crore only. Had provision been made for the entire amount, the profit of Rs.60.12 lakh for the year 2000-01 would have turned into a loss of Rs.2.04 crore.

Fund management

2.8 The Company is provided with funds in the form of share capital (both from the Central Government and the State Government), release of special central assistance (SCA) by GOI, release of funds by the State Government for specific schemes like construction of hostels, *etc.* The funds are kept deposited in 'personal deposit' (PD) account in the name of the Company with the treasury from where withdrawals are to be made as and when required. Apart from this, the Company acts as a channelising agency for NSFDC and NSKFDC from whom funds are received for disbursement of term loans to the beneficiaries.

The Company uses its share capital for payment of margin money to beneficiaries. SCA funds are utilised to release subsidy portion of the assistance to the beneficiaries.

Details of opening balance, receipts, withdrawals and closing balance in the PD account for the four years ended 31 March 2003 are given below:

(Amount – Rupees in crore)

Year	Opening balance	Receipts	Withdrawals	Closing balance
1999-2000	71.13	54.36	68.27	57.22
2000-01	57.22	76.91	70.00	64.13
2001-02	64.13	40.53	34.00	70.66
2002-03	70.66	93.17	111.50	52.33

Failure of the company to achieve its physical as well as financial targets resulted in the scheme funds of Rs.52.33 crore remaining unutilised in personal deposit account for four years ended 31 March 2003.

Audit analysis of balances in PD account revealed that the minimum balances in this account during the four years ended 31 March 2003 were Rs.56.93 crore, Rs.57.22 crore, Rs.64.13 crore and Rs.52.33 crore respectively. This shows that a sum of Rs.52.33 crore was lying unutilised throughout the four years ended 31 March 2003. The Company has not been able to fully utilize the amount due to its failure to achieve the physical as well as financial targets set under the schemes to be implemented through SCA (refer paragraphs 2.9.1 to 2.9.12). This also indicates that the State Government continued to release funds at the request of the Company, even though huge unspent balances were available in the PD account. Considering the fact that both Central and State Governments resort to borrowing every year, such huge unspent balances in non-interest bearing PD account assumes greater significance.

Withdrawal of funds without proper assessment of the requirements resulted in unutilised funds of Rs.3.10 crore and Rs.2.45 crore in deposits and saving accounts respectively for four years ended 31 March 2003.

The Company does not prepare cash budget periodically. Audit observed that funds drawn from PD account were kept in deposits and savings accounts. The minimum balance in the deposit account during the four years ended 31 March 2003 was Rs.3.10 crore, Rs.16 crore, Rs.10.32 crore and Rs.10.32 crore respectively and in savings accounts it was Rs.2.76 crore, Rs.2.45 crore, Rs.3.38 crore and Rs.4.34 crore respectively. Thus, Rs.5.55 crore (Rs.3.10 crore plus Rs.2.45 crore) remained unutilised for the last four years. This indicates that the funds were drawn from PD account without proper assessments of requirements.

Audit analysis of schemes

2.9 The main objective of the development schemes for the welfare of the adi dravidars is to achieve and sustain increase in their income levels, especially those living below poverty line i.e., those with an annual income of less than Rs.21,206 in urban areas and less than Rs.15,976 in rural areas (up to 2001-02) and Rs.28,536 and Rs.18,460 from 2002-03 respectively. This objective is sought to be achieved by following twin strategies:

- Assistance in acquiring and improving income earning capacities of their physical capital (assets).
- Assistance in improving the human capital (skills) through training and thereby improving their income earning capacity.

Audit analysis of implementation of these schemes by the Company is given in the succeeding paragraphs.

Centrally sponsored schemes

Individual entrepreneur scheme for scheduled castes (IES - SC)

2.9.1 The Company is implementing this scheme in order to improve entrepreneurship among the adi dravidars to make them stand on their own. Under this scheme, finance is extended for acquiring assets like lorries, tractors, power tillers, tourist cars, mini lorries, auto-rickshaws, *etc*. The unit cost is fixed as Rs.50,000 to Rs.7.50 lakh. Thirty *per cent* of unit cost or Rs.25,000, which ever is less is given as subsidy to the beneficiary; while 20 *per cent* of unit cost or Rs.1.25 lakh, which ever is less, is given as margin money loan (repayable) assistance. Beneficiaries are expected to contribute five *per cent* of the unit cost and the balance amount would be bank loan.

The targets and achievements under this scheme for the five years ended 31 March 2003 are given below:

Year	Physical (in numbers)		Financial (subsidy and margin money) (Rupees in crore)	
	Target	Achievement	Target	Achievement
1998-99	3,910	3,151	25.01	13.40
1999-2000	3,100	3,737	23.00	14.93
2000-01	2,000	2,691	60.00	29.16
2001-02	4,000	6,000	50.32	46.79
2002-03	19,050	9,093	10.79 (subsidy portion only)	6.56

From the above, it could be seen that though the Company achieved its physical targets (except in 1998-99 and 2002-03), it could not achieve the financial targets indicating that schemes with lesser unit cost than envisaged were financed. As against average assistance of Rs.74,000 per beneficiary planned in 1999-2000, the actual assistance was Rs.40,000 per beneficiary only.

Audit observed that:

- Though the Company identified 14 activities for assistance under the scheme, it continued to concentrate its assistance on five activities only, *viz.*, provision stores, chappal making, transport vehicles, mini dairy and tailoring.

The Company disbursed Rs.33.18 crore without fixing income limit in violation of Government of India guidelines.

- SCA funds, through which these schemes are financed, are meant for economic upliftment of poor adi dravidars, who are living below poverty line. However, till 2001-02, the scheme was being implemented by the Company without any income limit. As such, whether the amount of Rs.33.18 crore disbursed by the Company as subsidy under this scheme during the four years ended 31 March 2002, really benefited the intended section of the adi dravidars, could not be ensured in the Audit.

Individual entrepreneur scheme for scheduled tribes (IES-ST)

2.9.2 With a view to extend financial assistance to scheduled tribes, a new scheme called individual entrepreneur scheme (IES-ST) was framed in November 1996. All the norms applicable for IES-SC scheme were to be followed for this scheme also and the funding pattern was also similar.

The details of amount received and disbursed for the five years ended 31 March 2002 are as follows:

Year	Amount received	Amount disbursed	Cumulative balance	Physical (in numbers)	
				Target	Achievement
	(Rupees in lakh)				
1997-98	NIL	NIL	122.00	NIL	NIL
1998-99	150.00	36.65	235.35	150	76
1999-2000	50.00	97.00	188.35	122	65
2000-01	150.00	12.33	326.02	750	240
2001-02	NIL	70.50	255.52	300	360

More than 50 per cent of the funds received for the development of scheduled tribes remained unutilised.

From the above, it would be clear that the Company could not achieve the physical targets barring 2001-02. More than 50 *per cent* of funds received remained unutilised. Considering the fact that there were 69,177 families belonging to scheduled tribes living below poverty line in the state, the performance of the Company was far from satisfactory.

Audit observed that one of the main reasons for the poor performance was that the banks were extending term loans only on production of collateral security or a third party security from a Government servant. These were beyond the scope of a majority of the scheduled tribes, who were poorer than the scheduled castes.

Agricultural and allied activities

2.9.3 In this scheme, the beneficiary is given subsidy (50 *per cent* of the unit cost) and loan through bank (45 *per cent*). Balance five *per cent* is to be brought by beneficiaries as promoter's contribution to acquire assets like centrifugal pump sets, tyre cart with a pair of bullocks, plough bullocks, power sprayer with a bicycle, *etc.* The targets and achievement of the Company under this scheme during the five years ended 2002-03 are as follows:

Year	Physical (in numbers)		Financial (Rupees in crore)	
	Target	Achievement	Target	Achievement
1998-99	1,550	1,446	1.30	1.24
1999-2000	3,400	2,718	6.06	1.76
2000-01	4,000	4,900	12.00	10.23
2001-02	4,000	6,640	12.00	14.20
2002-03	15,082	11,564	17.54	9.52

From the above, it could be seen that the Company could not achieve the financial targets (except in 2001-02) indicating that the schemes had been implemented with lesser financial assistance than envisaged. The Company stated (May 2003) that the disbursement position would improve in view of modification in the scheme.

The following deficiencies were noticed in the implementation of the scheme:

- Though GOI guidelines contained more than 10 activities to be financed under this scheme, the Company mainly concentrated on just four activities *viz.*, plough bullocks, tyre carts, centrifugal pumps and milch animals (from 2000-01).

Subsidy of Rs.1.53 crore was released in excess of unit cost of scheme fixed by NABARD.

- National Bank for Agriculture and Rural Development (NABARD) fixes unit cost of schemes to be financed under various schemes. It was seen that the District Offices of the Company adopted a higher unit cost compared to that of NABARD in respect of tyre carts with a pair of bullocks and milch animals resulting in excess release of subsidy of Rs.1.53 crore (Rs.1.05 crore in tyre carts scheme and Rs.48.33 lakh in milch animals scheme).

Schemes implemented through other departments

2.9.4 The Company releases SCA funds to other departments based on the directions of the State Government for implementation of schemes by them. Audit analysis of these schemes is discussed in the succeeding paragraphs.

Scheme executed through Agricultural Engineering Department

2.9.5 The Company released (August 1999) Rs.2.88 crore to the Agricultural Engineering Department (AED) for the benefit of 13,202 adi dravidar farmers for soil conservation, purchase of agricultural implements, fertilisers, *etc.* AED spent Rs.50.03 lakh only and refunded Rs.2.38 crore in February 2001, but did not furnish any details about the number of beneficiaries assisted. With less than 25 *per cent* of the funds utilised, Audit could not ensure whether the purpose for which the funds were released, was achieved. Besides, AED is yet to furnish utilisation certificates and refund Rs.1.28 crore released by the Company from 1988 to July 1999.

Schemes executed through Veterinary Service Department

2.9.6 The Company released (March 2000) rupees four crore out of subsidy of Rs.6.64 crore received by it in February 1999 to Veterinary Services Department (VSD) for the benefit of 6,400 adi dravidars. VSD was able to utilise only Rs.2.93 crore towards sheep and goat rearing schemes. VSD neither furnished any utilisation certificate for Rs.2.93 crore nor did it refund the balance amount of Rs.1.07 crore to the Company so far (September 2003).

Schemes executed through Tamil Nadu Co-operative Milk Producers Federation Limited

2.9.7 Government of Tamil Nadu sanctioned Rs.18.21 crore (Rs.12.07 crore in 1997-98 and Rs.6.14 crore in 1999-2000) from SCA to the Company for calf rearing and milch animals schemes to be implemented through Tamil Nadu Co-operative Milk Producers Federation Limited (AAVIN). The Company in turn released Rs.16.21 crore in instalments between September 1997 and March 2002 to AAVIN. A review of the implementation of this scheme revealed that while AAVIN refunded (October 2002) Rs.2.54 crore to the Company and furnished (up to October 2002) utilisation certificates for Rs.8.13 crore, it neither refunded the unutilised amount nor submitted utilisation certificate for Rs.5.54 crore till date (September 2003). It is pertinent to mention that the Director of Co-operative Audit had also reported (July 1998) that AAVIN, which received Rs.12.56 crore from the Company between 1992-93 and 1995-96, utilised only Rs.10.27 crore and was keeping the balance amount in term deposits.

In spite of tardy implementation of schemes by AAVIN and adverse report by the Director of Co-operative Audit on implementation of schemes by AAVIN, the Company released Rs.5.15 crore to AAVIN (on the directions of the State Government) between February 1999 and March 2002. Even the utilisation certificates furnished by AAVIN simply stated that the amount had been utilised but did not give details of beneficiaries and the extent of assistance to each beneficiary, *etc.*

Though the Company is jointly responsible for successful implementation of scheme, it has no control over the implementing agencies on their inaction to furnish detailed list of beneficiaries along with community and utilisation certificates. Thus, a scheme with a laudable objective could not be successfully implemented due to entrusting of the scheme to other departments with their in-built inefficiencies.

Schemes of National Scheduled Castes and Scheduled Tribes Finance and Development Corporation

2.9.8 National Scheduled Castes and Scheduled Tribes Finance and Development Corporation (NSFDC) is an apex institution, which provides funds at low interest through the channelising agencies to the schedule castes and schedule tribes, whose annual family income is below double the poverty line (Rs.31,952 and Rs.42,412 *per annum* for rural and urban areas respectively up to 2001-02 and Rs.36,900 and Rs.57,072 *per annum* respectively from 2002-03) for implementing various economically feasible and financially viable schemes/projects. The sectors assisted are agriculture, horticulture, animal husbandry and dairy development, small industries, trade and services, transport, *etc.*

Applications received from the beneficiaries are scrutinised by a committee. The eligible applicants are selected by a larger committee through an interview. The selected beneficiaries are required to complete documentation within one month of selection.

Financing pattern

2.9.9 Under this scheme, financial assistance is extended to projects up to Rs.30 lakh. Thirty *per cent* of the project cost or Rs.25,000, which ever is less is given as subsidy; 20 *per cent* of the project cost or Rs.1.25 lakh which ever is less is given as margin money; the beneficiaries' contribution varies from two to five *per cent* of the project cost and the balance is given as term loan by banks. The term loan and margin money carry interest of seven *per cent per annum* for loans up to rupees five lakh and nine *per cent per annum* for loans above that amount and are to be repaid in 60 equal monthly instalments.

The details of funds received from NSFDC and disbursed to beneficiaries by the Company during the five years ended 31 March 2002 are given below:

(Rupees in crore)

Year	Opening balance	Receipt	Disbursement	Closing balance	Percentage of utilisation
1997-98	4.98	8.10	5.74	7.35	44
1998-99	7.35	3.20	6.47	4.08	61
1999-2000	4.08	6.79	8.01	2.86	74
2000-01	2.86	0.78	3.32	0.31	91
2001-02	0.31	2.68	0.28	2.71	9

From the above, it could be seen that the Company could not disburse the amounts received from NSFDC in full to the beneficiaries. The disbursement, which improved from 1997-98 to 2000-01 deteriorated in 2001-02. During the period under review, the Company refunded Rs.2.63 crore to NSFDC after keeping the funds idle for more than two years.

Payment of Rs.3.49 crore under "High cost schemes" was made without studying the viability of the projects.

Audit observed that the Company sanctioned Rs.4.22 crore to 67 beneficiaries in the name of "High cost schemes" (other than transport schemes) and released Rs.3.49 crore against these sanctions between October 1998 and December 2001. No proper appraisal of the beneficiaries to be assisted, study of market potential of the project envisaged, ability of the promoter to market his products, *etc.* was carried out. Projects were recommended to fulfil targets without analysing their viability. This is evident from the following:

- The Company extended (May 1999 to January 2000) assistance of Rs.45.64 lakh to 14 beneficiaries for setting up power looms in Salem, Erode and Namakkal districts. The Company directly released Rs.14 lakh to the civil contractors for construction of sheds and Rs.31.64 lakh to machinery suppliers for supply of machinery. Though sheds had been constructed in all the 14 cases, machinery had been supplied in seven cases only. Even in these seven cases, six were non-functional for want of power connection.
- The Company released (March 2000) Rs.11.25 lakh to Sri Nagappan for expansion of his modern rice mill in Kancheepuram district even though during an inspection in February 2000, it was recorded that the existing rice mill was not doing well.
- The Company disbursed (September 1999) Rs.12.85 lakh to Sri S.Krishnaswamy for setting up an oil mill in Namakkal district, even without finalising the premises in which the oil mill was to be set up. Machinery had not been installed till date (September 2003).
- The Company disbursed (November 1999) Rs.6.25 lakh to Sri.Selvakumar for setting up a blood bank in Salem without ensuring whether the license for running the blood bank was renewed by him. Subsequent cancellation of the license by GOI resulted in closure of blood bank rendering the assistance unfruitful.
- The Company extended (December 1999) assistance to a jute-manufacturing unit and released an amount of Rs.5.75 lakh to the supplier of the machinery without ensuring whether this supplier dealt in the ordered goods. Subsequently, it turned out that the supplier dealt with flour mills machinery supply only and he did not supply the ordered machinery thus rendering the assistance unfruitful.

In all the above cases, not a single instalment of either principal or interest had been recovered.

Recovery of term loans

2.9.10 The term loan disbursed under NSFDC schemes is to be repaid in 60 equal instalments. Details of demand, recovery and outstanding dues for the five years ended 31 March 2003 are given below:

(Rupees in crore)

Year	Cumulative demand	Collection during the year	Balance	Percentage of collection
1998-99	4.03	0.87	3.16	22
1999-2000	5.73	1.37	4.36	24
2000-01	7.59	1.61	5.98	21
2001-02	12.10	1.64	10.46	14
2002-03	13.15	2.77	10.38	21

Recovery of term loans ranged from 14 to 24 per cent of the demand.

From the table, it could be seen that the recovery performance of the Company was very poor and ranged from 14 to 24 *per cent* of demand. It is pertinent to note that irrespective of the poor recovery of dues by the Company, it is under obligation to pay back the amount to NSFDC failing which it would have to pay penal charges. Even NSFDC had cautioned (October 2002) the Company that due to non-clearance of mounting dues, it would be constrained to stop all operations in Tamil Nadu. As no more funds were received, the Company was forced to disburse amounts received in earlier years and stopped forwarding fresh proposals to NSFDC from 2002-03. The Company stated (March 2002) that improper selection of beneficiaries under high cost and transport schemes contributed to higher default.

2.9.11 The poor performance of the Company in recovery of dues could be gauged from the fact that according to NSFDC (July 2002), the Company was the highest defaulter with its overdues constituting 57 per cent of the entire overdues of NSFDC.

2.9.12 During June 1990 to October 1997, the Company disbursed Rs.3.64 crore as loans for 10 schemes. Out of this, only Rs.56.59 lakh had been recovered till September 2003. The Company had not taken effective steps to recover the balance. In fact, in respect of two schemes for which Rs.1.02 crore were disbursed (May 1992 and October 1997), nothing has been recovered so far (September 2003).

State Government sponsored welfare schemes

Girl child education scheme

2.9.13 In order to check the drop out of SC/ST girls and to achieve higher literacy rate among SC/ST children, Government of Tamil Nadu (State Government) introduced (1994-95) "Girl Child Education Scheme". The scheme was implemented by the Company from 1995-96 onwards. According to the scheme, Rs.500 *per annum* is to be given to SC/ST girl child in standards III to V and Rs.1,000 *per annum* to girl child in standard VI as an incentive to continue the studies. State Government released rupees six crore every year to the Company for the benefit of 90,000 SC/ST children in standard III to V (60,000 children) and in standard VI (30,000 children).

The State Government withdrew (March 2000) this scheme from the Company from the year 2000-01 onwards.

Audit analysis of implementation of the scheme by the Company revealed the following:

Company disbursed Rs.1.96 crore in contravention of Government orders.

- Though the scheme had been withdrawn from the Company from 2000-01 onwards, the Company disbursed Rs.1.96 crore during 2000-01 and 2001-02 in contravention of Government orders. The Company has not refunded the unutilised amount of Rs.3.06 crore to the Government so far (September 2003).
- As per the guidelines, the allotment within the districts should be made based on the drop out ratio of SC/ST girl children. The Company neither collected nor maintained any data on drop out ratio, but simply released the funds.
- As per the guidelines, the payments should be made to post office savings bank account of the girl's mother. It was, however, observed that this was not followed in Villupuram district, where payments aggregating Rs.46.13 lakh were made direct to the headmasters through uncrossed cheques. The district office of the Company did not obtain the utilisation certificates for the amount so disbursed.
- The Company had not analysed the effectiveness of the scheme in which Rs.24.97 crore had been disbursed during the five years ended 31 March 2000 by checking whether the beneficiaries continued their studies.

Training schemes

2.9.14 The Company provides training in various fields to educated unemployed adi dravidar youths for improvement of their skills through recognised training institutions so as to improve their employment potential. Trainees are also paid stipend during the training period. The funds required for training schemes are met out of SCA.

The targets and achievements of the Company for the five years ended 2001-02 on training schemes are given below:

Year	Physical (In numbers)		Financial (Rupees in lakh)		
	Target	Achievement	Target	Achievement	Percent
1997-98	3,500	3,500	152.25	18.99	12.5
1998-99	2,700	1,845	136.20	16.40	12.0
1999-2000	3,750	3,248	598.50	105.39	17.6
2000-01	5,000	4,718	450.00	95.00	21.0
2001-02	6,000	6,857	348.00	318.06	91.0

From the above, it could be seen that the Company's performance on training schemes has been unsatisfactory except in 2001-02. It is interesting to note that though the achievement of physical targets ranged from 68 to 114 *per cent*, the achievement of financial targets ranged from 12 to 91 *per cent* only indicating that the training schemes with lesser financial outlay were implemented.

Poor recovery of margin money

2.10 As discussed in earlier paragraphs, the Company extends financial assistance to the beneficiaries in the form of margin money apart from grant of subsidy under various schemes implemented by it. The margin money should be recovered along with loan amount. Disbursement of margin money is funded from the share capital of the Company. Since inception, three margin money schemes {margin money (old), margin money (fixed deposit receipt) and margin money (2116)} were implemented by the Company.

The position of recovery of margin money up to 31 March 2003 was as follows:

(Amount - Rupees in crore)

Sl.No.	Scheme	Total due	Total recoveries	Balance recoverable	Percentage of recovery
1.	Margin money (old)	7.69	3.66	4.02	48
2.	Margin money (FDR)	5.13	4.85	0.29	94
3.	Margin money (2116)	75.89	11.48	64.41	15
	Total	**88.71**	**19.99**	**68.72**	**23**

Margin money recovery was just 23 per cent of the demand.

From the above, it could be seen that the margin money recovery was very poor and it was only 15 *per cent* of the demand in respect of margin money (2116) scheme and the overall recovery was just 23 *per cent* of the dues. This indicates that no effective steps had been taken by the Company towards recovery of dues. The Board of Directors of the Company were informed (July 2003) that the banks, which were responsible for the recovery of margin money were not keen on recovery of the Company's margin money and that whatever amounts were recovered by them were appropriated against their term loans only. This is not correct, as even in respect of recovery of margin money disbursed in NSFDC schemes, which is the responsibility of the Company itself, its performance was dismal. The failure of the Company in taking effective action for recovery of margin money had culminated in the Company dispensing with the release of margin money from 2002-03 onwards, thus depriving the beneficiaries of the assistance to that extent.

Evaluation of schemes

2.11 The primary objective of the Company is to uplift the adi dravidar people in the State living below poverty line to enhance their level of income and standard of living. For any welfare scheme to be effective, a proper evaluation of the scheme is vital: -

- to ensu. ; whether the beneficiary assisted by the Company had been really benefited;

- to see whether assets had been really created by the beneficiaries with the assistance they received;
- to examine the post-assistance economic condition of the beneficiaries;
- to see whether the assets created had really increased the earning capacity of the adi dravidars;

Audit observed that the Company had not undertaken periodical evaluation of the welfare schemes implemented by it regularly. Schemes implemented during 1997-98 in eight districts were evaluated (September 2001) by the Company by resorting to sample survey in which 906 beneficiaries out of 3,720 were interviewed. The results of this evaluation were as detailed below:

- only subsidy and margin money portion of assistance was released in agricultural and allied activities schemes and the banks did not release their loan portion at all, thereby vitiating the very purpose of assistance.
- forty nine *per cent* of the beneficiaries under plough bullocks scheme did not create any asset.
- more than 30 *per cent* of the beneficiaries under IES scheme in Salem district did not create any asset.
- Policy of assisting the poorest of the poor was not followed
- the assistance extended through power tiller under agricultural and allied activities scheme in Kancheepuram district {by covering 13 out of 43 beneficiaries (30 *per cent*)} revealed that three beneficiaries could not be traced, five benamies received assistance and only in five cases, the benefit reached the intended beneficiaries.

In spite of this, the Company has not taken corrective action or intensified the mechanism of evaluation to plug the loopholes observed during the limited evaluation.

Welfare schemes implemented at a cost of Rs.261.76 crore remained largely unevaluated.

Thus, the welfare schemes implemented by the Company by spending Rs.261.76 crore during the five years ended 31 March 2002 remained largely unevaluated.

Construction activities

2.12 The technical wing of the Company is engaged in the construction of hostels, school buildings, tribal hostels, shopping complexes, *etc.*, for the benefit of adi dravidar people. These construction works are executed by obtaining funds from the State Government, GOI and Housing and Urban Development Corporation (HUDCO). The Company is allowed 12.5 *per cent* of value of works executed as centage charges.

The details of funds received and the amount spent on execution of works during the five years ended 31 March 2003 are given below:

(Amount - Rupees in crore)

Year	Opening balance	Receipt	Total	Expenditure	Closing balance
1998-99	38.04	23.60	61.46	13.41	48.23
1999-2000	48.23	19.94	68.17	17.53	50.64
2000-01	50.64	7.17	57.81	19.37	38.44
2001-02	38.44	5.14	43.58	12.31	31.27
2002-03	31.27	6.32	37.59	30.74	6.85

From the above table, it would be noticed that the expenditure incurred on construction activities was not commensurate with the funds obtained from various sources. The reasons for the poor utilisation of funds and slow progress in execution of civil works were analysed in Audit and the results are discussed in succeeding paragraphs.

Delay in getting site for construction

2.12.1 State Government issues order sanctioning construction of buildings for the welfare of adi dravidars and immediately thereafter the required funds are placed at the disposal of the Company.

As per the Government directives, wherever sites for construction of buildings for the welfare of adi dravidars are available, these sites would have to be handed over to the Company by the Adi Dravidar and Tribal Welfare Department within 15 days of Government order sanctioning the project. In case of non-availability of suitable sites, the District Adi Dravidar Welfare Officers have to act on war footing to acquire suitable sites and hand over these to the Company within a month from the Government order sanctioning the project. Government directives further stipulated that after completing the tender processes, the sites for construction would have to be handed over to the contractors by the Company within four months of the Government order.

Audit observed that in 90 projects the time gap between issue of Government order sanctioning the project and the handing over of the site to the contractors exceeded the prescribed time limit by more than one year. As a result of these delays, funds of Rs.21.20 crore allocated to seven divisions remained unutilised for a minimum period of one year.

It was further observed that in six projects* involving allocation of Rs.1.06 crore, sanctioned by the Government between March 1995 and March 2002, construction work could not be started due to non-availability of sites so far (September 2003).

*Kooraikundru, Andanapettai, Melanai Papanasam (3), and Bavani Sagar

Rs.22.26 crore were idle for more than one year due to non-availability of site for construction.

From the above, it could be observed that the delays, which resulted in idling of funds of Rs.22.26 crore, were caused due to the fact that Government orders sanctioning the projects were issued without ensuring availability of suitable sites for construction.

Execution of works

2.12.2 The execution of building works in a Government organisation must be in accordance with the codel provisions of Tamil Nadu Public Works Department and Tamil Nadu Building Practice. However, a review of records on execution indicated non-compliance with the above regulations. Its impact and consequences are discussed below:

Improper preparation of detailed estimates

2.12.3 As per provisions of Tamil Nadu Public Works Accounts Code, technical sanction of the competent authority should be obtained for properly drawn detailed estimates. The following are the important regulations to be complied with while preparing detailed estimates as per the provisions of Technical Officer's guide:

- thorough investigation of the site of construction is a must;
- trial pits to be dug to examine the soil for determining the type of construction;
- necessity or otherwise for approach road, compound wall, filling of low lying area are to be addressed beforehand;
- provision for unforeseen items should be avoided; and
- provision for fluctuation in rates of materials should also be avoided.

A review of the estimates prepared by the Company during the five years ended 31 March 2002 revealed that the above provisions were observed more in breach than in practice by the Company as detailed in the succeeding paragraphs:

- estimates were all similar pointing to the fact that they were prepared without site investigation and soil testing;
- an analysis of estimates revealed that these contained provision for unforeseen items and increase in cost of materials, *etc.*, in violation of guiding principles as detailed above;
- technical sanctions were accorded as a matter of routine with lump sum provision for bore well, front elevations, service connection charges, approach road, contingencies, unforeseen items, *etc.*, which varied from Rs.10,000 to Rs.2.90 lakh.

Deviation from original estimates

2.12.4 As per Tamil Nadu Public Works Department code 102 and 187, no deviation from approved estimates shall be carried out unless an authority, which sanctioned the estimate, approves it. When important structural alterations are contemplated, though not necessarily involving an increased outlay, orders of the original sanctioning authority should be obtained and a revised estimate should be submitted for obtaining administrative approval.

It was observed that deviations from approved estimates were regular feature in respect of works executed by the Company. Deviations in excess of rupees one lakh from the estimates were noticed in many works. The extent and quantum of such deviations noticed during a test check in five out of seven divisions of the Company are detailed below:

(Amount - Rupees in lakh)

Sl.No.	Name of the division	Agreement value	Actual expenditure	Value of extra works done	Value of works deleted
1.	Tiruchirapalli	1,034.16	1,033.60	132.51	133.07
2.	Madurai	708.30	727.25	68.42	49.47
3.	Villupuram	344.84	333.70	46.11	57.25
4.	Vellore	234.48	228.65	26.54	32.37
5.	Chennai	39.80	45.28	5.84	0.36
TOTAL		**2,361.58**	**2,368.48**	**279.42**	**272.52**

It may be seen from the table that the extras and omissions were occurring as a matter of routine and extra items were carried out without the prior approval of the sanctioning authority.

Construction of industrial estates at Mudalipalayam and Ingur

2.12.5 A reference is invited to paragraph 2A.7.3 of the Report of the Comptroller and Auditor General of India (Commercial) - Government of Tamil Nadu for the year 1996-97, wherein it was commented that establishment of hosiery knit wear based industrial estates at Mudalipalayam and Ingur at a cost of Rs.23.02 crore by diverting SCA funds defeated the basic objective of upliftment of adi dravidars below the poverty line as the beneficiaries under this scheme were to bring in their contribution of Rs.2.10 lakh to Rs.13 lakh, which was beyond their reach.

The Company constructed 100 units at Mudalipalayam (February 1996) and 200 units at Ingur (October 1997) at a total cost of Rs.31.18 crore. Out of 74 beneficiaries identified by the Company in Mudalipalayam, only 54 drew the loans from Tamil Nadu Industrial Investment Corporation Limited, while the remaining 20 did not draw the same. Audit observed (December 2002) that out of the 54 units set up, only 21 units were working satisfactorily and the rest were either not working properly or were not working at all. It was also observed that the recovery performance of the Company's assistance to these 54 units was dismal, as no recovery could be made against the cumulative demand of Rs.3.47 crore as on 30 June 2002. This was the position in spite of the fact that the Company had itself recorded that 20 units were working well indicating that the recovery mechanism is ineffective.

In respect of Ingur industrial estate, where 200 units were constructed, not a single unit could be allotted to the adi dravidars due to lack of demand.

Out of 300 units constructed at a cost of Rs.31.18 crore, 246 units remained idle.

Thus, the establishment of these two industrial estates at a total cost of Rs.31.18 crore had defeated the very objective of upliftment of adi dravidars as 246 out of 300 units constructed remained idle and in respect of the remaining 54 units for which a further assistance of Rs.2.16 crore was extended by the Company, nothing could be recovered.

Construction of training centres

2.12.6 Based on a proposal of the Company to construct 23 training centres in various districts of the State, the State Government accorded sanction for the construction of 13 such training centres and released Rs.78 lakh to the Company from the SCA (March 1995).

The Company completed (between March 1997 and January 2002) construction of these training centres in 11 places at a cost of Rs.60.29 lakh. None of the buildings is used for the purpose for which they were constructed *viz.*, imparting training to adi dravidar rural youth (March 2003). Of the 11 centres, five are vacant and the district offices of the Company are functioning in the remaining six centres. The Company has not taken any effective steps to use these centres to impart training to the downtrodden rural youths. Thus, the expenditure incurred out of funds meant for the upliftment of adi dravidar rural youths had not benefited them at all.

Internal audit

2.13 The Company does not have any effective internal audit system. The statutory auditors had been repeatedly mentioning in their reports since 1988-89 that the Company did not have any formal internal audit system commensurate with the size and nature of its business. Statutory auditors had further stated that the existing internal checking system needed to be strengthened. Though the Company has nominated an officer as Internal Audit Officer, he is not being assigned exclusive internal audit work As the Company has 29 district offices, there is an urgent need for a full-fledged and independent internal audit wing.

Conclusion

The performance of the Company, which was incorporated with the main objective of economic upliftment of adi dravidars living below the poverty line in the State, was far from satisfactory. The Company suffers from three serious problems. First, it has not been able to utilise the funds sanctioned to help the intended beneficiaries. Second, the recoverable portion of the loans and margin money, it had extended, remains largely unrecovered. Third, it had not made earnest efforts to evaluate the welfare schemes implemented in all these years to see whether there had

been any real improvement in the economic status of those adi dravidars assisted by it. Unless concerted and effective steps are made to address these problems and to take remedial action thereon, the working of the Company would only be a drain on the exchequer.

CHAPTER-III

3 REVIEW RELATING TO STATUTORY CORPORATION

TAMIL NADU ELECTRICITY BOARD

PERFORMANCE OF ENNORE THERMAL POWER STATION

HIGHLIGHTS

Ennore Thermal Power Station of Tamil Nadu Electricity Board was commissioned during March 1970 to December 1975 with a total capacity of 450 mega watt. The Board decided (May 1998) to completely revamp the station, at an estimated cost of Rs.281.74 crore, to achieve plant load factor of 80 per cent.

(Paragraph 3.1)

Delay in refurbishment of unit III, IV and V resulted in generation loss of 1,592.052 million unit valued at Rs.356.59 crore during the period of delay.

(Paragraphs 3.8 and 3.12)

Non-achievement of plant load factor of 80 per cent as envisaged in respect of units III and IV even after incurring Rs.134.94 crore on refurbishment resulted in generation loss of Rs.416.73 crore.

(Paragraph 3.10)

Indefinite postponement of refurbishment work of units I and II after procuring materials valuing Rs.38.33 crore, resulted in continued generation loss of 0.969 million unit worth Rs.22 lakh per day besides deterioration of materials. In addition, Board had to pay compensation of Rs.1.55 crore to the contractor for security, insurance, etc.

(Paragraph 3.14)

Failure to restrict auxiliary consumption within the norms resulted in generation loss valued at Rs.15.79 crore during 2000-2003.

(Paragraph 3.21)

Introduction

3.1 Ennore Thermal Power Station (ETPS) of Tamil Nadu Electricity Board (Board) has five generating units with a total capacity of 450 mega watt (two units of 60 MW each and three unit of 110 MW each) commissioned during March 1970 to December 1975. During 1991-92, a plant betterment scheme was executed by the Board at a cost of Rs.151.32 crore to improve the performance of ETPS. Consequently, the plant load factor (PLF) improved to 54.6 *per cent* in 1994-95 from 47.5 *per cent* in 1991-92. Thereafter, the PLF declined to 48.2 *per cent* in 1996-97 and 48.8 *per cent* in 1997-98. Therefore, Board decided (May 1998) to have complete revamping of ETPS at an estimated cost of Rs.281.74 crore with the following main objectives:

- To run the ETPS at its full capacity of 450 MW;
- To achieve the PLF of 80 *per cent*; and
- To achieve the design parameter of the ETPS.

Based on global tenders, orders were issued in January/February 1999 for refurbishment of units I to V at a cost of Rs.251.45 crore. Refurbishment work was completed in units III, IV and V by October 2001 but was deferred in respect of other two units after placing work order in February 1999 and procurement of materials worth Rs.38.33 crore.

Scope of Audit

3.2 The performance of ETPS along with that of other thermal stations of Board was reviewed and included in the Report of the Comptroller and Auditor General of India (Commercial) for the year 1982-83 - Government of Tamil Nadu. The Committee on Public Undertakings (COPU), while discussing (June 1989) the performance of thermal power stations, did not give any specific recommendations on ETPS. The over all performance of the ETPS for 1998-2003 was analysed during the present review conducted between December 2002 and March 2003.

Audit findings, as a result of test check of the performance of ETPS was reported to the Government/Board in April 2003 with a specific request for attending the meeting of Audit Review Committee for State Public Sector Enterprises (ARCPSE), so that view points of Government/Board was taken into account before finalising the review. The meeting of ARCPSE was held on 8 May 2003.

Organisational set up

3.3 The Chairman, who is the chief executive of the Board, is assisted by three functional members, *viz.*, Member (Generation), Member (Distribution) and Member (Accounts). The Member (Generation) looks after all the generation activities including that of ETPS. The Chief Engineer, ETPS who is assisted by seven Superintending Engineers, looks after the day-to-day operations of ETPS including execution of refurbishment.

Refurbishment works

3.4 It was initially proposed (May 1996) to undertake repairs and maintenance of the plant selectively at an estimated cost of Rs.64.86 crore but later on it was decided (May 1998) to undertake comprehensive modernisation covering the whole plant to generate the full capacity of 450 MW. Based on the incremental generation of 959.62 million unit (MU) *per annum* in all the five units, it was projected (May 1998) that the estimated investment of Rs.281.74 crore including interest during modernisation period could be recovered in five years. Contracts for supply of materials and erection were awarded to a consortium of SKODA/Larsen and Toubro Limited (L&T) for units I, II and V (February 1999) and to Bharat Heavy Electricals Limited (BHEL) for units III and IV (January 1999).

As per terms of the agreement, the plant after refurbishment was to be taken over by the Board after continuous operation for minimum 72 hours on varying load including full load and performance of the unit for contracted specification was to be guaranteed for 12 months after take over.

Residual life assessment studies were not conducted in respect of the unit as per the guidelines of CEA.

3.5 Audit observed that as per the guidelines of Central Electricity Authority (CEA), thermal unit, which completed 25 years of life or run for more than one lakh operating hours, should conduct comprehensive residual life assessment (RLA) studies of the plant and also conduct performance evaluation tests on various components to identify the scope of repair works. Even though all the generating units of ETPS had completed the norm of one lakh hours of operation, the RLA studies were not conducted in respect of any unit at the time of undertaking refurbishment. Failure to carry out the statutory guidelines and absence of project monitoring techniques such as "project evaluation review technique" (PERT) resulted in outages and delays.

Funding

3.6 To meet the funds required for refurbishment, the Board obtained (May 1998) a loan of Rs.239 crore from Power Finance Corporation Limited (PFC), to be drawn as per specified quarterly schedule. The loan involved payment of commitment charges at one *per cent per annum* from the date of agreement till the date of drawal. Out of the sanctioned amount of Rs.239

crore, the Board availed of Rs.209.21 crore till foreclosure of loan in August 2003.

Audit observed that due to non-drawal of loan according to quarterly drawal schedule, the Board paid avoidable commitment charges of Rs.1.46 crore.

3.6.1 The unutilised amount of Rs.29.79 crore at the time of foreclosure was mainly due to postponement of refurbishment of units I and II (as discussed *vide* paragraph 3.14). Even though, the Board decided to postpone refurbishment of units I and II in November 2000, the balance loan amount was not foreclosed until pointed out by Audit in June 2003. This resulted in avoidable payment of commitment charges of Rs.74 lakh for November 2000 to July 2003.

Delay in execution of refurbishment work

3.7 The details of scheduled and the actual date of completion of refurbishment, ordered value, expenditure incurred are given below:

(Amount - Rupees in crore)

Sl. No	Unit	Scheduled date of completion	Actual date of completion	Delay (Number of days)	Ordered value	Expenditure incurred
					(excluding tax)	
1.	I	30.11.2000	Unit not released to contractor	---	27.37	19.21
2.	II	30.11.2000			27.34	19.12
3	III	17.10.2000	06.04.2001	170	134.94	134.94
4.	IV	22.07.2000	02.11.2000	102		
5.	V	30.06.2000	31.10.2001	487	61.80	59.72
					TOTAL	232.99

Even though orders for refurbishment of units I and II was awarded in February 1999, it was subsequently decided (November 2000) to postpone refurbishment due to delay in completion of refurbishment of unit-V. Refurbishment of the units is yet to be taken up.

Refurbishment of units III and IV

Delay in refurbishment of units III and IV resulted in loss of generation of 563.508 MU valued at Rs.125.10 crore.

3.8 The delays in the refurbishment of units III and IV, as analysed in audit, were due to:

- not carrying out the comprehensive RLA studies including non-destructive test;
- shutting down of units frequently to carry out repairs on rotors after completion of refurbishment work; and
- replacement of boiler girders above the penthouse.

The delay resulted in loss of generation of 563.508 MU (at 80 *per cent* PLF after adjusting generation during trial run) valued at Rs.125.10 crore.

The Board stated (May 2003) that main reason for delay was erection of new boiler pressure parts. Besides, BHEL carried out RLA studies on boiler columns and strengthened them, whenever required. The reply of the Board confirms the audit contention that RLA studies should have been conducted prior to commencement of refurbishment.

3.9 The performance guarantee tests as per contracts after refurbishment of units III and IV are yet to be conducted (August 2003) since the units could not achieve the rated capacity. It was replied that performance guarantee test would be carried out after erection and commissioning of forced draught (FD) fan. But the order for replacement of FD fan has been issued in June 2003 only (as discussed *vide* paragraph 3.11.3).

Non-achievement of anticipated plant load factor after refurbishment

Failure to achieve anticipated plant load factor even after incurring Rs.134.94 crore on refurbishment resulted in net generation loss valued at Rs.416.73 crore during 2000-03.

3.10 The average plant load factor (PLF) of units III and IV during the four years prior to refurbishment was 42.73 and 37.75 *per cent* respectively. However, a review of the performance after refurbishment revealed that the PLF of unit-III decreased to 39.9 *per cent* in 2002-03. The performance of unit-IV also decreased in 2001-02, but improved in 2002-03. The PLF of both the units were always less than the norm of 80 *per cent*. Non-achievement of anticipated PLF, even after incurring Rs.134.94 crore on refurbishment, resulted in loss of net generation valued at Rs.416.73 crore during 2000-03.

Causes for low PLF

3.11 The units could not achieve the anticipated PLF due to:

- increase in forced outages, and
- partial loss after refurbishment.

Audit observed that after refurbishment of unit-III in April 2001, forced outages increased from 2,265 hours in 1999-2000 to 2,346 hours during 2001-02 and 3,371 hours during 2002-03.

Similarly in unit-IV, though the frequency of forced outages had come down after refurbishment, the time lost due to outages increased from 1,998 hours in 1999-2000 to 6,523 hours in 2001-02 but decreased to 1,631 hours in 2002-03. The outages were mainly due to:

- high vibration of HP rotor,
- chloride pollution,
- failure of FD fan, and
- turbine vibration

Causes for some of the forced outages and the Board's failures are discussed in the succeeding paragraphs.

Failure to replace defective rotor

3.11.1 At the time of refurbishment of unit-III, BHEL advised (January 2001) the Board to replace the rotor since the condition of the rotor was found to be poor and far below the satisfactory levels of operation. The Board, however, continued to operate the existing rotor by making modifications. After completion of refurbishment in April 2001, the unit was shutdown frequently due to failure of rotors, forcing it to obtain a spare rotor from Kothakudam Thermal Power Station in May 2002. A decision was taken in June 2002 to procure a new rotor at a cost of Rs.16 crore but no order was placed till August 2003. Thus, the failure of the Board to replace the rotor even after finding it to be defective and consequent delays (excluding erection period) resulted in loss of generation of 105.60 MU valued at Rs.24.18 crore during April and May 2002.

Board failed to replace defective rotors during refurbishment resulting in generation loss of 105.60 MU valued at Rs.24.18 crore.

Delay in prevention of chloride pollution

3.11.2 Poor quality of cooling water increases the chloride deposit in the condensate and affects condenser tubes. Chloride pollution can be controlled by specified dosing of ferrous sulphate in cooling water for one hour per day for a period of one month till the initial formation. Even though the chemical was introduced to unit-III at early stages, it was observed that the dosing was introduced to the system of unit-IV almost five to six months after commissioning. The belated action caused extensive damage to condenser tubes of unit-IV due to chloride pollution resulting in failure of condenser tubes (359 hours) and generation loss of 39.490 MU valued at Rs.9.04 crore.

Failure to control chloride pollution resulted in damage to condenser tubes with consequent generation loss valued at Rs.9.04 crore.

Delay in purchase of forced draught fan

3.11.3 One of the reasons for the low PLF in unit III was inadequate airflow from forced draught (FD) fan. At the time of refurbishment of unit III, the scope of refurbishment of FD fans by the contractor was excluded and the work was to be undertaken departmentally by the Board. After re-commissioning of the unit, the airflow was found to be inadequate. Since the existing capacity of FD fan was not adequate to run the boiler beyond 70 *per cent* of the capacity, the replacement of FD fan with a higher capacity fan was found (July 2001) essential. The order to procure two numbers of fans at a cost of Rs.1.70 crore for unit-III was placed only in June 2003.

Delay in the purchase of forced draught fans resulted in generation loss valued at Rs.56.69 crore.

The delay in purchase of FD fan resulted in generation loss of 247.562 MU valued at Rs.56.69 crore during 2001-03. Consequently, the unit could not achieve the rated capacity even after spending Rs.134.94 crore towards refurbishment of these two units.

The Board while accepting (May 2003) that low performance of the unit was due to inadequate airflow from the existing FD fans stated that BHEL's offer to supply new FD fans was not accepted immediately due to additional cost involved and high auxiliary consumption. The fact remains that even after becoming aware of the inadequacy of FD fans, the Board took 15 months (*i.e.*, July 2001 to October 2002) to decide about the replacement.

Refurbishment of unit-V

Delays in execution

3.12 The refurbishment work of unit-V including supply, erection and commissioning was given (February 1999) to consortium of SKODA/L&T for Rs.61.80 crore with a schedule of completion by June 2000. The work was, however, completed only in October 2001 and the guaranteed performance was achieved in November 2002. The delay in completing the refurbishment work was due to

- delay of 16 months in issuing amendment order for additions to work;
- delay in giving approvals for quality plan and issue of design input by the Board; and
- delay in obtaining approval from Chief Inspector of Boilers.

Delay in refurbishment of unit-V resulted in generation loss valued at Rs.231.49 crore.

Delay in refurbishment was mainly attributable to the Board, which could have been avoided. This resulted in generation loss of 1,028.544 MU valued at Rs.231.49 crore.

Installation of defective vapour fan

3.13 At the time of refurbishment, L&T replaced the existing vapour fans of unit-V with new fans. Immediately after refurbishment of the unit, the bearing of vapour fan failed (November 2001) and the unit was shutdown. The reason for failure was accumulation of coal deposition on the blades of the vapour fan. Modifications attempted to rectify the defect were not successful forcing the unit to remove the coal manually on frequent occasions. The fan was subsequently rectified in January 2002. The unit was shutdown for a total period of 1,243 hours due to vapour fan problems during November 2001 to January 2002 causing a generation loss of 109.38 MU valued at Rs.25.05 crore. Though the loss was directly attributable to defective supply of equipment by L&T, no claim for compensation was lodged, as there was no provision in the contract. The Board stated (May 2003) that re-commissioning problems were common in thermal station. The reply is not tenable since the generation loss was due to defective supply of equipment by L&T. The operation of the unit at partial load due to failure of vapour fan also resulted in high consumption of oil and high cost of generation.

Generation loss of 109.38 MU valued at Rs.25.05 crore was due to defective supply of vapour fan.

Refurbishment of units I and II

Delay in commencement

3.14 Order for refurbishment of units I and II was awarded to a consortium of SKODA/L&T in February 1999, scheduled for completion by November 2000. Advance payment of Rs.77 lakh being 10 *per cent* of erection cost was paid on 31 March 1999. Based on the contract, supply of materials commenced from June 2000 and material costing Rs.38.33 crore was received by December 2002. Meanwhile, the Board decided (November 2000) to postpone refurbishment due to delay in completion of refurbishment of unit-V. The Board later decided (July 2002) to undertake comprehensive RLA study of units I and II before undertaking refurbishment and hence, the work remained indefinitely postponed.

Audit observed that:

- due to postponement of works after award of contract, materials costing Rs.38.33 crore received at site remained unutilised. Out of the above, materials costing Rs.13.33 crore had lost their guarantee period and also shelf life in some cases. L&T had also informed (July 2000) the Board that some of the materials may get deteriorated, if not used in time.
- the Board was put to interest loss of Rs.43.10 lakh on the advance of Rs.77 lakh paid (March 1999) to the contractor from borrowed funds.
- the postponement of refurbishment works resulted in continued generation loss of 0.969 MU valued at Rs.22.19 lakh per day.
- the contractors claimed compensation for the expenditure incurred by them for security, insurance, rental, salaries, *etc.*, during May 2000 to November 2002. The Board had agreed (December 2002) to pay Rs.1.55 crore.
- due to delay in refurbishment, the boiler efficiency came down forcing the units I and II to operate at low load resulting in consumption of oil in excess of the norm valued at Rs.12.19 crore.

Due to postponement of work in units I and II, material costing Rs.13.33 crore had lost their guarantee period as well as shelf life in some cases.

Performance of milling plants

3.15 The refurbishment programme included the renovation of the mill plants of all the five units at a total cost of Rs.12.94 crore. Along with the refurbishment of units III, IV and V, their respective mill plants were also refurbished at a total cost of Rs.7.82 crore. The work was completed during March 2000 to October 2001. Analysis of the performance after refurbishment revealed that the units were operated at partial load due to defects in milling plants. Audit observed that the main problems in mill plants were failure of vapour fan, chain feeder and pocket feeder. Even after refurbishment, the performance of the milling plants was not satisfactory and consequently the loss of generation increased from 9.652 MU (during 1999-2000) to 14.384 MU (2001-02) and to 32.275 MU (2002-03).

Operational performance

Generation

3.16 The operational performance of ETPS for 1998-2003 is given in **Annexure-13**. Audit observed that the performance of the plant was poor due to various deficiencies *viz.*, low plant load factor, high outages etc. Analysis of the performance of the plant after *vis-à-vis* prior to refurbishment revealed the following:

Under-utilisation of installed capacity

3.16.1 Against 8,760 kilowatt-hour (KWH) of possible generation *per annum* per KW installed, Central Electricity Authority (CEA) has fixed a norm of

5,350 KWH/KW, *i.e.*, 61 *per cent* of the generation capacity for all thermal stations. Audit observed that the actual generation ranged between 3,999 KWH (1998-99) and 1,674 KWH (2000-01). The generation per KW of installed capacity was less than the generation in other thermal stations* of Tamil Nadu. The generation per KW of installed capacity at ETPS was 3,872 KWH only during 2002-03 as compared to average generation of 4,396 KWH during pre-refurbishment period of 1994-1999

The Board stated (May 2003) that installed capacity could not be achieved due to ageing of boiler, turbine and auxiliary equipments etc. The reply is not tenable since the audit comment was based on the norm of 61 *per cent* and the station could not achieve generation norms even after refurbishment.

Operation at partial load

3.16.2 Capacity utilisation denotes the rate of actual generation to possible generation during actual hours worked. Under utilisation of capacity during actual running hours resulted in running of the unit at partial load and the resultant loss denotes the partial loss. The particulars of installed capacity, possible generation of power during operating hours, actual generation and percentage of partial loss to possible generation during the actual operation in 1998-2003 are given in **Annexure-14**.

The percentage of partial loss to possible generation in respect of unit I and II, in which refurbishment was postponed, showed a steady increase from 17.14 to 42.18. The percentage of partial loss in units III and IV, which had undergone refurbishment also increased from 33.16 to 43.70 and 39.17 to 43.55 during 1998-2002 respectively. However during 2002-03, the percentage of partial loss came down to 28.47 and 34.07 for units III and IV respectively.

The increase in partial loss of units I and II caused by severe furnace puffing was stated (May 2003) to be due to frequent failure of aged skin casing. The failure of the Board to undertake refurbishment of these units in spite of increase in partial loss from 17 to 42 *per cent* resulted in avoidable generation loss of 487.424 MU during the last five years. In respect of units III and IV, it was stated (May 2003) that due to inadequacy of secondary air, both the unit could not achieve the rated capacity and hence, the Board had decided to replace the FD fan.

The reasons for poor performance as analysed in audit were low plant availability and low plant load factor as discussed in the following paragraphs.

Low plant availability

3.17 Availability factor represents the ratio between running hours to total available hours in the plant. As per the project report conceived at the time of

* Tuticorin Thermal Power Station (TTPS), North Chennai Thermal Power Station (NCTPS) and Mettur Thermal Power Station (MTPS), wherein it was ranging from 6,282 to 7,720 KWH, 5,836 to 7,421 KWH and 5,957 to 7,645 KWH respectively.

commissioning of ETPS, the norm for plant availability was fixed at 6,000 hours of operation in a year. During the period under review, ETPS was not able to run for 6,000 hours in any of the year. However, the other thermal power stations of the Board *viz.*, TTPS, NCTPS and MTPS were operating in the range of 6,626 to 7,808 hours, 7,298 to 8,203 hours and 7,031 to 8,101 hours respectively during the identical period.

The availability factor of ETPS, which was 66.98 *per cent* in 1998-99 reduced to 59.45 *per cent* in 2002-03 even after refurbishment. Availability factor of units I, II and III reduced from 81.1, 65.2 and 73.6 *per cent* in 1998-99 to 45.5, 43.5 and 55.7 *per cent* respectively in 2002-03. The reduction in availability factor in unit-III even after refurbishment was mainly due to rotor problems resulting in stoppage of unit for 2,058 hours

The main reason for low plant availability even after refurbishment, as analysed in audit was increased outage rate of ETPS, which ranged between 36.67 to 71.20 *per cent* during 2000-03. The reasons for outages are discussed under paragraph 3.19.

Low plant load factor

3.18 The actual plant load factor (PLF) in respect of each generation unit during 1998- 2003, as against envisaged plant load factor of 80 *per cent*, is given below:

Unit	Actual plant load factor (in percentage)				
	1998-99	1999-2000	2000-01	2001-02	2002-03
I	66.7	54.6	58.2	50.9	26.4
II	54.0	51.9	56.7	44.9	25.1
III	49.2	32.7	---	37.2	39.9
IV	31.2	15.0	15.5	14.4	54.4
V	40.5	28.2	---	15.4	58.4
Station	**45.6**	**32.8**	**19.1**	**29.2**	**44.2**

It would be observed from the table that even though PLF of units IV and V showed improvement after refurbishment, the over all PLF of plant decreased from 45.6 *per cent* in 1998-99 to 44.2 *per cent* in 2002-03. The PLF maintained in other thermal power stations of the Board (TTPS, NCTPS and MTPS) was ranging from 71.70 to 88.12 *per cent*, 66.62 to 84.71 *per cent* and 68.60 to 87.27 *per cent* respectively during 1998-99 to 2001-02. The PLF of ETPS was much less than the all India average of 63.70 to 67 *per cent* and Tamil Nadu average of 65.62 to 78 *per cent*. Further analysis revealed that the PLF of units I and II was poor due to postponement of refurbishment and that of unit-III was low even after refurbishment due to failure of rotor (as discussed in paragraph 3.11.1) and delay in the purchase of forced draught fans (as discussed in paragraph 3.11.3). The Board stated (May 2003) that the overhaul of units I and II was postponed due to proposed refurbishment. Regarding units III and IV, it was stated that rated generation of 110 MW would be achieved after replacement of FD fans and modification of ejectors.

Outages

3.19 Planned outages represent time taken for scheduled stoppages, overhauling of boilers and turbo generator. Forced outages denote the unscheduled stoppages due to various limitations.

The table below gives the details of available hours, actual operated hours, shutdown hours during 1998-2003.

Sl.No.	Particulars	1998-99	1999-2000	2000-01	2001-02	2002-03
1.	Total available hours	43,800	43,920	43,800	43,800	43,800
2.	Actual hours operated	29,336	24,096	16,987	23,192	26,037
3.	Shutdown hours					
(a)	Planned	3,898	8,960	23,006	6,271	7,414
(b)	Forced	10,566	10,864	3,807	14,337	10,349
4.	Percentage of:					
(a)	Planned shutdown to available hours	8.90	20.40	52.52	14.32	16.93
(b)	Forced shutdown to available hours	24.12	24.73	8.69	32.73	23.63

Audit observed that the percentage of forced outages remained almost at same level during 2002-03 even after refurbishment. The main reasons for forced outages are discussed in subsequent paragraphs.

Planned outages

Non-adherence to statutory overhaul

3.19.1 As per the Indian Boiler Act, 1923, a boiler is required to be overhauled once in a year. Audit observed that overhauling of boilers in units I and II was carried out only once during 1998-99 in the last five years. Audit also noticed that poor maintenance led to failure of the skin-casing of boilers of units I and II, which resulted in frequent puffing and buckling down of main columns of unit-II in November 2002 forcing the unit-II to be shut down till date (August 2003). The Board stated (May 2003) that these units were operated at low loads to meet the grid demand. The reply is not tenable as non-observance of this requirement resulted in forced shutdown of unit-II from November 2002 and onwards.

Forced outages

3.19.2 Review of forced outages after refurbishment of units III, IV and V revealed that during 2000-2003, the generation was stopped due to forced outages of 28,493 hours (36.15 *per cent* of total available hours). This was higher than the outage rate of other thermal stations of the Board *viz.*, TTPS, NCTPS and MTPS, which ranged between 10.24 and 12.10 *per cent*, 6.36 and 11.58 *per cent* and 7.15 and 9.19 *per cent*, respectively. Forced outages during 2000-2003 were mainly due to frequent failures in

• cooling water system	4,237 hours
• boiler and related equipments	4,531 hours
• turbine/turbine auxiliaries	6,600 hours
• other miscellaneous	13,125 hours

Forced outages due to boiler and related equipments and turbine auxiliaries have already been discussed in paragraphs 3.11.1, 3.11.2 and 3.11.3. Forced outages due to non-availability of cooling water and slag formation are discussed below:

Loss of generation for want of cooling water

Generation loss of 693.82 MU in the last five years upto 2003 was due to non-availability of cooling water.

3.19.3 The cooling water requirement of the ETPS is met by drawing sea water from the Ennore creek. After formation of Ennore port in the neighbourhood, the availability of water was reduced, which was further restricted due to flow of water towards NCTPS leaving the ETPS to frequent shutdowns for want of cooling water. To overcome this problem, several proposals were considered, which *inter alia.*, included drawal of water from the port basin, construction of groyne wall, *etc.*, but none of the suggestions were implemented. Finally, Central Water Power Research Station (CWPRS) was appointed (March 2000) as consultant to conduct studies and to give suggestions for drawal of water from port basin. CWPRS suggested construction of separate channel at a cost of Rs.5.95 crore for this. However, no action has been taken so far and the problem has remained unsolved. This resulted in generation loss of 693.82 MU during 1998-2003 due to non-availability of cooling water.

3.19.4 The existing system of drawal of water from Ennore creek requires continuous dredging of creek mouth due to accumulation of sand and closing of Ennore creek mouth. Frequent failure of one or more of available three dredging equipments caused shutdown of generating unit. Out of the total generation loss of 693.82 MU, ETPS had lost 351.78 MU due to the poor performance of the dredgers, which otherwise could have been controlled by the Board. The poor performance was mainly attributable to

- failure to carry out dry survey of dredgers II and III during last six years even though the dry survey was required to be carried out once in two-and-half years;
- delay of 19 months in carrying out dry survey of dredger-I (1998-99) due to delay by the Board to supply the required spares; and
- abnormal time of 15 months taken by the Board to replace the failed engine (June 2001) of dredger-I.

Loss of generation due to poor quality of coal – slag formation

3.19.5 The Board procures the entire requirement of coal from the subsidiary companies of Coal India Limited. The boilers of ETPS are designed for coal with calorific value of 3,200 Kilo calories and ash content of 46.60 *per cent.*

Though the payments for coal purchased were restricted according to the grade (calorific value of coal) of coal received, the high ash content ranging between 38.5 and 50.8 *per cent* in the coal resulted in heavy slag formation in boilers and consequent forced outages resulting in generation loss of 33.59 MU during 2000-2003.

Low thermal efficiency and consequential generation loss

3.20 Thermal efficiency (TE) of generation units represents the ratio between the heat energy contained in actual generation (turbine) and heat energy contained in fuel consumed (boilers). The TE is mainly controlled by the boiler and turbine efficiency.

The thermal efficiency guaranteed by the manufacturers was 32.5 *per cent* for units I and II and 35.5 *per cent* in respect of other units. The Board taking into account the condition of the units had been adopting a norm of 28.2 *per cent* in respect of all the units in ETPS

Thermal efficiency obtained was less than the norm in all the five years and units III and IV could not achieve the norms even after refurbishment.

Audit observed that the thermal efficiency achieved was always less than the norm in all the years. Further analysis indicated that thermal efficiency of units I and II decreased from 27.5 to 20.8 *per cent.* The thermal efficiency of units III and IV were found to fall below the norm of 28.2 *per cent* even after refurbishment. The overall thermal efficiency of ETPS, which was 27.63 *per cent* in 1998-99 prior to refurbishment, reduced to 25.30 *per cent* in 2002-03 after refurbishment

The Board attributed poor performance to

- skin casing failure on boiler side of units I and II and postponement of refurbishment; and
- non-replacement of FD fan in units III and IV.

Excess auxiliary consumption

Excess auxiliary consumption after refurbishment resulted in loss of 69.610 MU valued at Rs.15.79 crore during 2000-03.

3.21 A part of energy generated is consumed for auxiliary purposes and is not available for sale. In respect of ETPS, the Board had fixed standard norm of 12.5 *per cent* for auxiliary consumption (up to 1999-2000), which was reduced (April 2000) to 12.3 *per cent.* The actual percentage of auxiliary consumption was always higher than the norm and ranged between 12.9 and 15.5 *per cent.* In spite of fixing norm higher than the one fixed by CEA (9 *per cent*); the plant was not able to restrict auxiliary consumption within the norm fixed by the Board. Even after refurbishment, the auxiliary consumption was more than the norm resulting in loss of generation of 69.610 MU valued at Rs.15.79 crore during 2000-03.

The Board stated (May 2003) that the excess consumption was due to operation of units below the rated capacity and was expected to improve after other units are stabilised.

Cost of generation

Cost per unit was more than the average revenue earning, per unit in all the five years upto 2003.

3.22 The cost per unit available for sale and the average revenue earned per unit for the period 1998-2003 are given in the **Annexure-15**. It could be seen that the cost per unit available for sale ranged between 212.64 paise/KWHR and 320.96 paise/KWHR during 1998-2003 as against the average revenue earning of 197.36 paise/KWHR and 229 paise/KWHR. The high cost of generation per unit was attributable to the following:

- Low PLF and delay in taking up the refurbishment work in units I and II,
- Non-availability of units III and V in 2000-01 and unit-IV from April to October 2000 on account of refurbishment work resulting in low generation,
- Higher auxiliary consumption.

While the average realisation per unit increased by 16 *per cent* only during the period under review, the cost per unit increased by 51 *per cent*.

Inventory management

3.23 The table below indicates the inventory holding of stores/spares, consumables (other than fuel) at ETPS during 1998-2003 (upto September 2002)

Year	Opening stock	Receipts	Consumption	Closing stock	Closing stock held in terms of monthly consumption
		(Rupees in crore)			
1998-99	40.36	16.64	15.37	41.63	32.50
1999-2000	41.63	24.69	21.70	44.62	24.67
2000-01	44.62	16.59	18.21	43.00	28.34
2001-02	43.00	12.73	17.51	38.22	26.19
2002-03 (upto September 2002)	38.22	10.44	7.97	40.69	30.63

ETPS inventory position ranged between 24.67 and 32.50 months' consumption during 1998-2003.

Audit observed that:

- Inventory holding of ETPS ranged between 24.67 and 32.50 months' consumption during the period under review;
- no systematic approach was adopted on continuous basis by ETPS for identifying non-moving/slow moving/obsolete inventory for its early disposal;

- ETPS had 305 items of non-moving items valuing Rs.1.09 crore pending disposal as on September 2002;
- ETPS did not follow the system of categorising inventories under A, B, C nor fixed the minimum, maximum and reordering levels to ensure effective control.
- the Board has not yet introduced codification of parts or computerisation of stores operations for effective control even though inventory of Rs.40.69 crore is being maintained in 14 different stores.

The Board stated (May 2003) that action is being taken for fast disposal of obsolete items and also for codifying and computerising the materials.

Conclusion

The plant had been operating at low plant load factor up to 1997-98 and thereafter the board decided to completely revamp the plant to achieve design parameters and improve the plant load factor to 80 per cent. The Board had indefinitely postponed the refurbishment of unit I and II after investing a large amount in the procurement of material. The unit III and IV have not been able to achieve envisaged plant load factor even after spending Rs.134.94 crore on refurbishment. The performance of the plant was very poor due to low plant availability, low plant load factor, excess auxiliary consumption and very high outages. Due to poor performance, the cost of generation increased. Thus, even after substantial investment on refurbishment, the performance of ETPS has not improved. Concerted efforts are, therefore, required to streamline the operations and ensure better control to improve generation and reduce the cost of operation.

CHAPTER-IV

4 Miscellaneous topics of interest relating to Government companies and Statutory corporations

GOVERNMENT COMPANIES

Tamil Nadu Small Industries Corporation Limited

4.1 Non-compliance of the recommendations of Committee on Public Undertakings

The Company failed to take effective action on the recommendations of Committee on Public Undertakings (COPU) to make its units work on profit.

Tamil Nadu Small Industries Corporation Limited (Company) was incorporated in September 1965 with the main objective of running the industrial units set up by the Government during the first five year plan period. As on 31 March 2003, the Company had 26 units apart from six project cells and six sales centers.

Observations of COPU

4.1.1 While discussing (May 1994) the Report of the Comptroller and Auditor General of India (Commercial) for the year ended 31 March 1992, Government of Tamil Nadu, the Committee on Public Undertakings (COPU) observed that:

- the Company had been continuously suffering from paucity of funds for procurement of materials and timely execution of works;
- the Company had all along been having workers who were advanced in age and service (with higher rates of pay and allowances), but with outmoded technical knowledge;
- the Company had also been suffering from lack of proper co-ordination and management skill to utilise the available funds and men on hand to get profitable orders for the Company to save it from continuous losses;

- the Company had also been suffering from excessive overheads due to excess supervisory staff out numbering workers contrary to the principles of ideal factory management.

The Committee recommended that the Government should review the Company's working afresh and take suitable remedial measures to make its units work on profit.

SCOPE decisions

4.1.2 The State Government constituted (January 1997) an expert committee under the chairmanship of Shri S.V.S Raghavan (Raghavan committee) with a view to undertake a comprehensive review of the performance of public sector undertakings (PSUs) and recommend suitable measures for their improved performance. The Raghavan committee recommended (July 1997) for the winding up of the Company and sale of its fixed assets at market value. The Raghavan committee also recommended that the realisation should first be utilised for payment of compensation to the employees and then to repay the Government loans, *etc.* To take action on the recommendations of the Raghavan committee, the State Government constituted (May 1999) Secretaries Committee on Public Enterprises (SCOPE). SCOPE in its first meeting (May 1999) decided:

- to gradually close the loss making and unviable units of the Company;
- to re-deploy the staff as well as workers of these units either within the Company or to public sector undertakings/departments outside;
- to transfer the surplus lands at the disposal of the Company to departments/public sector undertakings as per existing Government orders and
- to utilise the proceeds of sale of land for meeting 'voluntary retirement scheme' (VRS) expenses as first priority and to adjust the balance left over against the Company's outstanding dues to the Government.

Excess supervisory staff

4.1.3 COPU had observed that the Company had been suffering from excessive overheads due to supervisory staff out numbering workers contrary to the principles of ideal factory management. However, the Company had not acted upon this observation as the ratio of the number of workers to supervisory staff had steadily increased from 1:1.75 in December 1999 to 1:2.94 in December 2002.

Avoidable extra expenditure of Rs.4.32 crore per annum was incurred on excess supervisory staff.

Considering the observation of COPU that supervisory staff was in excess of workers contrary to the principles of ideal factory management, average excess (even by taking ratio of 1:1) supervisory staff deployed by the Company during the last four years ended December 2002 worked out to 348 resulting in avoidable payment of salary and allowances of Rs.4.32 crore *per* *annum*. This is one of the major reasons for the continued losses suffered by the Company.

Non-closure of unviable units

4.1.4 The Company at the instance of SCOPE analysed the performance of its units and found (June 1999) that 16 of the existing 34 units were not viable. However, the Company felt that four out of these 16 units may continue to function on the plea of flow of orders, availability of skilled workers, *etc*. Out of the remaining 12 units, the Company recommended (September 1999) the closure of seven units* only to the Government.

4.1.5 Audit analysed the performance of the nine units that were not recommended for closure by the Company and observed that six units were incurring losses continuously and the net loss suffered by these units during the four years ended 31 March 2003 aggregated Rs.3.28 crore.

4.1.6 The Company again analysed the performance of its 34 units in September 2000 based on weightage points allotted to them and found that 15 units did not secure even the minimum weightage of 50 *per cent* required for their continuance. These 15 units included 11 units identified (June 1999) as unviable (including seven considered for closure in September 1999). Out of the remaining four units, the performance of two units (polish unit, Ambattur and engineering unit, Tirupur) was far from satisfactory. Polish unit, Ambattur incurred a loss of Rs.45.15 lakh during the three years ended 31 March 2003 and engineering unit, Tirupur suffered a loss of Rs.56.17 lakh during the same period.

Audit observed that even out of the other 19 units that secured the minimum weightage, seven units had been incurring losses continuously and the aggregate losses during the four years up to 2002-03 were Rs.3.56 crore. Thus, their continuance was also not justified.

Non-closure of unviable units resulted in loss of Rs.7.85 crore.

From the above details, it is evident that though 22** units of the Company were unviable, it recommended closure of seven units only and that the loss suffered due to non-closure of the remaining 15 unviable units aggregated Rs.7.85 crore***.

4.1.7 Audit further observed that though the foundry unit, Erode was closed in November 2001, 12 workers of this unit were allowed to continue in service (at Coimbatore) till date (September 2003) based upon a Government order. This resulted in payment of idle wages of Rs.15.02 lakh from December 2001 to September 2003.

4.1.8 Apart from non-closure of unviable units, the Company created a new unit project cell (civil), Ambattur in February 2001 to accommodate the excess civil staff and officers of the Company. Audit noticed that this unit could not

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* Five out of these seven were closed in December 2000, one in January 2001 and another in November 2001.

** Seven units recommended for closure in September 1999 + six loss making units identified by audit + two units (Ambattur and Tirupur) identified in September 2000 + seven units out of 19 units that secured minimum weightage = 22 unviable units.

*** 3.28+0.45+0.56+3.56=7.85 crore

recover even its variable cost. The loss incurred by this unit for two years ended 31 March 2003 aggregated Rs.50.05 lakh.

Non-modernisation of galvanising plant, Mettur dam

4.1.9 The COPU recommended that expeditious action be taken to make the units of the Company work on profit. However, the Company did not take effective steps to modernise its galvanising plant at Mettur dam.

Audit observed that though the unit was identified for modernisation in 1996, the consultant to work out the scheme was appointed in February 2001 only. The consultant in its report (March 2002) envisaged an investment of Rs.3.40 crore with a pay back period of two-and-half years. Consultant stated that the consumption of zinc (a major raw material) would come down from the present 73.6 to 77.1 kg per tonne of steel to be galvanised to 55 kg per tonne. The Company did not go in for modernisation on the plea of paucity of funds. Non-modernisation resulted in extra expenditure of Rs.3.63 crore (1998-2003) on excess consumption of zinc.

The plea of paucity of funds for non-modernisation lacked justification as during the five years period ended 31 March 2003, the Company realised Rs.15.24 crore on sale of its fixed assets. Considering the pay back period of two-and-half years only, the Company should have accorded priority for modernisation and carried out the same at the cost of Rs.3.40 crore.

Non-disposal of fixed assets

4.1.10 The SCOPE recommended (May 1999) that the surplus land at the disposal of the Company be transferred to other Government Departments/Public Sector Undertakings as per Government orders. Accordingly, the Company forwarded (July 1999) proposals for granting general permission for sale of land and buildings of 22 closed units and also surplus land and buildings of 12 working units. The Government approved (October 1999) these proposals subject to the condition that the sale proceeds should be utilised for meeting voluntary retirement scheme expenses as the first priority and balance amount left over should be utilised for clearing the Company's outstanding dues to the Government.

The Company disposed of land and buildings of 12 defunct units (1999-2003). However, the sale proceeds (Rs.15.24 crore) were not utilised as directed by the Government. Instead, the Company utilised this amount for its working capital requirements.

As on 31 March 2003, the Company is holding idle land and buildings in 22 defunct/closed units and surplus land and buildings in nine working units having market value of Rs.83.42 crore and Rs.43.09 crore respectively, which are yet to be disposed of. It is pertinent to point out that the Company has been incurring a recurring expenditure of Rs.10.44 lakh *per annum* on maintenance of these assets.

Thus, the Company had failed to take effective action on the recommendation of COPU to make its units work on profit and the recommendation of SCOPE to dispose of all its surplus land and buildings.

The matter was referred to the Government in July 2003. The reply is, however, awaited (September 2003).

Tamil Nadu Civil Supplies Corporation Limited

4.2 Loss due to lack of planning

Lack of planning in procurement of paddy led to non-lifting of central pool quota rice available at cheaper price, and resulted in cash loss of Rs.60.65 crore.

The Company is an implementing agency of Government of Tamil Nadu for public distribution system (PDS) in the State. The average monthly PDS requirement for rice is about two lakh metric tonne (MT). The Company procures rice from Government of India (GOI) under central pool allotment. The monthly allotment of rice from GOI is under two categories *viz.*, below poverty line (BPL) at the rate of Rs.5,900 per MT (monthly allotment of 97,256 MT) and above poverty line (APL) at the rate of Rs.11,800 per MT (monthly allotment as requested by the Company). The Company also procures paddy from Cauvery delta regions and converts them into rice. The cost of procurement of paddy and its conversion into rice worked out to Rs.10,018 per MT during 2000-01. However, the Company sells rice procured from all sources at the subsidized selling price of Rs.3.50 per kilogram to the ration cardholders as per the policy of the State Government.

In view of the above situation, it is imperative on the part of the Company to lift entire quota of 97,256 MT under BPL category (which is the cheapest) and meet balance requirement of one lakh MT by purchasing paddy from delta regions and converting the same into rice.

Audit noticed that before commencement of Samba procurement season 2001 (*i.e.* from December 2000 to July 2001), the Company was having stock of 4.52 lakh MT of rice. It was therefore, necessary for the Company to procure 17 lakh MT of paddy in the Samba 2001 season (equivalent to 10.88 lakh MT of rice) to cater to the PDS requirement for next 11 months up to October 2001 (by which time Kuruvai procurement season would start) including two months requirement as buffer stock. As against the above requirement of 17 lakh MT of paddy, the Company procured 19.74 lakh MT of paddy (equivalent to 12.63 lakh MT of rice) during the above season.

This resulted in a situation that a stock of 11.91 lakh MT of rice was accumulated by August 2001. As the Company apprehended problems in long storage and consequent quality deterioration, it sought (August 2001) the permission of the State Government to avoid lifting of rice from GOI allotment under BPL category. The Government accepted the Company's proposal and allowed (September 2001) the Company not to lift rice under BPL category for the months of September and October 2001. Accordingly, the Company did not lift BPL category rice during September and October 2001 (1.95 lakh MT).

Thus, procurement of rice/paddy during Samba season 2001 without proper planning forced the Company to allow cheaper BPL rice allotment to lapse. This resulted in cash loss of Rs.60.65 crore on excess procurement of 1.75 lakh MT rice.

The Government stated (August 2003) that in view of stock position of the Company, concurrence to suspend lifting of rice under BPL category was given.

4.3 Extra expenditure on purchase of dhall

Failure of the Company to float tender in the procurement season to meet its annual requirement resulted in extra expenditure of Rs.6.32 crore.

The Company procures dhall to meet the requirement of Puratchi Thalaivar M.G.R. noon-meal programme of the State Government. The best season for procurement of dhall starts from February/March every year. The Company purchased (February 2000) 4,400 MT of dhall at Rs.18,900 per MT to meet two months' requirement. There after, another purchase order was issued (March 2000) to procure 2,200 MT at Rs.18,800 per MT to meet one month's requirement.

The Company floated (April 2000) a tender for supply of 24,200 MT to meet the requirement of 11 months. The purchase order was placed (June 2000) at Rs.21,412 per MT and dhall was to be supplied between June and October 2000. In all, 24,267 MT dhall was supplied against this order.

From the above, it could be seen that the rates received in March 2000 (which was the season for dhall receipts) were much lower compared to the rates received in April 2000. Audit observed that the Company was having a stock of 2,787 MT of dhall on 20 March 2000 and a further supply of 3,923 MT was to be made against purchase order for the supply of 4,400 MT and this was sufficient to meet three months requirements *viz.*, at least up to May 2000. Even then, the Company did not float tenders to meet its long-term requirements and instead purchased quantity to meet only one month's requirement. Failure to float tender in the procurement season to meet the long-term requirements resulted in extra expenditure of Rs.6.32 crore.

The Government stated (August 2003) that as the best season for purchase of dhall is March to May, it floated tender in April 2000 and purchase orders were issued on 2 June 2000 and during execution of this purchase order, it had imposed quality cuts, *etc.* and earned additional revenue of Rs.2.46 crore. However, the reply is not tenable in view of the fact that though the Company was aware of the season period, the Company finalised the tenders only in May 2000, *i.e.* at the end of the season resulting in additional expenditure. Further, the earnings on quality cut were only incidental and hence would not justify the above failure of the Company.

4.4 Undue benefit to transport contractors

The Company extended undue benefit of Rs.30.32 lakh to transport contractors due to incorrect method of computation of transportation charges.

Movement of commodities from Company's godowns at Dindigul, Batlagundu and Vedasendur to Kodaikanal godown involved transportation first through plains and then through hill track. For this transportation, the Company entered into annual rate contracts with transport contractors every year.

The transportation charges were fixed on slab basis, which provided payment for kilometers covered under a particular slab distance at per KM rate applicable for that particular distance slab plus total transportation charges payable up to the previous slab. The contracts also stipulated that hill track rate would be double the plain rate.

Audit observed that while making payments to transportation contractors for movements, which involved movements in plains followed by hill track, the Company paid for transportation in plains as per the contract rates and for the continued transportation in hill track paid at double the KM rate for hilly track including the transportation charges paid for the distance covered in the plain.

Thus, adoption of incorrect method for payment of transportation charges resulted in an unintended benefit of Rs.30.32 lakh to the transport contractors on transportation of 1,91,943.08 MT of food grains to Kodaikanal from its various godowns during 1999-2003.

The Company rectified the mistake on being pointed out by Audit and issued orders (July 2003) to adopt the correct procedure as stated above. The Company also directed its Regional Offices to recover excess payments made to the transport contractors. The amount is yet to be recovered (September 2003).

The matter was referred to the Government in September 2003. The reply is, however, awaited (September 2003).

4.5 Excess payment of sales tax

The Company paid higher than the agreed basic price, which resulted in excess payment of Rs.14.45 lakh on purchase of Bengal gram.

The Company placed (June 2002) purchase order for the supply of 2,000 MT of Bengal grams on Spices Trading Corporation Limited, Bangalore (supplier) at the rate of Rs.18,211 per MT *plus* sales tax at four *per cent* to meet the requirements of Puratchi Thalaivar M.G.R. noon meal programme of the State Government. As against the ordered quantity of 2,000 MT, the supplier supplied 1,983.541 MT during July to October 2002. The stocks were moved from the branch office of the supplier at Bodinayakanur, Theni district within the state of Tamil Nadu.

Audit observed that the invoices raised for the above sales were second sales invoices within the state and therefore, no sales tax was payable by the Company. In fact, it was indicated on the invoices as "Second Sales – No Tax". But the supplier raised the invoices on the basis of higher basic price, which included four *per cent* sales tax also and the Company paid the same. This resulted in excess payment of Rs.14.45 lakh.

When Audit pointed out (July 2002) the excess payment, the Company accepted the audit contention and asked (December 2002) the supplier to refund the amount paid in excess. As there was no response from the supplier, the Company issued (June 2003) a legal notice to the supplier for the recovery of excess amount for which also there was no response so far (August 2003).

Thus, the Company's failure to disallow higher basic price resulted in excess payment of Rs.14.45 lakh.

The matter was referred to the Company/Government in September 2003. The reply is, however, awaited (September 2003).

4.6 Blocking of funds

Payment without safeguarding financial interest of the Company resulted in blocking of the funds of Rs.21 lakh.

The Company, on the advice of Tamil Nadu Energy Development Agency (TEDA), decided (August 1999) to install paddy husk gasifier♣ in its own modern rice mills (MRM). The main advantage of gasifier is minimization of air pollution besides other advantages like high conversion efficiency from solid bio-mass to gaseous fuel and low running cost.

The Company invited (September 1999 and February 2000) open tenders for purchase of paddy husk gasifier for installation in MRM at Sitharkadu in Nagapattinam district. As the Company had no knowledge of the technology, it included a clause in the tender that the payment would be released only on proving the performance and production of bank guarantee of 25 *per cent* of the value of equipment. After considering (November 2000) the quotation received from the only eligible tenderer *viz.*, Ankur Scientific Energy Technology Limited, Baroda, the Company placed (November 2000) purchase order (PO) at the negotiated price of Rs.38 lakh subject to the condition that the supplier should arrange for loan up to 90 *per cent* of the value from the Small Industries Development Bank of India (SIDBI) under bills rediscounting scheme and balance 10 *per cent* would be paid after successful

♣ Gasifier produces gas from husk and the gas so produced is used as a fuel to fire furnaces instead of direct firing of husk in the furnaces.

commissioning of the equipment and on production of bank guarantee for 25 *per cent* of the value and valid for one year.

The loan from SIDBI did not materialise in view of the difficulties in getting Government guarantee. Consequently, the Company paid (January 2001) Rs.21 lakh to the supplier from its own funds and directed (January 2001) the supplier to adjust the subsidy amount of Rs.17 lakh receivable from TEDA towards balance cost of the equipment. However, no guarantee was taken from the supplier to safeguard its financial interest.

The gasifier was received and installed (May 2001) at the MRM, Sitharkadu. The performance of the gasifier during the trial run (August and September 2001) was only at 40 *per cent* of the rated capacity. The Company requested (November 2001) TEDA not to release the subsidy amount to the supplier until the equipment reached its rated capacity. In the subsequent trial run (February 2002), the performance of the gasifier was only 20 *per cent* of the rated capacity. Subsequent efforts by the Company to rectify the defects in the gasifier through the supplier did not materialise. Consequently, the gasifier is lying idle without beneficial use so far (September 2003).

Thus, the decision to release payment without safeguarding its interest by taking bank guarantee resulted in the blocking of funds of Rs.21 lakh.

The Company stated (July 2003) that based on the Board's decision, the payment terms were modified and Rs.21 lakh was paid to the firm on receipt of the machinery at site and efforts were being made to achieve the desired performance of the gasifier. The reply is not tenable as the Board while approving the payment had not mentioned about dispensing with the bank guarantee.

The matter was referred to the Government in June 2003. The reply is, however, awaited (September 2003).

Tamil Nadu Industrial Development Corporation Limited

4.7 Loss due to delay in disinvestment

Failure to disinvest its entire holding in the units of Unit Trust of India resulted in avoidable loss of Rs.5.28 crore.

The Company was holding (July 1999) 3,24,14,381 units of US-64 (scheme) of Unit Trust of India (UTI) and this investment was built up from May 1990 by fresh investments and reinvestment of dividends received.

As the performance of UTI started deteriorating from 1998-99 onwards, the Board of Directors of the Company decided (25 August 1999) that the investments in the scheme should be reduced in a phased manner without loss to the Company and desired not to make any further investments in the scheme. Despite this, the Company reinvested (July 2000) the dividend of Rs.4.46 crore for the year 1999-2000 in 33,63,756 units (at the purchase price of Rs.13.25 per unit) bringing the total investment to 3,57,78,137 units at a cumulative cost of Rs.50.63 crore.

The Company disinvested 1,62,38,086 units (out of 3,57,78,137 units it was holding at that time) in November 2000 only and incurred a loss of Rs.1.12 crore. Subsequently, UTI suspended sale and repurchase of units from July 2001 and the Company could not disinvest further.

Government of India (GOI) announced (March 2003) a new facility for UTI's US-64 unit holders according to which the unit holders could opt for bonds against their units for an amount equivalent to the face value (Rs. 10/- per unit) of the units. These bonds would carry GOI guarantee and would bear an interest of 6.75 *per cent*, tax free and could be redeemed after five years. The Company could either invest in the bonds or could sell first 5,000 units at Rs.12/- per unit (to UTI) and the balance units at net asset value (Rs.5.90 per unit) or the face value (Rs.10/- per unit) whichever was higher. Whichever option is chosen by the Company, it stands to lose the difference between the cost (Rs.13.95 per unit) and the face value (Rs.10/- per unit) of the units as on April 2003.

Thus, the failure of the Company to disinvest its entire unit holdings in November 2000 had resulted in a net loss of Rs.5.28 crore (after giving credit for the dividend of Rs.1.95 crore earned in 2000-01).

The Company stated (August 2003) that in the absence of alternative avenues to park surplus funds and at the same time recognising the imperative need to operate overdraft account, the investment in units was continued. The reply was not tenable because it was contrary to the Board's directives of August 1999.

The matter was referred to the Government in June 2003. The reply is, however, awaited (September 2003).

4.8 Wasteful expenditure

The decision to go for techno-economic feasibility report for setting up a second international airport at Chennai without seeking approval of Government of India resulted in wasteful expenditure of Rs.88.84 lakh.

Based on a directive by the Government of Tamil Nadu (State Government), the Company decided (December 1997) to undertake a techno-economic feasibility study (study) for establishing a second international airport at Chennai. The study was to be conducted in two phases *viz.*, phase-I was to cover the assessment of demand and recommendation of development options and phase-II was to cover development planning based on phase-I findings. Tenders for this purpose were floated in January 1998 on international competitive bid (ICB) basis.

The Company approved (August 1999) the selection of a consortium[♣] to carry out the study in two phases at a total cost of Rs.1.65 crore. The State

♣ M/s Scott Wilson Kirkapatrick and Company, United Kingdom and M/s CRISIL Advisory Services, Mumbai.

Government agreed (October 1999) to reimburse the cost of conducting the study.

The consultant completed phase-I of the study in April 2000 and the report was submitted to the State Government seeking its clearance. The State Government approved the proposal (June 2000) and approached (July 2000) Ministry of Civil Aviation, Government of India (GOI) to obtain in principle clearance to the project before taking up phase-II of the study.

Union Minister of Civil Aviation informed the State Government (February 2001) that his Ministry was not in favour of giving clearance to the new international airport project proposal submitted by the State Government as the Ministry was considering privatisation of Chennai airport operations through long-term lease.

As the study had not been put to any beneficial use either by GOI or by the State Government, the entire expenditure of Rs.88.84 lakh (including Rs.72.63 lakh paid to the consultants in foreign currency) incurred by the Company on the project had been rendered wasteful. The Company approached the State Government (April 2002) for reimbursement of the expenditure incurred by it on this project. The State Government had not responded till date (March 2003).

The decision to go ahead with the study was faulty in view of the fact that:

- the Company did not obtain prior approval of the GOI since the matter relating to the development of airports rests with the GOI, and
- the GOI had already constituted (July 1998) a committee to examine the need for having second airport at Chennai. The Committee had two representatives (including Managing Director of the Company) of the State Government.

The matter was referred to the Company/Government in July 2003. The reply is, however, awaited (September 2003).

Tamil Nadu Industrial Explosives Limited

4.9 Penalty due to non-achievement of guaranteed output norms

Acceptance of an unworkable supply condition resulted in cash loss of Rs.18.78 lakh.

The Company received (August 1999) an order from Singareni Collieries Company Limited (SCCL) for supply of 375 MT of slurry explosives valuing Rs.50.90 lakh (at the basic price of Rs.13,574 per MT plus excise duty and other handling charges). The terms of agreement, *inter alia*, included a condition that the explosives supplied should conform to the guaranteed powder factor (output per kilogram of explosives used). Shortfall in this was to invite penalty. In the event of non-supply of explosives, SCCL had the right to obtain explosives from other suppliers and for deficiencies in their performance also the Company was liable to pay penalty.

Audit observed that the Company was aware that it would not be able to achieve the guaranteed output and in case of an earlier order (1992-93) also, the Company had incurred loss of Rs.17.35 lakh due to this condition only.

The Company could supply only 280 MT and balance of 95 MT of explosives supplied by others were utilised by SCCL in terms of agreement. SCCL while making payments (June 2000 to July 2001) deducted Rs.21.50 lakh being the penalty for the failure of the Company to ensure the guaranteed output.

As against quoted price of Rs.13,574 per MT of slurry explosive in this supply order, actual price realised after adjusting the penalty was only Rs.7,841 per MT and this was less than even the variable cost of Rs.12,603 per MT. This resulted in cash loss of Rs.18.78 lakh.

The Company stated (April 2003) that the higher consumption of explosives resulting in low powder factor was mainly due to adoption of changed drilling pattern/parameter by the SCCL mines and the above recovery was also effected from various other suppliers. The reply is an after thought as even at the time of accepting the supply order, the Company was aware that it could not maintain the output norms fixed by the SCCL in view of the prohibitive cost of the raw materials and unremunerative price given by the supplier.

The matter was referred to the Government in April 2003. The reply is, however, awaited (September 2003).

Tamil Nadu Industrial Investment Corporation Limited

4.10 Loss due to non-collection of sales tax

Failure to collect sales tax from its clients and pay to the Commercial Tax Department resulted in loss of Rs.1.84 crore.

The Company, as a part of its expansion programme, started (1994) hire purchase and leasing business in addition to its term lending activity. As the turnover under hire purchase and lease business was taxable turnover as per the provisions of Section 3-A of Tamil Nadu General Sales Tax Act (Act), the Company registered (March 1994) itself as a dealer under the Act and Central Sales Tax Act. As the constitutional validity of Section 3-A of the Act was challenged (1994) by the affected financial institutions before the Chennai High Court and they had obtained an interim stay order, the Company also obtained interim stay order. Subsequently, Tamil Nadu Special Tribunal, to whom all the pending writ petitions were transferred, upheld (1999) the constitutional validity of Section 3-A of the Act. Consequently, the writ petition filed by the Company was dismissed as withdrawn (September 2001).

As per Rule 18(2) of the Tamil Nadu General Sales Tax Rules, every registered dealer is required to file monthly return disclosing the taxable turnover. Audit observed that during 1994-2002 (up to September 2001), the Company neither filed sales tax returns despite receiving (August 1998 and July 1999) notices from commercial tax department (Department) nor collected sales tax from the borrowers.

The Department issued (January 2001) notice to the Company's bankers for recovery of the tax dues. The Company requested (March 2001) the Commissioner of Commercial Taxes, Government of Tamil Nadu to withdraw the said notice. Based on his advice, the Company paid (between June to October 2001) Rs.1.34 crore for hire purchase and lease income and Rs.42.95 lakh for auction sales of the assets of the assisted units. Out of the sales tax amount of Rs.1.34 crore on hire purchase and lease income, the Company collected Rs.55.91 lakh from the clients till July 2003 and the balance amount of Rs.77.79 lakh is yet to be collected from the concerned units (July 2003). Sales tax of Rs.42.95 lakh paid for auction sales of assets of the assisted units could not be recovered and hence was written off in 2001-02.

The Department imposed penalty of Rs.49.27 lakh for 1993-94 and 1995-96 for the belated payment of tax. In addition, the Company has also become liable to pay penalty of Rs.92 lakh under Section 24(3) of the Act for its failure to remit sales tax for the years 1996-2001 on the due dates.

The Company, while admitting the above facts stated (July 2003) that it had preferred appeals against levy of penalty for the assessment years 1993-94 and 1995-96 and the orders are awaited. The reply is not tenable as the levy of penalty is mandatory as per the Act and the loss had arisen due to failure of the Company to file the returns even after receipt of notices from the Department.

Thus, failure to comply with the statutory provisions of the Act, the Company incurred an avoidable loss of Rs.1.84 crore (Rs.42.95 lakh sales tax on auction sales and penalty of Rs.1.41 crore).

The matter was referred to the Government in June 2003. The reply is, however, awaited (September 2003).

Tamil Nadu Small Industries Development Corporation Limited

4.11 Unfruitful investment on industrial estate

Failure to assess demand potential before developing a new industrial estate resulted in locking up of funds of Rs.1.36 crore.

The Company decided (1995) to establish an industrial estate at Bargur in Dharmapuri district as it expected a general demand without conducting any survey from the entrepreneurs to start new industries in the district. Accordingly, the Company took over (January 1995) 31.642 acre of poromboke* land allotted by the Government at a cost of Rs.7.75 lakh. The Company incurred (1995 to 1997) Rs.1.28 crore for construction of industrial sheds (20 sheds) and development of estate.

The construction of sheds was completed in March 1997. The efforts to sell these sheds through tender-cum-auction in December 1997 did not evoke any response. The Company has been able to allot only two sheds so far (September 2003). The balance sheds remain vacant till date (September 2003).

Audit observed that though the Company reduced the selling price of the industrial sheds thrice there were no takers. Efforts to sell the sheds by reducing price also did not help.

The Company stated (December 2002) that as a Government undertaking, it has the responsibility for the formation of industrial estate in backward and rural areas, where there was reasonable demand. The fact remains that there was no demand at all in this case and that the industrial estate was developed without any demand survey beforehand.

Thus, failure to assess the demand before developing an industrial estate resulted in blocking up funds of Rs.1.36 crore for more than six years.

The matter was referred to the Government in May 2003. The reply is, however, awaited (September 2003).

4.12 Delay in recovery of capital cost on maintenance of industrial estate

Failure to recover expenditure on special maintenance as per the Memorandum of Understanding resulted in blocking of Rs.1.14 crore besides interest loss of Rs.75.05 lakh.

As the roads and drains in Ambattur industrial estate of the Company were in damaged condition due to efflux of time and heavy rains, the allottees of plots represented (January 1998) to the Company to relay all the roads and drains in the estate. They agreed to pay the enhanced maintenance charges as fixed by the Company. The Company decided (January 1998) to relay the roads and carry out other essential maintenance works in the industrial estate by raising loans from financial institutions. The Company also decided to increase the annual maintenance charges from the existing rate of Rs.1,800 per acre to Rs.10,000 per acre and to collect the enhanced maintenance charges for two years as advance for carrying out the above works.

Accordingly, the Company entered (June1998) into a Memorandum of Understanding (MOU) with Ambattur Industrial Estate Manufacturers' Association (AIEMA) for relaying of roads, drains, *etc.*, at an estimated cost of Rs.3.83 crore. The Company was to recover the capital cost by increasing the maintenance charges from Rs.1,800 to Rs.10,000 per acre from 1998-99.

* Land used or reserved for public or Government purpose

AIEMA agreed to pay an additional amount equivalent to one year's maintenance charge at higher rates as an advance.

AIEMA also agreed to surrender an open land measuring 2.018 acre allotted to it by the State Government, to the Company with the powers to sell the land to realise the amount spent on relaying the roads and drains either from the funds of the Company or from borrowed funds or from both together with interest.

The Company completed (January 2001) the work by incurring an expenditure of Rs.3.48 crore. Audit observed that as per the terms of MOU, the Company could have recovered the amount by the end of 1999-2000. However, the Company could collect only Rs.2.34 crore during the last four years from 1998-99 to 2002-03 (up to January 2003).

The Company also did not take any action on the offer of AIEMA to surrender the vacant land.

The Company stated (March 2003) that earnest efforts are being made to recover the amount at the earliest. But the fact remained that even after four years, the amount was not fully collected despite the fact that adequate provisions existed in the MOU to safeguard the financial interests of the Company.

Thus, failure of the Company resulted in blocking of Rs.1.14 crore as on 31 March 2003 with consequential interest loss of Rs.75.05 lakh (up to February 2003).

The matter was referred to the Government in April 2003. The reply is, however, awaited (September 2003).

Tamil Nadu Minorities Economic Development Corporation Limited

4.13 Wasteful expenditure on floating a new company

Formation of a new company in haste and subsequent merger within two years of its formation resulted in wasteful expenditure of Rs.26.81 lakh.

To improve the socio economic conditions of the minorities in the state, the State Government decided (July 1998) to form a new company, viz. Tamil Nadu Minorities Economic Development Corporation Limited (Company). The work relating to the development of minorities being looked after by another Government company, *viz.*, Tamil Nadu Backward Classes Economic Development Corporation Limited (TABCEDCO) along with the staff was transferred to the new company.

During 1999-2001, the Company did not formulate or implement any scheme for fulfillment of its main objective *viz.*, developing the socio-economic and educational standards of minorities in the State. The Company only distributed Rs.3.20 crore, transferred by TABCEDCO. Due to lack of financial support from the Government, the Company could not undertake vocational training schemes offered by National Minorities Development Finance Corportion, as it could not mobilise its share of 15 *per cent* of the scheme cost.

After allowing the new company to exist only for two years, the Government again during the review of the schemes being implemented by Backward classes, Most backward classes and Minorities welfare department decided (July 2001) to merge the Company with TABCEDCO, as their activities were similar in nature. Orders were issued (December 2001) for merger with immediate effect. The draft scheme of amalgamation submitted (October 2002) to the Department of Company Affairs, Government of India is pending approval till date (September 2003).

Thus, the formation of a new company in haste and subsequent merger within two years of its formation resulted in wasteful expenditure of Rs.26.81 lakh (salary of Managing Director - a newly created post and other administrative expenses) during the period the new company functioned.

The Company stated (June 2003) that out of the wasteful expenditure pointed out by audit only an amount of Rs.3.44 lakh was incurred due to formation of the company and balance expenditure would have been incurred even if the new company was not formed and even after incurring these expenditure, the new company had earned profit. The reply is untenable because, in addition to expenditure of Rs.3.44 lakh on formation, the expenditure incurred on salary of Managing Director and administrative expenses pertaining to the running of office (excluding the salary of the staff transferred from TABCEDCO) were incurred only on account of formation.

The matter was referred to the Government in June 2003. The reply is, however, awaited (September 2003).

Tamil Nadu Minerals Limited

4.14 Avoidable production of graphite flakes

Loss of Rs.19.64 lakh due to Company's failure to regulate production of graphite flakes with reference to market potential.

The Company has one graphite beneficiation plant at Sivaganga in Ramanathapuram district with an installed capacity to produce 8400 MT of graphite fines and flakes of various grades. The grade of the graphite flakes depends on the percentage of fixed carbon (FC) in them.

A review of production and sales of flakes of grade containing 95 *per cent* FC for the three years ending 2000 to 2003 indicated that the marketability of this variety of flakes was always poor as is evident from the fact that as against the production of 408, 201 and 155 MT respectively during the years 2000-01, 2001-02 and 2002-03, the sale of this flakes was 282, 3 and 77 MT during the corresponding years. Considering the fact that the Company was already having a closing stock of 337 MT as on 31 March 2000, it should have refrained from further production of 95 *per cent* FC flakes especially, when it was aware (August 2000) that there was no demand/order for this variety of flakes. Audit also noticed that in the absence of production planning, the closing stock of 95 *per cent* FC flakes, which was at 337 MT as on 31 March 2000 increased to 575 MT in March 2003.

In the absence of ready market for this non-moving variety, the Company's efforts to dispose of through open tenders in September 2002 and January 2003 had also not yielded the desired result. It could sell (March 2003) only 30 MT flakes of 95 *per cent* FC at the quoted price of Rs.15,000 per MT which was less than the normal selling price of Rs.18,000 per MT. One tenderer offered (February 2003) to lift the entire quantity at Rs.10,500 per MT but the Company did not accept the offer as it felt that the price offered was low.

As the quoted price of Rs.10,500 per MT was even less than the average cost of production of Rs.13,916 per MT for this flake (during the last three years up to March 2003), the Company is facing an imminent loss of Rs.19.64 lakh on the unsold stock of 575 MT of flake as on March 2003.

The Company stated (March 2002) that the reasons for accumulation of flake with 95 *per cent* FC was due to non-lifting of committed quantity by a regular customer during the year 2001-02. The reply is untenable because the letter indicating the annual requirement of flakes received from the customer, did not indicate any definite requirement of flake of 95 *per cent* FC.

Thus, by not regulating the production with reference to the demand potential, the Company is facing a potential loss of Rs.19.64 lakh.

The matter was referred to the Company/Government in June 2003. The reply is, however, awaited (September 2003).

STATUTORY CORPORATION

TAMIL NADU ELECTRICITY BOARD

4.15 Generation loss due to non-availability of spare motor

Delay in procurement of spares for fan motors resulted in loss of contribution of Rs.11.50 crore on generation loss of 120.11 million units.

North Chennai Thermal Power Station (NCTPS) of the Board has got three generating units of 210 MW each, which were commissioned in March 1996. Each generating unit consists of major equipment like boiler, turbine, generator, *etc*. Boiler in turn consists of auxiliaries like primary air (PA) fan*, forced draught (FD) fan♣ and induced draught (ID) fan♠. Each boiler is provided with six fans (two PA, FD and ID fans each). Each fan is fitted with a motor. As these fans contribute to maximise the boiler efficiency and consequently the thermal generation, the Board should have procured spare motors for fans to avoid decrease in the efficiency of the boilers and consequent generation loss due to problem in the motors.

Audit observed that though unit-II had suffered a partial generation loss of 28.71 million units (MU) during 1997-98 with consequent loss of revenue of Rs.5.66 crore due to non-availability of spare motors for fans, the Board took action to procure spare motors in July 1999 only. Even thereafter, there was delay of 18 months, when the order for procurement of spare motors for fans was placed (January 2001) on Bharat Heavy Electricals Limited (BHEL) at a cost of Rs.77.18 lakh. These spare motors were received by NCTPS in November 2001.

Meanwhile the Board suffered loss of contribution of Rs.11.50 crore due to generation loss of 120.11 MU because of non-availability of spare motors for fans, as detailed below:

Sl. No	ID fan motor reference	Period of non-availability		Generation loss (in MU)	Loss of contribution (Rupees in crore)
		From	To		
1.	1-B	01.10.2000	06.10.2000	25.34	2.26
		01.11.2000	03.11.2000		

* PA fan injects pulverized coal into the furnace.

♣ FD fan injects secondary air into the furnace for better boiler efficiency.

♠ ID fan sucks ash and other flue gases from the furnace and sends them to chimney.

Sl. No	ID fan motor reference	Period of non-availability		Generation loss (in MU)	Loss of contribution (Rupees in crore)
		From	To		
2.	2-A	02.11.2000	08.11.2000	31.79	2.83
3.	3-B	30.08.2000 28.09.2000	02.09.2000 04.10.2000	20.24	1.80
4.	2-A	03.05.2001	16.05.2001	32.98	3.56
5.	2-A	09.07.2001	13.07.2001	9.76	1.05
				TOTAL	**11.50**

The Board while accepting (August 2003) that the partial generation loss was due to failure of ID fan motors stated that the failure of equipment could not be predicted, and the supplier did not recommend for spare motors at the initial stage. However, the fact remains that by procuring spare fan motors at the cost of Rs.77.18 lakh in time, the Board could have saved generation loss and consequent loss of contribution of Rs.11.50 crore.

The matter was referred to the Government in July 2003. The reply is, however, awaited (September 2003).

4.16 Undue benefit to a sister concern of a captive power producer

Adjustment of power exported by a captive power producer against power imported by a sister concern based on meter readings at generation end resulted in undue benefit of Rs.7.15 crore.

The Government of Tamil Nadu had approved (May 1998) a policy on captive power generation for purchase of power from captive power producers. Clause 9 (c) of the policy stipulated that when the owner of a captive power generation is not a consumer, the meter reading will be taken at the receiving end of the Board for payment/adjustment of energy sold/adjusted. The definition clause of the policy defined the consumer as a person, who is supplied with electric energy by the Board.

The Board entered (December 1999) into a Power Purchase Agreement (PPA) with Southern Energy Development Corporation, Chennai (SEDCO), who was not a consumer of the Board, to wheel the power generated at its captive power plant at Nallur, Thiruvarur district to its own/sister concern through Board's grid and to purchase the balance power. As per article 3.4 of the PPA, an export meter was to be fixed at Board's receiving end or at captive power generation end as the case may be. SEDCO commenced power generation from November 2000. The export meters were placed both at generation as well as at receiving end. However, while working out the power purchased/received by the Board, the reading at generation end was being considered for making adjustment against the consumption by its sister concern.

Audit observed that, as SEDCO was not a consumer of the Board, reading at receiving end of the Board should have been considered for making any adjustment.

Thus, considering the reading at generation end for working out the power wheeled through the Board to SEDCO's sister concern was not correct and resulted in undue benefit of Rs.7.15 crore during April 2000 to August 2003. The Board is still continuing this practice (September 2003).

The Board replied (April 2003) that SEDCO set up the captive power plant for wheeling the energy generated to its sister concerns, which were all consumers of the Board.

The reply is not tenable as SEDCO was not a consumer as per the definition given in the policy on captive power generation and as such reading at receiving end of the Board should have been considered.

The matter was referred to the Government in April 2003. The reply is, however, awaited (September 2003).

4.17 Revenue loss due to non-inclusion of additional charge

Failure to include additional 25 per cent charge on energy consumption for service having arc furnace, resulted in revenue loss of Rs.3.91 crore to the Board.

State Government issued an amendment (11 April 2001) to the Tariff Notification dated 7 January 2000 adding that for high tension (HT) industries under Tariff-I having arc furnaces, the consumption of electrical energy will be charged at 25 *per cent* extra to that of HT Tariff-I. The Board communicated this amendment to the Superintending Engineers of the distribution circles for raising electricity consumption bills suitably.

Audit observed that in North Chennai electricity distribution circle of the Board, the additional charges of 25 *per cent* on energy consumption were not levied on Ennore Foundries (consumer), who was having two HT service connections with arc furnaces and collected till December 2001.

In the subsequent tariff revision of 28 November 2001 also the above provision was retained.

Thus, failure to include additional 25 *per cent* charge for energy consumption during the period 11 April to December 2001 resulted in loss of revenue of Rs.3.91 crore.

The Board replied (April 2003) that as the matter is under litigation, the amount would be collected after disposal of the case.

The reply is not tenable since the additional charges for April to December 2001 were to be collected under notification issued in April 2001 and whereas the consumer has gone to the Court for quashing of notification issued in November 2001. Thus, the Board would not be able to collect this amount even if stay against the notification of November 2001 is vacated by the Court.

The matter was referred to the Government in May 2003. The reply is, however, awaited (September 2003).

4.18 Non-recovery of proportionate cost of road

Inordinate delay in raising the demand on Indian Oil Corporation Limited (IOC) for the use of Board's road and subsequent inconsistent stand on the amount to be paid by IOC resulted in blocking of Rs.1.47 crore with consequent loss of interest.

North Chennai Thermal Power Station (NCTPS) of the Board constructed and developed a road for a length of 4.96 kilometer at a total cost of Rs.9.32 crore (excluding cost of land) from Pattamandri to NCTPS in 1995-96 and the road was opened for traffic in the middle of 1996. At the time of formation, the road was used by NCTPS and Ennore Port Limited (EPL) a subsidiary of Chennai Port Trust (CPT). Even before the formation of road, Board and CPT decided (December 1993) that EPL shall be sharing development charges equally with the Board as one time payment.

Indian Oil Corporation (IOC) started work in 1996-97 for establishment of its liquefied petroleum gas (LPG) bottling unit in the same area. IOC sought (September 1996) permission of the Board to use the road and agreed to pay charges, if any to be decided by the Board for sharing the expenditure on maintenance, *etc*. But the Board did not respond to this communication and other communications of IOC in January 1997 and April 1999. IOC started using the road in January 1997.

Meanwhile, CPT paid (February 1997) Rs.3.11 crore, being one-third of development charges, to the Board for using this road on the plea that apart from the Board and CPT, IOC was also utilising the road.

It was only in August 1999 that the Board asked IOC to pay Rs.4.75 crore being 50 *per cent* of total expenditure incurred by the Board towards laying of permanent road and bridges. IOC refused (February 2001) to pay this amount on the plea that it had agreed in principle to pay only maintenance charges and that the Board did not indicate any specific amount for more than three years. Board revised the dues and raised (August 2001) a fresh demand for Rs.1.47 crore as maintenance charges. No payment has been reçeived from IOC so far (September 2003).

Thus, inordinate delay by the Board in raising the demand on IOC for maintenance charges and subsequent inconsistencies in arriving at the quantum of IOC's share resulted in non-realisation of Rs.1.47 crore for more than six years and consequent interest loss of Rs.1.59 crore.

The Board while accepting (August 2003) that it did not reply to IOC's request for two years stated that repeated efforts were made from 1999 onwards. It further stated that consequent to the discussion with IOC officials in July 2003, it expected an agreement to be reached very soon. The fact, however, remains that the amount is yet to be realised (August 2003) and the interest loss suffered (Rs.1.59 crore) is real and would not be compensated by IOC.

The matter was referred to the Government in July 2003. The reply is, however, awaited (September 2003).

4.19 Loss due to negligence

Bypassing of inter-locking mechanism resulted in avoidable expenditure of Rs.79.64 lakh.

Gas insulated switchgears (GIS) equipment comprising 123 kV outdoor line bays, 123 kV outdoor transformer bays and outdoor bus-bar and earthing switch were installed and commissioned in January 2000 at 110 kV Seven Wells sub-station (SS) of the Board to evacuate power from the Gas Turbine Power Plant and Diesel Engine Power Project at Basin Bridge, Chennai. The equipment were supplied and commissioned by Shaanxi Machinery and Equipment Import and Export Corporation (SAAME), China at a total cost of US Dollar 12,38,312 equivalent to Rs.4.33 crore.

On 5 March 2002, while availing line clearance for construction of fire protection wall in the SS, the operator closed the bus bar earth switch instead of transformer earth switch. This resulted in total damage of the GIS earth switch compartment of the transformer.

The SS was feeding important commercial areas and hence, the damaged portion of the transformer had to be replaced early. As the original equipment were supplied by SAAME, they were requested (April 2002) by the Board to attend to the rectification work of the damaged earth switch component of the transformer. SAAME agreed (November 2002) to carry out the rectification work and the defective transformer was recommissioned (13 March 2003) after incurring Rs.79.64 lakh.

Audit observed that though the SS equipment were sophisticated and costly, untrained personnel operated them. It is pertinent to mention that after the commissioning of GIS switchgears in March 2000, two engineers of the Board were sent to China for training in August 2000. They were, however, not posted for duty to handle these equipment. Further, the inter-locking mechanism of the earth switch, which protects the equipment against malfunction, was inactive at the time of the accident as it had been by-passed.

Thus, negligence of the personnel in bypassing the inter-locking mechanism resulted in avoidable expenditure of Rs.79.64 lakh in rectifying the damaged equipment.

The Board replied (September 2003) that two engineers only were deputed to China for training and they in turn trained the operators in the SS. The Board further stated that the accident was due to a human error.

The matter was referred to the Government in July 2003. The reply is, however, awaited (September 2003).

4.20 Extra expenditure due to delay in giving title deeds

The Board paid extra amount of Rs.72.28 lakh as power purchase price due to delay in giving title deeds of land, leased to an Independent Power Producer.

As per Power Purchase Agreement (PPA) entered (September 1996) with GMR Vasavi Power Corporation Private Limited (GMRV), the Board was to provide land to GMRV, on lease for a period not less than 20 years, for the implementation of the project.

Accordingly, Board entered into a land lease agreement with GMRV (March 1997) leasing out 29.03 acre of land. GMRV requested (March 1997) the Board to provide copies of lease deeds to enable it to avail loan from financial institutions. However, the Board could not provide the same as the land was mortgaged to Life Insurance Corporation of India (LIC) in 1965 but was not released by LIC even after repayment of loan by 1986. It was only after the GMRV requested for title deeds of the land that the Board came to know that the mortgage had not been released. The Board could complete the formalities of getting the lease deed released from LIC by July 1998 and GMRV created charge on the land in August 1998 in favour of the financial institutions.

Because of the inordinate delay on the part of the Board in giving title deeds of land leased out and consequent non creation of charge in favour of financial institutions, the GMRV paid additional interest of Rs.1.56 crore on borrowing from the date of drawal of loan (March 1997) till the date of creation of charge (August 1998). The excess amount paid by the GMRV formed part of interest during construction and hence was included in the capital cost of the project. This resulted in the increase in capital cost of the project.

As a result of increase in the capital cost, the Board would have to pay an additional amount of Rs.1.33 lakh per month (on account of depreciation and operation and maintenance expenses*) till the expiry of PPA. The additional amount paid to the GMRV up to March 2003 works out to Rs.72.28 lakh (Rs.55 lakh as depreciation and Rs.17.28 lakh as O&M expenses).

The Board replied (March 2003) that it had taken cognizance of increase in capital cost, which was beyond the scope of the Board and the GMRV. The reply is not tenable as the increase in capital cost was due to delay by the Board in giving clear title deed of land to the GMRV.

The matter was referred to the Government in May 2003. The reply is, however, awaited (September 2003).

* While working out the rate for power sold to the Board, depreciation and O&M expenses being part of the fixed cost are computed at a specific percentage of the capital cost of the project.

4.21 Revenue loss due to change in procedure

The Board suffered a revenue loss of Rs.63.76 lakh due to change in procedure for disposal of fly ash.

Fly ash is generated in the thermal power stations due to the usage of coal. Tamil Nadu Electricity Board (Board) disposes of fly ash (dry and wet) generated in its four thermal power stations by (i) free issue to the fly ash product manufacturers, (ii) selling to cement and asbestos cement sheet companies, and (iii) formation of dyke in the form of ash slurry.

The Board was selling dry fly ash to the cement and asbestos cement sheet companies on actual weight basis till March 2000. In order to facilitate quick disposal of loaded vehicles, a simplified billing procedure based on the pre-fixed weights that could be carried by each type of vehicle was introduced from April 2000. Invoices were raised based on these weights irrespective of the actual weight carried.

The Board dispensed (January 2001) with this procedure on the plea that the same caused problems as various types of vehicles were used by the fly ash lifting companies. Instead, Regional Transport Officer (RTO) authorised weight for each vehicle was followed for raising invoices for dry fly ash lifted from 5 January 2001 onwards.

A test check in audit on the quantity of dry ash actually carried by each type of vehicle during 1 to 9 April 2001 in Tuticorin Thermal Power Station (TTPS) of the Board revealed that there was huge difference between the actual weight of dry fly ash carried by these vehicles and the corresponding RTO authorised weight. The former was always very much higher than the latter. It was also observed that in most of the cases the actual weight of dry fly ash carried by a vehicle was even more than the weight fixed by the Board in April 2000 for such type of vehicle. This fact was brought to the notice of the Board (June 2001). Member (Generation) of the Board also recorded (January 2002) during his inspection of TTPS that there was huge difference between the RTO authorised weight and the weight of dry fly ash actually carried in the vehicle. Member (Generation) also ordered that in view of this position, the lump sum weight, which was indicated earlier, should be adopted for billing purposes for dry fly ash lifted by cement companies with immediate effect. The Board also noticed (January 2002) these differences in the weight and decided to revert back to the system of billing on lumpsum weight basis from January 2002 onwards.

The system of billing for dry fly ash based on lumpsum weight basis was introduced by the Board based on details furnished by the fly ash lifting cement companies and with a view to avoid delays in actual weighing. Hence, the decision of the Board in January 2001 to dispense with this system without any analysis of the merits and demerits of the alternative system of billing lacked justification. Further, the RTO authorised weight system did not result in speedier disposal of fly ash and resulted in revenue loss of Rs.63.76 lakh to the Board in respect of TTPS and Ennore Thermal Power Station during April 2001 to January 2002.

The Government stated (June 2003) that the Board was concentrating on quick disposal of fly ash to avoid huge expenditure involved in disposing the fly ash into ash dyke. But the fact remained that switching over to the RTO certified weighing method did not in any way quicken the disposal of fly ash, but resulted in revenue loss to the Board.

4.22 Avoidable loss

The Board failed to replace the battery set of a circuit breaker in time resulting in avoidable loss of Rs.11.20 lakh.

In a sub-station (SS), the circuit breaker is an equipment, which causes tripping of power supply in case of any exigency like very high voltage, *etc.*, to protect other vital equipment of SS from damage. The circuit breakers are provided with battery sets to enable them to function automatically and independently in case of emergency.

Audit noticed that the Assistant Executive Engineer, Meter Relay Testing, Thiruvarur after an inspection of the Mannargudi 110/11 kV SS requested (May 2001) the Assistant Executive Engineer (Town), Mannargudi to replace the battery set attached to the circuit breaker of the feeder as the existing set was weak and beyond repair. Based on this request, the Superintending Engineer (SE) accorded (June 2001) administrative approval and technical sanction for procuring battery set at an estimated cost of Rs.5,630. Despite the approval, the weak battery set was not replaced.

Heavy electrical arc (high voltage) occurred (8 June 2002) in the outgoing transformer and the circuit breaker of the SS at Mannargudi. Due to the failure of the circuit breaker to trip power supply in these abnormal conditions, the major equipment in the SS burst and burnt. Subsequently on inspection of the SS, the SE, Nagapattinam Electricity Distribution Circle observed (10 June 2002) that the cause of accident was the failure of the circuit breakers, which in turn was due to non-functioning of battery set attached to these breakers. He directed to fix the responsibility for the lapses on the persons concerned. All the damaged equipment were replaced at a cost of Rs.11.20 lakh.

The failure of the Board to replace a critical item, *viz.*, battery set costing Rs.5,630 only in time had caused irreparable damages to the SS equipment resulting in avoidable loss of Rs.11.20 lakh in their replacement.

The Board stated (May 2003) that the battery sets were working satisfactorily and that the said accident was due to condition of raise in earth potential and the accident would have occurred even if a new battery set had been provided. The reply is not tenable as the SE, Nagapattinam had categorically stated that the failure of the breaker in tripping was due to non-operation of battery set controlling the breakers and hence directed to fix responsibility for the lapses on the parts of the persons concerned.

The matter was referred to the Government in April 2003. The reply is, however, awaited (September 2003).

4.23 Revenue loss due to delay in extending service connection

Inordinate delay in extending high tension service connection to a consumer resulted in revenue loss of Rs.27.98 lakh.

As per the citizens charter brought out by Tamil Nadu Electricity Board (Board), high tension (HT) service connections to intending consumer were split into three modules *viz.*, (a) registration and load sanction, (b) preparation of estimates, technical sanction and payment notice (after the consumer intimates his readiness to avail supply), and (c) execution of work and issue of notice to the consumer to avail supply (after payment of development charges and execution of agreement by the consumer). For consumers intending to avail demand of more than 1,000 KVA, the time frame set out in the citizens charter for each of the above three activities was 90 days.

As per the terms and conditions of supply, from the date of issue of notice by the Board to the consumer intimating its readiness to extend the service connection, the consumer would be billed for the contracted demand irrespective of the fact, whether the consumer avails the service connection or not.

Audit observed that Vira Properties Private Limited (consumer) applied (29 December 1998) for extending HT service connection to their property with a maximum contracted demand of 1,600 KVA. The application was registered by the Board on 12 January 1999. The Board sanctioned the load on 24 August 1999 by taking 224 days with the condition that the supply would be effected from OCF sub station (SS) after enhancement of its capacity from 16 MVA to 32 MVA. This delay was due to delay in preparation of feasibility report and extension estimates.

The consumer paid the earnest money deposit on 22 September 1999 and intimated (January 2000) his readiness to avail the supply of the entire indented demand of 1,600 KVA. Estimates for extending the service connection were prepared on 13 March 2000 and sanctioned on 21 March 2000. The consumer paid the development charges on 22 March 2000.

While the Board was executing the work, the consumer requested (April 2000) for an interim supply of 500 KVA and the Board effected the same from Anna Salai SS on 25 April 2000.

The Chief Engineer (Distribution) of the Board decided (June 2000) to transfer full loads to Anna Salai SS from OCF SS. However, there was inordinate delay by the Board in extending the full load and it was only on 23 March 2001 that the Board intimated the consumer to avail the balance demand of 1,100 KVA. The delay was due to the Superintending Engineer's seeking clarifications on various administrative matters and should have been avoided. Thus, there was an inordinate delay of 175 days over and above 90 days on the third activity *viz.*, extension of service connection from June 2000 to March 2001.

As the consumer could be billed for the full sanctioned demand of 1,600 KVA from 31 March 2001 only, the inordinate delay on the part of the Board in extending the service connection resulted in revenue loss of Rs.27.98 lakh.

The Board replied that the delays were due to (i) delay in preparation of feasibility report and extension estimates and (ii) obtaining clarifications on revised load sanction as stated above. Both these are administrative delays and hence avoidable.

The matter was referred to the Government in June 2003. The reply is, however, awaited (September 2003).

4.24 Undue benefit to a high-tension consumer

Extension of benefit applicable for sugar mills to a bio-mass co-generating unit resulted in revenue loss of Rs.45.65 lakh.

Electricity charges payable by high-tension (HT) consumers of the Board comprises two portions *viz.*, current consumption charges and demand charges. As per Government notifications revising power tariff from time to time, the maximum demand charges for any month shall be based on the demand recorded in that month or 100 *per cent* of the sanctioned demand, whichever is higher. A concession was extended (October 1995) to the sugar mills, who are having power generating plants (co-generating units) to the effect that the demand charges would be only for the actual maximum demand recorded in any particular month.

Mohan Breweries and Distilleries Limited (MBDL) had set up a 12 MW (2 X 6 MW) combustion based bio-mass power project and obtained (March 1997) HT service connection with a sanctioned demand of 900 KVA. The power produced by MBDL was being sold to the Board from March 1997 onwards. The power drawn from the Board by MBDL is being used for start up operations of the power project.

Based on a representation (May 1999) from MBDL to apply the provisions of October 1995 to them, the Superintending Engineer, Industrial Energy Management Cell of the Board allowed (August 1999) MBDL to be billed for demand charges on the basis of demand actually recorded every month.

Despite being pointed out by audit (June 2001) that the provisions of BP No.319 would be applicable to co-generating sugar mills only and that the application of those provisions in the instant case was incorrect, the demand charges were levied based on the higher of the sanctioned or maximum demand from April 2002 onwards only. The undue benefit of Rs.45.65 lakh already extended to MBDL for the period from August 1999 to March 2002 had not been recovered from MBDL so far (September 2003).

The Board replied (May 2003) that like co-generation plant, bio-mass plant also would draw power from the grid for a short period of two/three hours only, while starting or restarting the equipment and hence, policy formulated for co-generation plant was followed in the case of bio-mass power plant also. The reply is not tenable in view of the fact that the concession was extended specifically for co-generation plant through the orders of the Board and the concession for bio-mass plant was extended without the knowledge of the Board.

The matter was referred to the Government in April 2003. The reply is, however, awaited (September 2003).

4.25 Revenue loss due to delay in converting an existing service connection

Inordinate delay by the Board in converting an existing low tension service connection into a high tension service connection resulted in revenue loss of Rs.21.84 lakh.

The Board while formulating its policy and guidelines regarding request of litigant consumers stated (February 2000) categorically that requests for sanction of additional load/demand from consumers, who challenge claim of short-levy of electricity charges may be complied with, as such sanction would fetch additional revenue to the Board.

Kaliswari Metal Powders (Private) Limited, Sivakasi (consumer) having a low tension (LT) service connection requested (August 2000) the Board to convert the service connection into a high tension (HT) one with a maximum demand of 350 KVA. The requested load was sanctioned by the Board in October 2000 and the consumer complied with all the requisite formalities by November 2000. No action was taken by the Board to effect the conversion on the plea that the applicant's sister concern (which is also a consumer of the Board) had filed a suit against the recovery of short-levy of demand charges of Rs.14.78 lakh. It was in January 2003 only that the Board intimated the consumer about the sanction of requested load. The consumer, however, declined to avail the sanctioned demand of 350 KVA due to long pendency of their request and intimated (February 2003) to avail maximum demand of 75 KVA only. The Board intimated (May 2003) its readiness to effect the demand of 75 KVA. The consumer is yet to avail the sanctioned demand (June 2003).

Inordinate delay in effecting the conversion and requested demand in spite of clear cut guidelines on requests of litigant consumers for sanction of additional demand resulted in revenue loss of Rs.21.84 lakh.

The matter was referred to the Board/Government in September 2003. The reply is, however, awaited (September 2003).

4.26 Undue benefit to a consumer

Extension of more than one service connection to the same establishment resulted in undue benefit of Rs.18.97 lakh to a consumer.

As per clause 4.02 of standard terms and conditions of supply of electricity by the Board, a consumer shall avail only low tension (LT) supply if the connected load is 75 horse power (56 kilo watt) or below. The consumer shall avail only high tension (HT) supply if the connected load exceeds 150 HP (112 KW) in a premises, when the connected load is between 75 and 150 HP, the consumer has the option to avail either LT or HT supply.

Further, as per clause 8.02, an establishment or a person will not be given more than one service connection within a door number or sub-door number. The clause further stipulates that when more than one person or more than one establishment is in occupation of a door number or sub-door number, more than one service connection will be given only if there is a permanent physical segregation of areas for which different service connections are applied for.

Audit observed (October 2002) that Hotel Selvis, Thiruvarur who was having two LT service connections in December 1997 with connected loads of 14 and 11 KW, was sanctioned (6 December 1997) additional loads of 51.55 and 35.675 KW respectively by the Board taking the total connected load to 112.225 KW, which exceeded the prescribed limit of 112 KW for LT connections.

Subsequently, three more LT service connections were given to Hotel Selvis, on 23 July 1998 (connected load 46.2 KW), 23 September 2000 (connected load 17.9 KW and additional load of 13 KW from 3 April 2002) and 18 April 2001 (connected load 3.91 KW) for vegetarian restaurant, bar and water pump respectively in the same premises.

All these service connections are in use (February 2003) and the total connected load is 193.235 KW.

From the above, it could be seen that five separate service connections were obtained by the same establishment *viz.* Hotel Selvis only to avoid becoming a HT consumer, which would attract higher tariff.

Thus, extension of more than one service connection to the same person (M.Kasinathan, owner of Hotel Selvis) who was running one establishment in the same premises resulted in undue benefit of Rs.18.97 lakh.

The Board stated (September 2003) that the Chief Engineer (Distribution), Trichy has been instructed to convert the LT services into one HT service.

The matter was referred to the Government in April 2003. The reply is, however, awaited (September 2003).

4.27 Avoidable expenditure on purchase of test benches

The Board incurred avoidable expenditure of Rs.40.68 la purchase of three phase test benches, which were not required.

To speed up the replacement of defective meters and eradication of s without meters, the Board accorded (August 1998) sanction for the pu of 32 three-phase test benches. Purchase order for the supply of 32 phase test benches at a cost of Rs.40.68 lakh was issued on 6 August 199 one year after the approval of the Board.

The delivery clause of the purchase order for three phase test ben stipulated that three test benches were to be delivered within one month f the date of approval of drawings and if their performance was fo satisfactory, the remaining 29 test benches were to be delivered in five eq lots and the supplies were to be completed within 150 days from the date receipt of intimation regarding satisfactory performance of the first three te benches.

The first lot of three test benches was received by the Board on 6 Januar 2000. However, instructions to supply the balance 29 test benches were sen by the Board on 22 May 2000 even before testing of the performance of the first three test benches. These test benches were supplied between July and November 2000. These test benches are still lying idle (August 2003).

Audit observed that the purchase of these three phase test benches could have been avoided in view of the following reasons:

- As early as in March 1999, Board was aware of the cost and time involved in repairing and testing the defective meters and as such the plan for purchasing high quality meters was under the consideration of the Board. The new policy to go in for high precision quality meters was due to shortage of testers (mechanics).

- The Board decided (16 August 1999), just 10 days after the issue of purchase order for supply of 32 numbers of three phase test benches, to purchase high quality energy meters with ten years guarantee and with replacement facility for failure within ten years.

This resulted in avoidable expenditure of Rs.40.68 lakh to the Board, as these test benches had not been put to beneficial use.

The Board while accepting that the new test benches could not be utilised stated (July 2003) that these test benches were expected to be fully utilised when meters are fixed in the hut and agricultural services in the state, which are unmetered at present. The reply is not tenable as these test benches are for three phase meters whereas single phase meters would be installed in hut/agricultural services.

ıe matter was referred to the Government in May 2003. The reply is. wever, awaited (September 2003).

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

ıai

Countersigned

(VIJAYENDRA N. KAUL)
Comptroller and Auditor General
of India

2-15—17a

ANNEXURES

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
8.	State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT)	12,391.25	1,930.00	---	---	14,321.25	---	---	2,000.00	2,716.67	2,000.00	4,716.67	0.33:1 (3.07:1)
9.	Tamil Nadu Salt Corporation Limited	317.01	---	---	---	317.01	---	---	---	---	---	---	---
10.	Tamil Nadu Magnesite Limited	1,665.00	---	---	---	1,665.00	---	---	---	---	---	---	----
11.	Tamil Nadu Leather Development Corporation Limited	250.00	---	---	---	250.00	---	---	---	503.99	13.50	517.49	2.07:1 (1.18:1)
12.	Arasu Rubber Corporation Limited	845.00	---	---	---	845.00	645.00	645.00	---	645.00	---	645.00	0.76:1 (2.18:1)
	Sector-wise total	**29,374.97**	**1,930.00**	**2.05**	**481.54**	**31,788.56**	**685.00**	**645.00**	**6,220.50**	**8,221.06**	**29,409.99**	**37,631.05**	**1.18:1 (2.32:1)**
	ENGINEERING												
13.	State Engineering and Servicing Company of Tamil Nadu Limited (SESCOT) (Subsidiary of TANSI)	---	---	49.71	---	49.71	---	---	---	444.34	---	444.34	8.94:1 (8.94:1)
14.	Southern Structurals Limited	3,435.50	---	---	18.80	3,454.30	---	---	---	3,651.70	---	3,651.70	1.06:1 (1.06:1)
	Sector-wise total	**3,435.50**	---	**49.71**	**18.80**	**3,504.01**	---	---	---	**4,096.04**	---	**4,096.04**	**1.17:1 (1.17:1)**
	ELECTRONICS												
15.	Electronics Corporation of Tamil Nadu Limited (ELCOT)	2,593.05	---	---	---	2,593.05	---	---	---	---	---	---	---
	Sector-wise total	**2,593.05**	---	---	---	**2,593.05**	---	---	---	---	---	---	---
	TEXTILES												
16.	Tamil Nadu Textile Corporation Limited	154.00	---	---	---	154.00	---	12.00	---	247.43	---	247.43	1.61:1 (1.53:1)
17.	Tamil Nadu Zari Limited	34.40	---	---	---	34.40	---	---	---	---	---	---	(1.21:1)
	Sector-wise total	**188.40**	---	---	---	**188.40**	---	**12.00**	---	**247.43**	---	**247.43**	**1.31:1 (1.47:1)**

2-15—18

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
	HANDLOOM AND HANDICRAFTS												
18.	Tamil Nadu Handicrafts Development Corporation Limited	176.69	116.00	---	0.71	293.40	---	---	---	75.49	53.53	129.02	0.44:1 (0.50:1)
19.	Tamil Nadu Handloom Development Corporation Limited	267.00	---	---	162.24	429.24	---	---	---	---	---	---	---
	Sector-wise total	**443.69**	**116.00**	---	**162.95**	**722.64**	---	---	---	**75.49**	**53.53**	**129.02**	**0.18:1 (0.20:1)**
	FOREST												
20.	Tamil Nadu Forest Plantation Corporation Limited	300.00	---	---	---	300.00	---	---	---	---	---	---	---
	Sector-wise total	**300.00**	---	---	---	**300.00**	---	---	---	---	---	---	---
	MINING												
21.	Tamil Nadu Minerals Limited (TAMIN)	786.90	---	---	---	786.90	---	---	---	---	---	---	---
	Sector-wise total	**786.90**	---	---	---	**786.90**	---	---	---	---	---	---	---
	CONSTRUCTION												
22.	Tamil Nadu State Construction Corporation Limited	500.00	---	---	---	500.00	---	---	3,448.76	100.00	11,351.98	11,451.98	22.90:1 (17.87:1)
23.	Tamil Nadu Police Housing Corporation Limited	100.00	---	---	---	100.00	---	---	---	---	26,848.00	26,848.00	268.48:1 (246.99:1)
	Sector-wise total	**600.00**	---	---	---	**600.00**	---	---	**3,448.76**	**100.00**	**38,199.98**	**38,299.98**	**63.83:1 (56.06:1)**
	DRUGS AND CHEMICALS												
24.	Tamil Nadu Medicinal Plant Farms and Herbal Medicine Corporation Limited	20.75	---	---	---	20.75	---	---	---	---	---	---	---
25.	Tamil Medical Services Corporation Limited	300.00	---	---	---	300.00	---	---	5,620.24	---	6,850.06	6,850.06	22.83:1
	Sector-wise total	**320.75**	---	---	---	**320.75**	---	---	**5,620.24**	---	**6,850.06**	**6,850.06**	**21.36:1**

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
	SUGAR												
26.	Tamil Nadu Sugar Corporation Limited (TASCO)	679.15	---	---	100.00	779.15	---	---	---	---	---	---	---
27.	Perambalur Sugar Mills Limited (Subsidiary of TASCO)	---	---	226.75	190.60	417.35	---	---	---	---	---	---	---
	Sector-wise total	**679.15**	---	**226.75**	**290.60**	**1,196.50**	---	---	---	---	---	---	---
	CEMENT												
28.	Tamil Nadu Cements Corporation Limited	3,741.80	---	---	---	3,741.80	1,942.67	1,000.00	---	1,000.00	---	1,000.00	0.27:1 (0.88:1)
	Sector-wise total	**3,741.80**	---	---	---	**3,741.80**	**1,942.67**	**1,000.00**	---	**1,000.00**	---	**1,000.00**	**0.27:1 (0.88:1)**
	AREA DEVELOPMENT												
29.	Dharmapuri District Development Corporation Limited	15.00	---	---	---	15.00	---	---	---	---	---	---	---
	Sector-wise total	**15.00**	---	---	---	**15.00**	---	---	---	---	---	---	---
	ECONOMICALLY WEAKER SECTION												
30.	Tamil Nadu Adi Dravidar Housing and Development Corporation Limited	4,355.50	3,619.91	---	---	7,975.41	400.00	---	400.00	9.19	800.00	809.19	0.10:1 (0.001:1)
31.	Tamil Nadu Backward Classes Economic Development Corporation Limited	1,157.01	---	---	---	1,157.01	---	---	1,611.00	---	3,000.48	3,000.48	2.59:1 (0.90:1)
32.	Tamil Nadu Minorities Economic Development Corporation Limited	320.01	---	---	---	320.01	---	---	---	---	---	---	---
33.	Tamil Nadu Corporation for Development of Women Limited	40.00	38.42	---	---	78.42	---	95.00	---	95.00	---	95.00	1.21:1
34.	Tamil Nadu Ex-sercvicemen's Corporation Limited	17.91	---	---	5.00	22.91	---	---	---	---	---	---	(0.99:1)
	Sector-wise total	**5,890.43**	**3,658.33**	---	**5.00**	**9,553.75**	**400.00**	**95.00**	**2011.00**	**104.19**	**3,800.48**	**3,904.67**	**0.41:1 (0.11:1)**

2-15—18a

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
	PUBLIC DISTRIBUTION												
35.	Tamil Nadu Civil Supplies Corporation Limited	3,319.10	---	---	---	3,319.10	---	---	2,500.00	---	2,500.00	2,500.00	0.75:1 (2.44:1)
	Sector-wise total	**3,319.10**	---	---	---	**3,319.10**	---	---	**2,500.00**	---	**2,500.00**	**2,500.00**	**0.75:1 (2.44:1)**
	TOURISM												
36.	Tamil Nadu Tourism Development Corporation Limited	678.63	---	---	---	678.63	---	205.32	---	205.32	---	205.32	0.30:1 (0.09:1)
	Sector-wise total	**678.63**	---	---	---	**678.63**	---	**205.32**	---	**205.32**	---	**205.32**	**0.30:1 (0.09:1)**
	FINANCING												
37.	Tamil Nadu Industrial Investment Corporation Limited (TIIC)	2,502.28	---	---	1,747.28	4,249.56	---	---	3,267.25	9,100.00	52,367.70	61,467.70	14.46:1 (15.04:1)
	Sector-wise total	**2,502.28**	---	---	**1,747.28**	**4,249.56**	---	---	**3,267.25**	**9,100.00**	**52,367.70**	**61,467.70**	**14.46:1 (15.04:1)**
	INFRASTRUCTURE DEVELOPMENT												
38.	Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited	3,102.00	---	---	98.00	3,200.00	---	---	5,000.00	2,212.98	5,000.00	7,212.98	2.25:1 (1.40:1)
39.	Tamil Nadu Power Finance and Infrastructure Development Corporation Limited	2,200.00	---	---	---	2,200.00	--	---	---	25,550.00	---	25,550.00	11.61:1 (16.06:1)
	Sector-wise total	**5,302.00**	---	---	**98.00**	**5,400.00**	---	---	**5,000.00**	**27,762.98**	**5,000.00**	**32,762.98**	**6.07:1 (3.05:1)**
	TRANSPORT												
40.	Metropolitan Transport Corporation (Chennai) Limited	24,296.81	---	---	---	24,296.81	---	---	1,074.54	---	4,519.83	4,519.83	0.19:1 (0.14:1)
41.	Tamil Nadu State Transport Corporation (Madurai Division-I) Limited	4,448.57	---	---	---	4,448.57	---	---	550.87	---	1,558.74	1,558.74	0.35:1 (0.23:1)
42.	Tamil Nadu State Transport Corporation (Coimbatore Division-I) Limited	5,728.87	---	---	---	5,728.87	---	---	250.00	---	5,786.95	5,786.95	1.01:1 (0.25:1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
43.	Tamil Nadu State Transport Corporation (Kumbakonam Division-I) Limited	4,131.07	---	---	---	4,131.07	---	---	558.65	---	975.97	975.97	0.24:1 (0.13:1)
44.	Tamil Nadu State Transport Corporation (Salem Division-I) Limited	2,569.40	---	---	---	2,569.40	407.40	---	528.12	---	1,063.40	1,063.40	0.41:1 (0.58:1)
45.	Tamil Nadu State Transport Corporation (Madurai Division-II) Limited	7,193.57	---	---	---	7,193.57	---	---	---	---	775.36	775.36	0.11:1 (0.14:1)
46.	Poompuhar Shipping Corporation Limited	2,053.00	---	---	---	2,053.00	---	---	---	---	1,250.00	1,250.00	0.61:1 (0.90:1)
47.	Tamil Nadu State Transport Corporation (Villupuram Division-I) Limited	2,149.00	---	---	---	2,149.00	---	---	378.69	---	1,849.53	1,849.53	0.86:1 (1.19:1)
48.	Tamil Nadu Transport Development Finance Corporation Limited	4,303.00	---	---	1,871.18	6,174.18	---	---	---	---	---	---	(0.01:1)
49.	State Express Transport Corporation Limited	12,075.37	---	---	---	12,075.37	---	---	---	---	15,463.56	15,463.56	1.28:1 (0.10:1)
50.	Tamil Nadu State Transport Corporation (Kumbakonam Division-III) Limited	3,661.23	---	---	---	3,661.23	---	---	431.92	---	5,561.26	5,561.26	1.52:1 (0.15:1)
51.	Tamil Nadu State Transport Corporation (Villupuram Division-II) Limited	1,968.93	---	---	---	1,968.93	---	---	594.43	---	4,438.44	4,438.44	2.25:1
52.	Tamil Nadu State Transport Corporation (Coimbatore Division-II) Limited	2,010.22	---	---	---	2,010.22	---	---	708.15	---	1,643.08	1,643.08	0.82:1 (1.02:1)
53.	Tamil Nadu State Transport Corporation (Madurai Division-III) Limited	4,112.69	---	---	---	4,112.69	---	---	99.00	---	6,555.28	6,555.28	1.59:1 (0. 19:1)
54.	Pallavan Transport Consultancy Services Limited	10.00	---	---	---	10.00	---	---	3.50	---	28.99	28.99	2.90:1 (0.28:1)
55.	Tamil Nadu State Transport Corporation (Kumbakonam Division-II) Limited	2,150.69	---	---	---	2,150.69	---	---	744.39	---	1,375.00	1,375.00	0.64:1 (0.72:1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
56.	Tamil Nadu State Transport Corporation (Madurai Division-IV) Limited	1,853.13	---	---	---	1,853.13	---	---	374.77	---	987.67	987.67	0.53:1 (0.33:1)
57.	Tamil Nadu State Transport Corporation (Salem Division-II) Limited	1,465.34	---	---	---	1,465.34	---	---	727.19	---	1,559.95	1,559.95	1.06:1 (1.12:1)
58.	Tamil Nadu State Transport Corporation (Villupuram Division-III) Limited	2,492.28	---	---	---	2,492.28	---	---	441.81	---	1,088.09	1,088.09	0.44:1 (0.40:1)
59.	Tamil Nadu State Transport Corporation (Madurai Division-V) Limited	1,088.00	---	---	---	1,088.00	---	---	244.55	---	455.26	455.26	0.42:1 (0.42:1)
60.	Tamil Nadu State Transport Corporation (Kumbakonam Division-IV) Limited	541.05	---	---	---	541.05	---	---	198.22	---	399.26	399.26	0.74:1 (0.98:1)
	Sector-wise total	**90,302.22**	---	---	**1,871.18**	**92,173.40**	**407.40**	---	**7,908.80**	---	**57,335.62**	**57,335.62**	**0.62:1 (0.25:1)**
	MISCELLANEOUS												
61.	Overseas Manpower Corporation Limited	15.00	---	---	---	15.00	---	---	---	---	---	---	---
62.	Tamil Nadu State Marketing Corporation Limited (TASMAC)	860.00	---	---	---	860.00	---	---	---	---	---	---	(0.61:1)
	Sector-wise total	**875.00**	---	---	---	**875.00**	---	---	---	---	---	---	**(0.74:1)**
	TOTAL (A)	**1,52,390.57**	**5,704.33**	**278.51**	**4,675.35**	**1,63,048.76**	**3,435.07**	**1,957.32**	**35,976.55**	**50,912.51**	**1,95,755.71**	**2,46,668.22**	**1.51:1 (1.44:1)**
B.	**WORKING STATUTORY CORPORATIONS**												
	POWER												
1.	Tamil Nadu Electricity Board	22,500.00	---	---	---	22,500.00	2,500.00	---	1,59,853.49	---	7,16,706.80	7,16,706.80	31.85:1 (32.52:1)
	Sector-wise total	**22,500.00**	---	---	---	**22,500.00**	**2,500.00**	---	**1,59,853.49**	---	**7,16,706.80**	**7,16,706.80**	**31.85:1 (32.52:1)**

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
	AGRICULTURE												
2.	Tamil Nadu Warehousing Corporation	380.50	380.50	---	---	761.00	---	---	---	---	---	---	---
	Sector-wise total	**380.50**	**380.50**	---	---	**761.00**	---	---	---	---	---	---	---
	TOTAL (B)	**22,880.50**	**380.50**	---	---	**23,261.00**	**2,500.00**	---	**1,59,853.49**	---	**7,16,706.80**	**7,16,706.80**	**30.81:1 (31.33:1)**
	GRAND TOTAL (A+B)	**1,75,271.07**	**6,084.83**	**278.51**	**4,675.35**	**1,86,309.76**	**5,935.07**	**1,957.32**	**1,95,830.04**	**50,912.51**	**9,12,462.51**	**9,63,375.02**	**5.17:1 (4.44:1)**
C.	**NON-WORKING COMPANIES**												
	AGRICULTURE												
1.	Tamil Nadu Agro Industries Corporation Limited	435.98	165.00	---	---	600.98	---	417.58	---	1,820.66	---	1,820.66	3.03:1 (2.48:1)
2.	Tamil Nadu Poultry Development Corporation Limited	125.43	---	---	1.25	126.68	---	---	---	---	466.37	466.37	3.68:1 (1.68:1)
3.	Tamil Nadu Sugarcane Farm Corporation Limited	27.50	---	---	---	27.50	---	---	---	---	---	---	---
4.	Tamil Nadu State Farms Corporation Limited	155.13	---	---	---	155.13	---	---	---	---	---	---	(3.46:1)
5.	Tamil Nadu State Tube wells Corporation Limited	31.50	---	---	---	31.50	---	---	---	---	---	---	---
6.	Tamil Nadu Dairy Development Corporation Limited	207.36	---	---	---	207.36	---	---	---	---	---	---	---
	Sector-wise total	**982.90**	**165.00**	---	**1.25**	**1,149.15**	---	**417.58**	---	**1,820.66**	**466.37**	**2,287.03**	**1.99:1 (1.95:1)**
	INDUSTRY												
7.	Tamil Nadu Magnesium and Marine Chemicals Limited (Subsidiary of TIDCO)	---	---	362.00	---	362.00	---	---	---	---	---	---	---
8.	Tamil Nadu Graphites Limited	10.00	---	---	---	10.00	---	---	---	---	---	---	---
	Sector-wise total	**10.00**	---	**362.00**	---	**372.00**	---	---	---	---	---	---	---

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
	ENGINEERING												
9.	Tamil Nadu Steels Limited	392.00	---	---	---	392.00	---	---	---	584.37	465.99	1,050.36	2.68:1 (2.68:1)
	Sector-wise total	**392.00**	---	---	---	**392.00**	---	---	---	**584.37**	**465.99**	**1,050.36**	**2.68:1 (2.68:1)**
	FINANCING												
10.	The Chit Corporation of Tamil Nadu Limited	5.92	---	---	---	5.92	---	---	---	---	---	---	(3.24:1)
	Sector-wise total	**5.92**	---	---	---	**5.92**	---	---	---	---	---	---	**(3.24:1)**
	TRANSPORT												
11.	Tamil Nadu Goods Transport Corporation Limited	26.56	---	---	6.10	32.66	---	---	---	---	---	---	---
	Sector-wise total	**26.56**	---	---	**6.10**	**32.66**	---	---	---	---	---	---	---
	MISCELLANEOUS												
12.	Tamil Nadu State Sports Development Corporation Limited	0.002	---	---	---	0.002	---	---	---	---	---	---	---
13.	Tamil Nadu Film Development Corporation Limited	1,391.00	---	---	---	1,391.00	---	---	---	607.21	525.00	1,132.21	0.81:1 (0.81:1)
14.	Tamil Nadu Institute of Information Technology	1,000.00	---	---	---	1,000.00	---	---	---	---	---	---	---
	Sector-wise total	**2,391.002**	---	---	---	**2,391.002**	---	---	---	**607.21**	**525.00**	**1,132.21**	**0.47:1 (0.81:1)**
	TOTAL (C)	**3,808.382**	**165.00**	**362.00**	**7.35**	**4,342.732**	---	**417.58**	---	**3,012.24**	**1,457.36**	**4,469.60**	**1.03:1 (1.41:1)**
	GRAND TOTAL (A+B+C)	**1,79,079.452**	**6,249.83**	**640.51**	**4,682.70**	**1,90,652.492**	**5,935.07**	**2,374.90**	**1,95,830.04**	**53,924.75**	**9,13,919.87**	**9,67,844.62**	**5.08:1 (4.80:1)**

Note

Except in respect of companies which finalised their accounts for 2002-03 (Serial numbers A-1 to 6, 10 to 13, 15 to 21, 23 to 25, 36 to 61, B-2, C-2, 8 and 13) the figures are provisional and as given by the companies/corporations.

* Loans outstanding at the close of 2002-03 represent long-term loans only.

ANNEXURE-2

(Referred to in paragraphs 1.6, 1.7, 1.8, 1.13, 1.16, 1.19, 1.20 and 1.29)

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

(Figures in columns 7 to 12 and 15 are Rupees in lakh)

Sl. No.	Sector and name of the company/ corporation	Name of department	Date of incorporation	Period of accounts	Year in which accounts finalised	Net profit/ loss (-)	Net impact of audit comments	Paid-up capital	Accumulated profit/ loss (-)	Capital employed (A)	Total return on capital employed	Percentage of total return on capital employed	Arrears of accounts in terms of years	Turn over	Man power
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
A.	WORKING COMPANIES														
	AGRICULTURE														
1.	Tamil Nadu Fisheries Development Corporation Limited	Fisheries	11 April 1974	2002-03	2003-04	18.93	---	445.52	(-)571.07	(-)61.96	18.93	---	---	424.90	232
2.	Tamil Nadu Tea Plantation Corporation Limited	Environment and Forest	22 August 1975	2002-03	2003-04	598.41	---	596.18	(-)185.33	1,103.09	(-)573.23	---	---	4,901.00	7,462
	Sector-wise total					**617.34**		**1,041.70**	**(-)756.40**	**1,041.13**	**(-)554.30**	---	---	---	---
	INDUSTRY														
3.	Tamil Nadu Industrial Development Corporation Limited (TIDCO)	Industries	21 May 1965	2002-03	2003-04	166.61	---	9,417.31	2,318.82	1,86,149.02	3,226.18	1.73	---	21,583.36	110
4.	Tamil Nadu Industrial Explosives Limited	Industries	9 February 1983	2002-03	2003-04	550.78	---	2,695.68	---	7,268.02	624.16	8.59	---	4,367.00	910

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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
5.	Tamil Nadu Paints and Allied Products Limited (Subsidiary of TANSI)	Small Industries	18 November 1985	2002-03	2003-04	(-)1.20	---	2.05	2.65	9.57	7.30	76.28	---	275.78	22
6.	Tamil Nadu Small Industries Corporation Limited (TANSI)	Small Industries	10 September 1965	2002-03	2003-04	(-)260.50	---	1,505.26	(-)5,864.28	20,230.73	(-)176.43	---	---	4,240.71	715
7.	Tamil Nadu Small Industries Development Corporation Limited (SIDCO)	Small Industries	23 March 1970	2001-02	2002-03	(-)45.85	---	730.00	153.40	826.98	352.13	42.58	1	3,738.19	533
8.	State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT)	Industries	25 March 1971	2001-02	2002-03	(-)1,175.85	---	5,791.25	(-)6,678.51	28,812.04	730.04	2.53	1	3,512.00	352
9.	Tamil Nadu Salt Corporation Limited	Industries	22 July 1974	2001-02	2002-03	28.18	---	317.01	144.81	484.09	28.18	5.82	1	975.44	74
10.	Tamil Nadu Magnesite Limited	Industries	17 January 1979	2002-03	2003-04	(-)93.14	---	1,665.00	(-)3,658.74	(-)2,374.30	52.44	---	---	2,236.53	914
11.	Tamil Nadu Leather Development Corporation Limited	Small Industries	21 March 1983	2002-03	2003-04	(-)80.41	---	250.00	(-)1,540.13	(-)220.21	(-)7.71	---	---	---	80
12.	Arasu Rubber Corporation Limited	Environment and Forest	10 August 1984	2002-03	2003-04	59.27	---	845.00	(-)2,557.33	(-)433.25	140.84	---	---	1,238.29	227
	Sector-wise total					**(-)852.11**	---	**23,218.56**	**(-)17,679.31**	**2,40,752.69**	**4,976.71**	**2.07**			
	ENGINEERING														
13.	State Engineering and Servicing Company of Tamil Nadu Limited (SESCOT) (Subsidiary of TANSI)	Small Industries	25 April 1977	2002-03	2003-04	(-)33.73	---	49.71	(-)1,669.93	(-)10.77	(-)16.87	---	---	N.A♠	N.A♠
14.	Southern Structurals Limited	Industries	17 October 1956	2001-02	2003-04	(-)1,638.25	---	3,454.30	(-)8,713.74	1,072.47	70.01	6.53	1	1,047.87	571
	Sector-wise total					**(-)1,671.98**	---	**3,504.01**	**(-)10,383.67**	**1,061.70**	**53.14**	**5.01**			

♠ Not available

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	ELECTRONICS														
15.	Electronics Corporation of Tamil Nadu Limited (ELCOT)	Information and Technology	21 March 1977	2002-03	2003-04	7.82	---	2,593.05	97.88	1759.50	9.69	0.55	---	791.00	208
	Sector-wise total					**7.82**	**---**	**2,593.05**	**(-)97.88**	**1,759.50**	**9.69**	**0.55**	**---**		
	TEXTILES														
16.	Tamil Nadu Textile Corporation Limited	Handloom, Handicraft, Textiles and Khadi	24 April 1969	2002-03	2003-04	53.91	---	154.00	(-)288.11	188.71	83.26	44.12	---	1,788.75	199
17.	Tamil Nadu Zari Limited	Handloom, Handicraft, Textiles and Khadi	6 December 1971	2002-03	2003-04	28.30	---	34.40	357.25	413.28	28.30	6.85	---	1,759.42	193
	Sector-wise total					**82.21**	**---**	**188.40**	**69.14**	**601.99**	**111.56**	**18.53**	**---**		
	HANDLOOM AND HANDICRAFTS														
18.	Tamil Nadu Handicrafts Development Corporation Limited	Handloom, Handicraft, Textiles and Khadi	26 July 1973	2002-03	2003-04	(-)58.31	---	293.40	(-)262.36	293.43	(-)14.95	---	---	1,280.00	208
19.	Tamil Nadu Handloom Development Corporation Limited	Handloom, Handicraft, Textiles and Khadi	10 September 1964	2002-03	2003-04	(-)12.32	---	429.24	(-)20.24	940.28	(-)12.32	---	---	255.26	40
	Sector-wise total					**(-)70.63**	**---**	**722.64**	**(-)282.60**	**1,233.71**	**(-)27.27**	**---**	**---**		
	FOREST														
20.	Tamil Nadu Forest Plantation Corporation Limited	Environment and Forest	13 June 1974	2002-03	2003-04	109.66	---	300.00	2,579.72	3,052.47	109.66	3.59	---	3,178.00	514
	Sector-wise total					**109.66**	**---**	**300.00**	**2,579.72**	**3,052.47**	**109.66**	**3.59**	**---**		

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	MINING														
21.	Tamil Nadu Minerals Limited (TAMIN)	Industries	6 April 1977	2002-03	2003-04	146.98	---	786.90	8,585.34	7,733.50	158.65	2.05	---	8,000.00	1,819
	Sector-wise total					**146.98**	**---**	**786.90**	**8,585.34**	**7,733.50**	**158.65**	**2.05**			
	CONSTRUCTION														
22.	Tamil Nadu State Construction Corporation Limited	Public Works	8 February 1980	2000-01	2001-02	(-)329.67	---	500.00	(-)1,996.27	7,597.25	(-)312.40	---	2	271.04	255
23.	Tamil Nadu Police Housing Corporation Limited	Home	30 April 1981	2002-03	2003-04	35.60	---	100.00	361.10	28,007.46	35.60	0.13	---	8,500.00	252
	Sector-wise total					**(-)294.07**	**---**	**600.00**	**(-)1,635.17**	**35,604.71**	**(-)276.80**	**---**			
	DRUGS AND CHEMICALS														
24.	Tamil Nadu Medicinal Plant Farms and Herbal Medicine Corporation Limited	Indian Medicine and Homeo-pathy	27 September 1983	2002-03	2003-04	93.55	---	20.75	191.33	263.37	93.75	35.60	---	578.65	115
25.	Tamil Nadu Medical Services Corporation Limited	Health and Family Welfare	1 July 1994	2002-03	2003-04	35.94	---	300.00	134.43	2,991.89	50.27	1.68	---	1,082.48	159
	Sector-wise total					**129.49**	**---**	**320.75**	**325.76**	**3,255.26**	**144.02**	**4.42**			
	SUGAR														
26.	Tamil Nadu Sugar Corporation Limited (TASCO)	Industries	17 October 1974	2001-02	2002-03	(-)1,244.93	---	779.15	(-)4,368.82	3,159.66	(-)1,244.93	---	1	5,800.00	1,003
27.	Perambalur Sugar Mills Limited (Subsidiary of TASCO)	Industries	24 July 1976	2001-02	2002-03	(-)793.40	---	417.35	(-)3,651.04	3,894.58	(-)793.40	---	1	6,021.00	581
	Sector-wise total					**(-)2,038.33**	**---**	**1,196.50**	**(-)8,019.86**	**7,054.24**	**(-)2,038.33**	**---**			

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	CEMENT														
28.	Tamil Nadu Cements Corporation Limited	Industries	11 February 1976	2001-02	2002-03	(-)1,124.59	Non-provision for non-moving stock Rs.3.92 crore	3,741.80	(-)4,665.09	5,031.62	(-)565.45	---	1	16,200.06	2,168
	Sector-wise total					**(-)1,124.59**	---	**3,741.80**	**(-)4,665.09**	**5,031.62**	**(-)565.45**	---			
	AREA DEVELOPMENT														
29.	Dharmapuri District Development Corporation Limited	Rural Development and Local Administration	7 November 1975	2001-02	2002-03	10.66	---	15.00	74.30	128.27	10.66	8.31	1	---	68
	Sector-wise total					**10.66**	---	**15.00**	**74.30**	**128.27**	**10.66**	**8.31**			
	ECONOMICALLY WEAKER SECTION														
30.	Tamil Nadu Adi Dravidar Housing and Development Corporation Limited	Adi Dravidar and Tribal Welfare	15 February 1974	2000-01	2003-04	60.13	---	7,575.41	(-)35.08	11,005.22	215.51	1.96	2	6,374.31	527
31.	Tamil Nadu Backward Classes Economic Development Corporation Limited	Backward Classes and Most Backward Classes Welfare	16 November 1981	2001-02	2003-04	40.57	Non-provision of doubtful debts Rs.70 lakh	1,157.01	126.30	2,768.17	104.18	3.76	1	157.00	15
32.	Tamil Nadu Minorities Economic Development Corporation Limited	Backward Classes and Most Backward Classes Welfare	31 August 1999	2001-02	2003-04	5.26	---	320.01	15.10	332.48	5.26	1.58	1	119.29	10
33.	Tamil Nadu Corporation for Development of Women Limited	Social Welfare and Noon-Meal Programme	9 December 1983	2001-02	2003-04	(-)81.12	---	78.42	158.06	269.49	(-)81.12	---	1	---	41
34.	Tamil Nadu Ex-serevicemen's Corporation Limited	Public (Ex-service-men)	28 January 1986	2001-02	2002-03	174.27	---	22.91	414.93	614.39	186.64	30.38	1	4,200	12
	Sector-wise total					**199.11**	---	**9,153.76**	**679.31**	**14,989.75**	**430.47**	**2.87**	---		

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	PUBLIC DISTRIBUTION														
35.	Tamil Nadu Civil Supplies Corporation Limited	Food and Consumer protection	21 April 1972	2001-02	2002-03	---	---	3,319.10	(-)7,987.21	1,21,944.17	1,357.55	1.11	1	2,09,740	14,171
	Sector-wise total					---	---	**3,319.10**	**(-)7,987.21**	**1,21,944.17**	**1,357.55**	**1.11**	---		
	TOURISM														
36.	Tamil Nadu Tourism Development Corporation Limited	Information and Tourism	30 June 1971	2002-03	2003-04	58.66	---	678.63	(-)134.45	1,167.91	86.90	7.44	---	622.08	728
	Sector-wise total					**58.66**	---	**678.63**	**(-)134.45**	**1,167.91**	**86.90**	**7.44**	---		
	FINANCING														
37.	Tamil Nadu Industrial Investment Corporation Limited (TIIC)	Small Industries	26 March 1949	2002-03	2003-04	(-)5,491.43	---	4,249.56	(-)33,087.78	1,07,180.95	5,938.24	5.54	---	11,700.00	742
	Sector-wise total					**(-)5,491.43**	---	**4,249.56**	**(-)33,087.78**	**1,07,180.95**	**5,983.24**	**5.54**	---		
	INFRASTRUCTURE DEVELOPMENT														
38.	Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited	Municipal Administration and Water Supply	21 March 1990	2002-03	2003-04	2,967.00	---	3,200.00	2,097.04	21,158.77	3,909.89	18.48	---	4,964.00	46
39.	Tamil Nadu Power Finance and Infrastructure Development Corporation Limited	Energy	27 June 1991	2002-03	2003-04	2,133.20	---	2,200.00	2,533.91	1,48,185.17	18,071.13	12.19	---	19,176.00	24
	Sector-wise total					**5,100.20**	---	**5,400.00**	**4,630.95**	**1,69,343.94**	**21,981.02**	**12.98**	---		
	TRANSPORT														
40.	Metropolitan Transport Corporation (Chennai) Limited	Transport	10 December 1971	2002-03	2003-04	3,566.88	---	24,296.81	(-)39,176.02	(-)1,717.68	4,994.07	---	---	38,180.00	19,936

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
41.	Tamil Nadu State Transport Corporation (Madurai Division-I) Limited	Transport	10 December 1971	2002-03	2003-04	(-)974.02	---	4,448.57	(-)14,127.74	(-)1,515.47	(-)43.36	---	---	16,864.00	6,523
42.	Tamil Nadu State Transport Corporation (Coimbatore Division-I) Limited	Transport	17 February 1972	2002-03	2003-04	(-)1,314.55	---	5,728.87	(-)19,583.99	(-)5,541.73	(-)1069.49	---	---	26,724.00	11,232
43.	Tamil Nadu State Transport Corporation (Kumbakonam Division-I) Limited	Transport	17 February 1972	2002-03	2003-04	38.41	---	4,131.07	(-)9,427.51	(-)833.31	205.06	---	---	17,707.00	6,456
44.	Tamil Nadu State Transport Corporation (Salem Division-I) Limited	Transport	23 January 1973	2002-03	2003-04	(-)89.18	---	2,569.40	(-)6,897.75	(-)1,955.32	70.96	---	---	17,210.00	6,186
45.	Tamil Nadu State Transport Corporation (Madurai Division-II) Limited	Transport	12 December 1973	2002-03	2003-04	(-)742.17	---	7,193.57	(-)25,648.97	(-)4,252.06	689.69	---	---	16,455.00	6,107
46.	Poompuhar Shipping Corporation Limited	Highways	11 April 1974	2002-03	2003-04	(-)554.42	Under statement of deferred tax Rs.9.65 crore	2,053.00	(-)1,382.11	4,362.89	(-)326.35	---	---	27,636.00	176
47.	Tamil Nadu State Transport Corporation (Villupuram Division-I) Limited	Transport	9 January 1975	2002-03	2003-04	1,370.79	---	2,149.00	(-)530.83	3,465.31	1,669.09	48.17	---	23,127.00	7,131
48.	Tamil Nadu Transport Development Finance Corporation Limited	Transport	25 March 1975	2002-03	2003-04	539.80	---	6,174.18	5,190.12	1,08,879.40	12,491.16	11.47	---	11,963.00	51
49.	State Express Transport Corporation Limited	Transport	14 January 1980	2002-03	2003-04	(-)3,154.30	---	12,075.37	(-)36,110.87	(-)6,173.22	(-)1,415.93	---	---	20,413.00	7,892
50.	Tamil Nadu State Transport Corporation (Kumbakonam Division-III) Limited	Transport	1 September 1982	2002-03	2003-04	242.00	---	3,661.23	(-)9,475.66	27.95	939.29	3360.61	---	11,813.00	3,949

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
51.	Tamil Nadu State Transport Corporation (Villupuram Division-II) Limited	Transport	11 November 1982	2002-03	2003-04	(-)813.21	---	1,968.93	(-)7,713.04	(-)1,229.62	(-)252.07	---	---	15,284.00	5,899
52.	Tamil Nadu State Transport Corporation (Coimbatore Division-II) Limited	Transport	28 December 1982	2002-03	2003-04	542.70	---	2,010.22	(-)2,608.84	941.76	795.80	84.50	---	19,406.00	6,283
53.	Tamil Nadu State Transport Corporation (Madurai Division-III) Limited	Transport	16 February 1983	2002-03	2003-04	356.25	---	4,112.69	(-)12,957.08	(-)1,321.34	1,249.46	---	---	11,679.00	4,714
54.	Pallavan Transport Consultancy Services Limited	Transport	20 February 1984	2002-03	2003-04	(-)12.52	---	10.00	(-)71.11	(-)30.87	(-)8.78	---	---	46.05	18
55.	Tamil Nadu State Transport Corporation (Kumbakonam Division-II) Limited	Transport	1 January 1985	2002-03	2003-04	869.86	---	2,150.69	(-)3,884.70	(-)86.26	1,137.99	---	---	19,255.00	6,481
56.	Tamil Nadu State Transport Corporation (Madurai Division-IV) Limited	Transport	19 March 1986	2002-03	2003-04	(-)635.65	---	1,853.13	(-)8,253.26	(-)2,681.74	(-)523.77	---	---	14,058.00	5,230
57.	Tamil Nadu State Transport Corporation (Salem Division-II) Limited	Transport	26 March 1987	2002-03	2003-04	334.90	---	1,465.34	(-)2,251.93	837.29	579.37	69.20	---	13,765.00	4,581

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
58.	Tamil Nadu State Transport Corporation (Villupuram Division-III) Limited	Transport	24 February 1992	2002-03	2003-04	11.01	---	2,492.28	(-)9,444.00	(-)941.15	152.84	---	---	14,964.00	5,312
59.	Tamil Nadu State Transport Corporation (Madurai Division-V) Limited	Transport	8 March 1996	2002-03	2003-04	(-)70.17	---	1,088.00	(-)2,665.33	(-)203.86	105.49	---	---	7,217.00	2,588
60.	Tamil Nadu State Transport Corporation (Kumbakonam Division-IV) Limited	Transport	8 March 1996	2002-03	2003-04	12.79	---	541.05	(-)2,666.93	(-)448.03	259.69	----	---	7,028.67	2,495
	Sector-wise total					**(-)474.80**	**---**	**92,173.40**	**(-)2,09,687.55**	**89,582.94**	**21,700.21**	**24.22**	**---**		
	MISCELLANEOUS														
61.	Overseas Manpower Corporation Limited	Labour and employ-ment	30 Novem-ber 1978	2002-03	2003-04	9.27	---	15.00	22.63	37.90	9.29	24.51	---	120.00	21
62.	Tamil Nadu State Marketing Corporation Limited (TASMAC)	Prohibi-tion and Excise	23 May 1983	2001-02	2002-03	(-)136.26	---	860.00	123.73	2,219.92	(-)79.16	---	1	2,91,648.00	588
	Sector-wise total					**(-)126.99**	**---**	**875.00**	**146.36**	**2257.82**	**(-)69.87**	**---**	**---**		
	TOTAL (A)					**(-)5,682.81**	**---**	**1,54,078.76**	**(-)2,77,130.33**	**8,14,778.27**	**53,336.86**	**6.55**	**---**		
B.	**WORKING STATUTORY CORPORATIONS**														
	POWER														
1.	Tamil Nadu Electricity Board	Energy	1 July 1957	2001-02	2002-03	(-)4,85,189.00	Net surplus decreased by Rs.1,449 crore	20,000.00	(-)1,40,820.00	8,53,352.00	(-)4,30,995.00	---	1	9,46,364.00	87,329
	Sector-wise total					**(-)4,85,189.00**	**---**	**20,000.00**	**(-)1,40,820.00**	**8,53,352.00**	**(-)4,30,995.00**	**---**	**---**		

2-15—20

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	AGRICULTURE														
2.	Tamil Nadu Warehousing Corporation	Food and Consumer Protection	2 May 1958	2002-03	2003-04	331.28	---	761.00	3,039.71	3,819.62	352.60	9.81	--	1,835.76	567
	Sector-wise total					**331.28**	---	**761.00**	**3,039.71**	**3,819.62**	**352.60**	**9.81**	---		
	TOTAL (B)					**(-)4,84,857.72**	---	**20,761.00**	**(-)1,37,780.29**	**8,57,171.62**	**(-)4,30,642.40**	---	---		
	GRAND TOTAL (A+B)					**(-)4,90,540.52**	---	**1,74,839.76**	**(-)4,14,910.62**	**16,71,949.89**	**(-)3,77,305.54**	---	---		
C.	**NON-WORKING COMPAIES**														
	AGRICULTURE														
1.	Tamil Nadu Agro Industries Development Corporation Limited	Agricul-ture	15 July 1966	2001-02	2002-03	(-)1,468.55	---	600.98	(-)3,547.00	772.99	(-)1,355.70	---	1	3,290.79	7
2.	Tamil Nadu Poultry Development Corporation Limited	Animal Husban-dry and Fisheries	12 July 1973	2002-03	2003-04	(-)1.95	---	126.68	(-)982.35	(-)63.65	(-)1.95	---	---	---	1
3.	Tamil Nadu Sugarcane Farm Corporation Limited	Agricul-ture	22 February 1975	2000-01	2001-02	(-)0.16	---	27.50	(-)17.62	9.87	(-)0.16	---	2	---	---
4.	Tamil Nadu State Farms Corporation Limited	Agricul-ture	8 December 1974	2001-02	2002-03	(-)165.37	---	155.13	(-)1,736.12	1.25	(-)141.37	---	1	0.06	---
5.	Tamil Nadu State Tube wells Corporation Limited	Public Works	19 March 1982	1998-99	2000-01	(-)2.39	---	31.50	(-)209.07	72.10	(-)2.39	---	4	0.55	---
6.	Tamil Nadu Dairy Development Corporation Limited	Agricul-ture	4 May 1972	1993-94	2001-02	(-)166.67	---	207.36	(-)207.48	(-)0.12	(-)166.67	---	9	---	---
	Sector-wise total					**(-)1,805.09**	---	**1,149.15**	**(-)6,699.64**	**792.44**	**(-)1,668.24**	----			

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)		
	INDUSTRY														
7.	Tamil Nadu Magnesium and Marine Chemicals Limited (Subsidiary of TIDCO)	Industries	10 February 1987	1999-2000	2000-01	(-)380.52	---	362.00	(-)1,550.81	140.38	(-)380.52	---	3	3.58	---
8.	Tamil Nadu Graphites Limited	Industries	19 March 1997	2002-03	2003-04	(-)0.21	---	10.00	---	3.08	(-)0.21	---	---	---	NIL
	Sector-wise total					**(-)380.73**	**---**	**372.00**	**(-)1,550.81**	**143.46**	**(-)380.73**	**---**	**---**		
	ENGINEERING														
9.	Tamil Nadu Steels Limited	Industries	17 September 1981	1999-2000	2000-01	(-)941.19	---	392.00	(-)7,131.27	(-)2,053.95	(-)79.97	---	3	0.74	
	Sector-wise total					**(-)941.19**	**---**	**392.00**	**(-)7,131.27**	**(-)2,053.95**	**(-)79.97**	**---**	**---**		
	FINANCING														
10.	The Chit Corporation of Tamil Nadu Limited	Commercial Taxes	11 January 1984	2001-02	2002-03	(-)4.09	---	5.92	(-)47.47	25.60	(-)0.63	---	1	0.20	
	Sector-wise total					**(-)4.09**	**---**	**5.92**	**(-)47.47**	**25.60**	**(-)0.63**	**---**	**---**		
	TRANSPORT														
11.	Tamil Nadu Goods Transport Corporation Limited	Transport	26 March 1975	1989-90		0.21	---	32.66	(-)132.55	(-)29.85	6.57	---	13	---	
	Sector-wise total					**0.21**	**---**	**32.66**	**(-)132.55**	**(-)29.85**	**6.57**	**---**	**---**	**---**	
	MISCELLANEOUS														
12.	Tamil Nadu State Sports Development Corporation Limited	Education	15 November 1984	1990-91	2002-03	3.27	---	0.002	137.57	157.46	3.27	2.08	12	---	

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
13.	Tamil Nadu Film Development Corporation Limited	Information and Tourism	12 April 1972	2002-03	2003-04	(-)81.01	---	1,391.00	(-)1,218.31	1,634.47	(-)55.39	---	---	112.81	NIL
14.	Tamil Nadu Institute of Information Technology	Higher Education	20 February 1998	2001-02	2002-03	(-)99.80	---	1,000.00	(-)371.97	628.04	(-)99.80	---	1	30.33	NIL
	Sector-wise total					**(-)177.54**	**---**	**2,391.002**	**(-)1,452.71**	**2,419.97**	**(-)151.92**		**---**		
	TOTAL (C)					**(-)3,308.43**	**----**	**4,342.732**	**(-)17,014.45**	**1,297.67**	**(-)2,274.92**	**---**	**---**		
	GRAND TOTAL (A+B+C)					**(-)4,93,848.95**	**---**	**1,79,182.49**	**(-)4,31,925.07**	**16,73,247.56**	**(-)3,79,580.46**	**---**			

NOTE:

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

ANNEXURE-3

(Referred to in paragraph 1.5)

Statement showing subsidy/grants received, guarantees received, waiver of dues, loans on which moratorium allowed and loans converted into equity during the year and subsidy receivable and guarantees outstanding at the end of March 2003

(Figures in columns 3(a) to 7 are Rupees in lakh)

Sl. No.	Name of the company/ Statutory corporation	^Subsidy received during the year				*Guarantees received during the year and outstanding at the end of the year					Waiver of dues during the year				Loans on which moratorium allowed	Loans converted into equity during the year
		Central Government	State Government	Others	Total	Cash credit from banks	Loans from other sources	Letters of credit opened by banks in respect of import	Payment obligation under agreement with foreign consultants	Total	Loans repayment written off	Interest waived	Penal interest waived	Total		
(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
(A)	**WORKING COMPANIES**															
	AGRICULTURE															
1.	Tamil Nadu Tea Plantation Corporation Limited	---	---	---	---	---	(238.35)	---	---	(238.35)	---	---	---	---	---	---
	INDUSTRY															
2.	Tamil Nadu Industrial Development Corporation Limited	---	150.00	---	150.00	---	(1,44,080.15)	---	---	(1,44,080.15)	---	---	---	---	---	---
3.	Tamil Nadu Small Industries Corporation Limited (TANSI)	---	---	---	---	150.00 (14.54)	300.00 (200.00)	---	---	450.00 (214.54)	---	---	---	---	---	---
4.	Tamil Nadu Small Industries Development Corporation Limited	30.00	---	---	30.00	(365.51)	(300.00)	---	---	(665.51)	---	---	---	---	---	---
5.	State Industries Promotion Corporation of Tamil Nadu Limited	---	---	---	---	---	(1,709.00)	---	---	(1,709.00)	---	---	---	---	---	---

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
6.	Tamil Nadu Leather Development Corporation Limited	---	---	---	---	(100.06)	---	---	---	(100.06)	---	---	---	---	---	---
	TEXTILES															
7.	Tamil Nadu Zari Limited	17.00	---	---	17.00	---	---	---	---	---	---	---	---	---	---	---
	HANDLOOM AND HANDIFRACTS															
8.	Tamil Nadu Handloom Development Corporation Limited	---	---	---	---	550.00 (550.00)	---	---	---	550.00 (550.00)	---	---	---	---	---	---
	CONSTRUCTION															
9.	Tamil Nadu State Construction Corporation Limited	---	---	---	---	126.11 (126.11)	855.98 (11,648.98)	---	---	982.09 (11,775.09)	---	---	---	---	---	---
10.	Tamil Nadu Police Housing Corporation Limited	---	---	---	---	---	(26,848.00)	---	---	(26,848.00)	---	---	---	---	---	---
	SUGAR															
11.	Tamil Nadu Sugar Corporation Limited	---	---	---	---	6,000.00 (3,822.80)	---	---	---	6,000.00 (3,822.80)	---	---	---	---	---	---
12.	Perambalur Sugar Mills Limited	---	---	---	---	4,450.00 (3,148.32)	---	---	---	4,450.00 (3,148.32)	---	---	---	---	---	---
	ELECTRONICS															
13.	Electronics Corporation of Tamil Nadu Limited	---	20.00		20.00	---	---	---	---	---	---	---	---	---	---	---
	TOURISM															
14.	Tamil Nadu Tourism Development Corporation Limited	74.00	12.00	---	86.00	---	---	---	---	---	---	---	---	---	---	---
	ECONOMICALLY WEAKER SECTION															
15.	Tamil Nadu Adi Dravidar Housing and Development Corporation Limited	---	6,074.50	---	6,074.50	---	(2,206.45)	---	---	(2,206.45)	---	---	---	---	---	---

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
16.	Tamil Nadu Backward Classes Economic Development Corporation Limited	---	48.57	---	48.57	---	2,300.00 (3,000.07)	---	---	2,300.00 (3,000.07)	---	---	---	---	---	---
17.	Tamil Nadu Minorities Economic Development Corporation Limited	---	---	---	---	---	250.00	---	---	250.00	---	---	---	---	---	---
18.	Tamil Nadu Corporation for Development of Women Limited	---	2,166.95	---	2,166.95	---	---	---	---	---	---	---	---	---	---	---
	PUBLIC DISTRIBUTION															
19.	Tamil Nadu Civil Supplies Corporation Limited	---	1,24,000.00	---	1,24,000.00	2,000.00 (2,000.00)	---	---	---	2,000.00 (2,000.00)	---	---	---	---	---	---
	FINANCING															
20.	Tamil Nadu Industrial Investment Corporation Limited	---	890.00	---	890.00	---	5,859.25 (59,781.00)	---	---	5,859.25 (59,781.00)	---	---	---	---	---	---
	DRUGS AND CHEMICALS															
21.	Tamil Nadu Medical Services Corporation Limited	---	---	---	---	6,939.46	(6,850.06)	---	---	6,939.46 (6,850.06)	---	---	---	---	---	---
	INFRASTRUCTURE DEVELOPMENT															
22.	Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited	3,322.46	3,997.97	---	7,320.43	---	---	---	---	---	---	---	---	---	---	---
23.	Tamil Nadu Power Finance and Infrastructure Development Corporation Limited	---	---	---	---	---	(2,571.00)	---	---	(2,571.00)	---	---	---	---	---	---
	TRANSPORT															
24.	Tamil Nadu Transport Development Finance Corporation Limited	---	---	---	---	---	10,000.00 (10,000.00)	---	---	10,000.00 (10,000.00)	---	---	---	---	---	---

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
25.	Tamil Nadu State Transport Corporation (Coimbatore – Division I) Limited	---	141.08	---	141.08	---	---	---	---	---	---	---	---	---	---	---
26.	Tamil Nadu State Transport Corporation (Kumbakonam – Division I) Limited	---	11.20	---	11.20	---	---	---	---	---	---	---	---	---	---	---
27.	Tamil Nadu State Transport Corporation (Madurai – Division II) Limited	---	706.70	---	706.70	(67.00)	---	---	---	(67.00)	---	---	---	---	---	---
28.	State Express Transport Corporation Limited	---	---	---	---	200.00 (66.67)	---	---	---	200.00 (66.67)	---	---	---	---	---	---
29.	Tamil Nadu State Transport Corporation (Madurai – Division III) Limited	---	948.74	---	948.74	(150.00)	---	---	---	(150.00)	---	---	---	---	---	---
30.	Tamil Nadu State Transport Corporation (Salem – Division II) Limited	---	377.92	---	377.92	---	---	---	---	---	---	---	---	---	---	---
31.	Tamil Nadu State Transport Corporation (Madurai– Division V) Limited	---	---	---	---	75.00 (75.00)	---	---	---	75.00 (75.00)	---	---	---	---	---	---
	MISCELLANEOUS															
32.	Tamil Nadu State Marketing Corporation Limited	---	---	---	---	1.500.00 (264.00)	---	---	---	1.500.00 (264.00)	---	---	---	---	---	---
	TOTAL (A)	**3,443.46**	**1,39,545.63**	---	**1,42,989.09**	**21,990.57 (10,750.01)**	**19,565.23 (2,69,433.06)**	---	---	**41,555.80 (2,80,183.07)**	---	---	---	---	---	---
(B)	**STATUTORY CORPORATIONS**															
33.	Tamil Nadu Electricity Board	33.75 (grants)	2.21.214.00 2.947.35 (grants)	605.13 (grants)	2.21.214.00 3.586.23 (grants)	---	42.939.00 (4.31.419.00)	---	---	42.939.00 (4.31.419.00)	---	---	---	---	---	---
	TOTAL (B)	**33.75 (grants)**	**2,21,214.00 2,947.35 (grants)**	**605.13 (grants)**	**2,21,214.00 3,586.23 (grants)**	---	**42,939.00 (4,31,419.00)**	---	---	**42,939.00 (4,31,419.00)**	---	---	---	---	---	

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
(C)	**NON-WORKING COMPANIES**															
	AGRICULTURE															
34.	Tamil Nadu Agro Industries Corporation Limited	---	---	---	---	---	60.74	---	---	60.74	---	---	---	---	---	---
	MISCELLANEOUS															
35.	Tamil Nadu Film Development Corporation Limited	---	---	---	---	---	782.19	---	---	782.19	---	---	---	---	---	---
	TOTAL (C)	---	---	---	---	---	**842.93**	---	---	**842.93**	---	---	---	---	---	---
	GRAND TOTAL (A+B+C)	**3,443.46 33.75 (grants)**	**3,60,759.63 2,947.35 (grants)**	**605.13 (grants)**	**3,64,203.09 3,586.23 (grants)**	**21,990.57 (10,750.01)**	**63,347.16 (7,00,852.06)**	---	---	**85,337.73 (7,11,602.07)**	---	---	---	---	---	---

A Subsidy includes subsidy receivable at the end of year, which is also shown in brackets.

* Figures in bracket indicate guarantees outstanding at the end of the year.

ANNEXURE-4

(Referred to in paragraph 1.7)

Statement showing financial position of Statutory corporations

(Rupees in crore)

Particulars	2000-01	2001-02	2002-03 (Provisional)
1.TAMIL NADU ELECTRICITY BOARD			
A. LIABILITIES			
Equity capital♣	100.00	200.00	225.00
Loans from Government	---	---	---
Other long-term loans (including bonds)	5,524.58	6,492.45	7,357.07
Reserves and surplus	4,532.21	1,209.75	1,310.80
Others (subsidy)	1,859.71	2,068.28	2,325.15
Current liabilities and provisions	5,734.21	7,070.00	5,931.81
TOTAL (A)	**17,750.71**	**17,040.48**	**17,149.83**
B. ASSETS			
Gross fixed assets	11,608.18	13,135.79	14,588.45
LESS: Depreciation	3,837.44	4,508.66	5,301.58
Net fixed assets	7,770.74	8,627.13	9,286.87
Capital works-in-progress	3,624.30	3,309.42	3,092.24
Assets not in use	1.11	1.41	1.34
Deferred cost	3.57	4.00	4.36
Current assets	3,657.52	3,666.97	3,497.65
Investments	43.37	23.35	9.30
Subsidy receivable from the Government	2,650.10	---	---
Miscellaneous expenditure	---	1,408.20	1,258.07
Deficits	---	---	---
TOTAL (B)	**17,750.71**	**17,040.48**	**17,149.83**
C. CAPITAL EMPLOYED♠	**9,318.35**	**8,533.52**	**9,944.95**

♣ It represents loan converted into equity capital and are subject to adjustment against subsidy receivable from Government.

♠ Capital employed represents net fixed assets (including works-in-progress) PLUS working capital. While working out working capital, the element of deferred cost and investments are excluded from current assets.

(Rupees in crore)

2.TAMIL NADU WAREHOUSING CORPORATION			
Particulars	**2000-01**	**2001-02**	**2002-03**
A. LIABILITIES			
Paid-up capital	7.61	7.61	7.61
Reserves and surplus	24.92	27.68	30.40
Subsidy	0.20	0.19	0.19
Trade dues and current liabilities (including provision)	6.16	8.34	7.25
TOTAL	**38.89**	**43.82**	**45.45**
B. ASSETS			
Gross block	33.62	36.92	39.89
LESS: Depreciation	8.85	10.13	10.93
Net fixed assets	24.77	26.79	28.96
Capital works-in-progress	---	0.32	0.05
Current assets, loans and advances	14.12	16.71	16.44
TOTAL	**38.89**	**43.82**	**45.45**
C. CAPITAL EMPLOYED*	**32.73**	**35.88**	**38.20**

* Capital employed represents net fixed assets PLUS working capital

ANNEXURE-5

(Referred to in paragraph 1.7)

Statement showing working results of Statutory corporations

1. TAMIL NADU ELECTRICITY BOARD

(Rupees in crore)

Sl. No	Particulars	2000-01	2001-02	2002-03 (Provisional)
1.	(a) Revenue receipts	7,578.10	8,222.47	9,463.64
	(b) Subsidy/subvention from Government	1,693.21	322.50	2,212.14
	TOTAL	**9,271.31**	**8,544.97**	**11,675.78**
2.	Revenue expenditure (net of expenses capitalised) including write off of intangible assets but excluding depreciation and interest	7,503.48	11,733.98	10,114.37
3.	Gross surplus (+) / deficit (-) for the year (1-2)	1,767.83	(-)3,189.01	1,561.41
4.	Adjustments relating to previous years	(-)269.89	(-)459.18	261.72
5.	Final gross surplus (+) / deficit (-) for the year (3+4)	1,497.94	(-)3,648.19	1,023.13
6.	(a) Depreciation (LESS: Capitalised)	567.84	661.76	800.27
	(b) Interest on Government loans	---	---	---
	(c) Interest on others, bonds, advance, etc., and finance charges	792.13	779.53	863.97
	(d) Total interest on loans and finance charges (b) + (c)	792.13	779.53	863.97
	(e) LESS: Interest capitalized	249.90	237.59	253.40
	(f) Net interest charged to revenue (d) – (e)	542.23	541.94	610.51
	(g) Total appropriations (a) + (f)	1,110.07	1,203.70	1,410.78
7.	Surplus (+) / deficit (-) before accounting for subsidy from State Government {(5) – 6 (g) – 1 (b)}	(-)1,305.34	(-)5,174.39	(-)1,799.79
8.	Net surplus (+)/ deficit (-) {(5) – 6(g)}	387.87	(-)4,851.89	412.35
9.	**Total return on capital employed***	**930.10**	**(-)4,309.95**	**760.64**
10.	**Percentage of return on capital employed**	**9.98**	**---**	**7.65**

* Total return on capital employed represents net surplus/deficit PLUS total interest charged to Profit and Loss account (LESS interest capitalised).

2-15—21a

(Rupees in crore)

2.TAMIL NADU WAREHOUSING CORPORATION

	Particulars	2000-01	2001-02	2002-03
1.	**Income**			
(a)	Warehousing charges	16.56	19.00	15.76
(b)	Other income	1.21	1.47	1.21
	TOTAL	**17.77**	**20.47**	**16.97**
2.	**Expenses**			
(a)	Establishment charges	6.81	7.03	7.31
(b)	Other expenses	6.42	9.88	6.81
	TOTAL	**13.23**	**16.91**	**14.12**
3.	Profit (+) / Loss (-) before tax	4.54	3.56	2.85
4.	Other appropriations/adjustments	0.01	(-)0.04	0.46
5.	Amount available for dividend	4.55	3.52	3.31
6.	Dividend for the year (including dividend tax)	0.61	0.76	0.53
7.	**Total return on capital employed**	**4.55**	**3.52**	**2.71**
8.	**Percentage of return on capital employed**	**13.90**	**9.81**	**7.09**

ANNEXURE-6

(Referred to in paragraph 1.12)

Statement showing operational performance of Statutory corporations

1. TAMIL NADU ELECTRICITY BOARD

Sl. No	Particulars	2000-01	2001-02	2002-03 (Provisional)
1.	Installed capacity		(MW)	
(a)	Thermal	2,970	2,970	2,970
(b)	Hydel	1,996	1,996	1,996
(c)	Gas	227	227	321
(d)	Other	19	19	19
	TOTAL	**5,212**	**5,212**	**5,306**
2.	Normal maximum demand	6,290	6,687	6,957
3.	Power generated		(MKWH)	
(a)	Thermal	19,464	20,325	21,080
(b)	Hydel	5,450	4,350	2,724
(c)	Gas	215	870	1,107
(d)	Other	18	17	18
	TOTAL	**25,147**	**25,562**	**24,929**
	LESS: Auxiliary consumption			
(a)	Thermal	1,650	1,772	1,811
	(Percentage)	8.48	8.72	8.59
(b)	Hydel	92	115	201
	(Percentage)	1.69	2.64	7.38
(c)	Gas	0	0	51
	TOTAL	**1,742**	**1,887**	**2,063**
	(Percentage)	6.9	7.4	8.28
5.	Net power generated	23,405	23,675	22,866
6.	Power purchased			
(a)	Within the State			
	(i) Government	---	---	---
	(ii) Private	3,353	5,340	4,994
(b)	Other States	129	937	4,067
(c)	Central grid	13,135	12,081	12,399
7.	**Total power available for sale**	**40,022**	**42,033**	**44,326**

Sl. No	Particulars	2000-01	2001-02	2002-03 (Provisional)
8.	Power sold			
	(a) Within the State	33,418	35,064	36,077
	(b) Outside the State	---	138	270
9.	Transmission and distribution losses	6,604	6,831	7,979
10.	Load factor (Percentage)			
(a)	Hydel	31.2	25	15.18
(b)	Thermal	78.0	78.1	81.0
11.	Percentage of transmission and distribution losses to total power available for sale	16.5	16.3	18.0
12	Number of villages/towns electrified (in lakh)	0.64	0.64	0.64
13.	Number of pump sets/wells energised (in lakh)	16.19	16.45	16.76
14.	Number of sub-stations	913	948	984
15.	Transmission and Distribution lines (in lakh KMs)			
(a)	High/medium voltage	1.39	1.40	1.40
(b)	Low voltage	4.23	4.32	4.56
16.	Connected load (in MW)	25,373	26,173	27,538
17	Number of consumers (in lakh)	143.57	152.11	161.44
18.	Number of employees (in lakh)	0.94	0.90	0.87
19.	Consumer/employees ratio (No. of consumers per employee)	152.73	169.01	185.56
20.	Total expenditure on staff during the year (Rupees in crore)	1,518.59	1,590.88	1,545.20
21.	Percentage of expenditure on staff to total revenue expenditure	18.5	12.30	13.11
22.	Units sold		(MKWH)	
(a)	Agriculture	9,191	9,495	9,030
	Percentage share to total units sold	27.5	26.97	24.84
(b)	Industrial	11,751	12,308	12,588
	Percentage share to total units sold	35.2	34.96	34.63
(c)	Commercial	3,148	3,361	3,632
	Percentage share to total units sold	9.4	9.55	9.99
(d)	Domestic	7,311	7,872	9,003
	Percentage share to total units sold	21.9	22.36	24.77
(e)	Others	2,017	2,166	2,094
	Percentage share to total units sold	6.0	6.16	5.77
	TOTAL	**33,418**	**35,202**	**36,347**

Sl. No	Particulars	2000-01	2001-02	2002-03 (Provisional)
		(Paise per KWH)		
(a)	Revenue (excluding subsidy from Government)	221	234	260
(b)	Expenditure♣	223	345	301
(c)	Profit (+) / Loss (-)	(-)2	(-)111	(-)41
(d)	Average subsidy claimed from Government	7	9	61
(e)	Average interest charges	24	22	24

2. TAMIL NADU WARE HOUSING CORPORATION

	Particulars	2000-01	2001-02	2002-03
	Number of stations covered	68	67	66
	Storage capacity created up to the end of the year (tonne in lakh)			
(a)	Owned	5.98	5.98	6.00
(b)	Hired	0.97	0.83	0.37
	TOTAL	**6.95**	**6.81**	**6.37**
	Average capacity utilised during the year (lakh metric tonnes)	6.15	6.16	5.34
	Percentage of utilization	88	90	73
	Average revenue per metric tonne per year (Rupees)	288.83	332.25	317.79
	Average expenses per metric tonne per year (Rupees)	215.12	274.44	264.42

♣ Revenue expenditure includes depreciation but excludes interest on long-term loans.

ANNEXURE-7

(Referred to in paragraph 1.28)

Major recommendations/comments made by the statutory auditors on possible improvements in internal audit/internal control systems of Government companies

Sl. No	Nature of recommendations/comments	Number of companies where recommendations/ comments	Reference to Serial Number in Annexure-2
1.	Non-operation of internal audit wing	1	A-11
2.	Non-fixing of maximum, minimum and economic order quantity for procurement of stores and spares	9	A-4, 16, 19, 28, 35, 36, 46, 49 and C-13
3.	Internal audit non-commensurate with the size and nature of business	3	A-14, 19 and 28
4.	Lack of proper system of internal audit	3	A-28, 35 and 36
5.	Non-inclusion of urgent system needs in scope of internal audit	1	A-21
6.	Lack of regular system of internal audit	3	A-22, 36 and 46
7.	Lack of regular system of identifying obsolete stores	2	A-22 and 40

ANNEXURE-8

(Referred to in paragraph 1.30)

Statement showing the department-wise outstanding Inspection Reports (IRs)

Sl. No	Name of Department	Number of PSUs	Number of outstanding IRs	Number of outstanding paragraphs	Years from which paragraphs outstanding
1.	Industry	15	39	198	1995-96
2.	Small Industry	5	14	81	1998-99
3.	Information Technology	3	5	26	1998-99
4.	Commercial Taxes	1	1	4	2001-02
5.	Information and Tourism	2	7	54	1994-95
6.	Agriculture	3	5	19	2000-01
7.	Public Information	2	5	13	1999-2000
8.	Social Welfare	1	3	8	2000-01
9.	Energy	1	1	1	2002-03
10.	Municipal Administration and Water Supply	1	2	3	2000-01
11.	Transport	20	27	76	1996-97
12.	Animal Husbandry	2	8	32	1995-96
13.	Public	1	5	17	1996-97
14.	Health and Family Welfare	2	5	17	2000-01
15.	Adi Dravidar and Tribal Welfare, Backward Classes, Most Backward Classes and Minority Welfare	3	8	21	1994-95
16.	Rural	1	3	4	1995-96
17.	Home	1	2	2	2000-01
18.	Public Works	2	8	42	1995-96
19.	Highways	1	4	30	1995-96
20.	Handloom, Handicrafts, Khadi and Textiles	4	7	22	1999-2000
21.	Environment and Forest	3	10	51	1997-98
22.	Food and Consumer Protection	2	8	73	1994-95
23.	Tamil Nadu Electricity Board	1	439	1407	1997-98
	Grand Total	**77**	**616**	**2201**	

ANNEXURE-9

(Referred to in paragraph 1.30)

Statement showing the department-wise draft paragraphs, reply to which are awaited

Sl. No	Name of Department	Number of draft paragraphs	Period of issue
1.	Industry	6	April to August 2003
2.	Energy	13	April to September 2003
3.	Small Industry	4	April to July 2003
4.	Co-operation, Food and Consumer Protection	3	April to September 2003
5.	Backward Classes, Most Backward Classes and Minority Welfare	1	June 2003
	TOTAL	27	

2-15—22a

ANNEXURE-10

(Referred to in Paragraph 1.32)

Statement showing paid-up capital, investment and summarised working results of 619-B companies as per their latest finalised accounts

(Figures in columns 5 to 17 are Rupees in lakh)

Sl. No.	Name of company	Status	Year of account	Paid-up capital	Equity by				Loans/grants by			Total investment by way of equity, loans and grants			Profit (+)/ Loss (-)	Accumulated Profit (+)/ Loss (-)
					State Govt.	State Govt. companies	Central Govt. and its companies	Others	State Govt.	State Govt. companies	Central Govt.	State Govt.	State Govt. companies	Central Govt.		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
1.	Tamil Nadu Telecommunications Limited	Working	2002-03	2,266.50	---	668.40 (29.5%)	695.10 (30.7%)	903.00 (39.8%)	---	---	---	---	668.40	695.10	(-)1771.85	(-)1704.41
2.	Tidel Park Limited	Working	2002-03	4,400.00	---	1,275.00 (29%)	---	3,125.00 (71%)	---	---	---	---	1,275.00	---	70.68	2,580.43
3.	Tamil Nadu Newsprints and Papers Limited	Working	2002-03	6,879.18	2,444.49 (35.6%)	236.02 (3.4%)	---	4,198.67 (61%)	---	---	---	2,444.49	236.02	---	5,203.95	16,790.00

ANNEXURE-11

(Referred to in paragraph 2.6)

Financial position of Tamil Nadu Adi Dravidar Housing and Development Corporation Limited for the last five years ended 31 March 2003.

(Amount - Rupees in lakh)

	Particulars	1996-97	1997-98	1998-99	1999-2000	2000-01
I.	Liabilities					
(a)	Paid-up capital including share application money	5,469.43	6,122.41	6,772.41	7,243.91	7,575.41
(b)	Reserves and surplus	70.96	54.81	5.03	24.80	84.92
(c)	Borrowings	514.83	1,013.49	1,640.75	3,004.53	3,344.89
(d)	Trade dues and other liabilities	7,717.76	8,134.43	8,752.98	8,798.07	10,608.26
	Total (I)	**13,772.98**	**15,325.14**	**17,171.16**	**19,071.31**	**21,613.48**
II.	Assets					
(a)	Gross block	126.43	139.27	161.92	188.58	198.84
(b)	LESS: Depreciation	62.45	73.67	87.70	102.81	115.25
(c)	Net fixed assets	63.98	65.60	74.22	85.77	83.59
(d)	Current assets, loans and advances	13,709.00	15,259.54	17,096.94	18,985.54	21,529.89
	Total (II)	**13,772.98**	**15,325.14**	**17,171.16**	**19,071.31**	**21,613.48**
	Capital employed	**6,055.22**	**7,190.71**	**8,418.18**	**10,273.24**	**11,005.22**
	Net worth	**5,540.39**	**6,177.22**	**6,777.44**	**7,268.71**	**7,660.33**

NOTE:

1. **Capital employed represents "Net Fixed Assets" PLUS working capital.**
2. **Net worth represents "Paid-up capital" PLUS "Reserves" LESS "Intangible Assets"**

ANNEXURE-12

(Referred to in paragraph 2.7)

Working results of Tamil Nadu Adi Dravidar Housing and Development Corporation Limited for the last five years ended 31 March 2003.

(Amount - Rupees in lakh)

		1996-97	1997-98	1998-99	1999-2000	2000-01
I.	**Income**					
(a)	Centage on works	92.50	81.87	139.51	185.53	210.96
(b)	Staff assistance from SCA	396.25	149.91	539.47	493.48	561.58
(c)	Interest	172.08	133.20	180.94	239.36	356.03
(d)	Rent on premises	3.16	18.00	20.38	22.13	26.27
(e)	Other income	14.81	12.45	15.11	20.72	15.16
	Total (I)	**678.80**	**395.43**	**895.41**	**961.22**	**1,170.00**
II.	**Expenditure**					
(f)	Salaries and wages	488.75	231.78	678.98	679.01	772.54
(g)	Other administrative expenses	117.46	107.22	133.06	144.07	145.63
(h)	Interest	52.01	40.77	19.38	83.03	155.39
(i)	Depreciation	7.61	9.53	14.03	15.11	16.21
(j)	Provision for doubtful debts	19.91	19.91	99.51	20.23	20.11
(k)	Others	---	0.69	0.29	---	---
	Total (II)	**685.74**	**409.90**	**945.25**	**941.45**	**1,109.88**
	Profit(+)/Loss(-) for the year	**(-)6.94**	**(-)14.47**	**(-)49.84**	**(+)19.77**	**(+)60.12**

ANNEXURE-13

(Referred to in paragraph 3.16)

Operational performance of Ennore Thermal Power Station

Sl.No.	Particulars	1998-99	1999-2000	2000-01	2001-02	2002-03
1.	Generating capacity (MW)	450	450	450	450	450
2.	Total available hours	43,800	43,920	43,800	43,800	43,800
3.	Outages hours (five units)					
	(i) Forced	10,566	10,864	3,807	14,337	10,349
	(ii) Planned	3,898	8,960	23,006	6,271	7,414
4.	Actual Running hours (five units)	29,336	24,096	16,987	23,192	26,037
5.	Possible generation in actual running hours (MU)	2,586.109	2,006.689	1,133.385	1,883.945	2,496.462
6.	Actual generation (MU)	1,799.476	1,295.414	753.220	1,149.117	1,742.197
7.	Shortfall (MU) (5) - (6)	786.633	711.275	380.165	734.828	754.265
8.	KWHR/KW/year	3,999	2,879	1,674	2,554	3,872
9.	Plant Load Factor (percentage)	45.6	32.8	19.1	29.2	44.2
10.	Availability factor (percentage) (4)/(2)	66.98	54.86	38.78	52.95	59.45
11.	Auxiliary consumption norm (percentage)	12.5	12.5	12.3	12.3	12.3
12.	Actual auxiliary consumption (percentage)	13.3	14.7	15.3	15.5	12.9
13.	Excess auxiliary consumption (MU)	15.035	28.718	22.224	37.292	10.09
14.	Utility factor (percentage) (6)/(5)	69.6	64.6	66.5	61.00	69.79

ANNEXURE-14

(Referred to in paragraph 3.16.2)

Partial loss due to non-working at full capacity

Year/Unit	Installed capacity	Possible generation during service hours (MU)	Actual generation (MU)	Partial loss (MU)	Percentage of (5) to (3)
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
1998-99					
I	60	426.211	350.765	75.446	17.70
II	60	342.570	283.872	58.698	17.14
III	110	708.731	473.697	235.034	33.16
IV	110	494.182	300.613	193.569	39.17
V	110	614.415	390.529	223.886	28.88
TOTAL		**2,586.109**	**1,799.476**	**786.633**	
1999-2000					
I	60	404.961	287.999	116.962	28.88
II	60	367.853	273.649	94.204	25.60
III	110	521.935	316.413	205.522	39.38
IV	110	244.250	145.128	99.122	40.58
V	110	467.690	272.225	195.465	41.79
TOTAL		**2,006.689**	**1,295.414**	**711.275**	
2000-01					
I	60	449.298	306.029	143.269	31.89
II	60	432.964	297.776	135.188	31.22
III	110	NIL	NIL	NIL	NIL
IV	110	251.123	149.415	101.708	40.50
V	110	NIL	NIL	NIL	NIL
TOTAL		**1,133.385**	**753.220**	**380.165**	
2001-02					
I	60	440.029	267.361	172.668	39.24
II	60	361.272	236.137	125.135	34.64
III	110	636.541	358.369	278.172	43.70
IV	110	246.677	139.238	107.439	43.55
V	110	199.426	148.012	51.414	25.78
TOTAL		**1,883.945**	**1,149.117**	**734.828**	
2002-03					
I	60	239.394	138.670	100.724	42.07
II	60	228.609	132.188	96.421	42.18
III	110	537.119	384.226	152.893	28.47
IV	110	795.795	524.667	271.128	34.07
V	110	695.545	562.446	133.099	19.14
TOTAL		**2,496.462**	**1,742.197**	**754.265**	

ANNEXURE-15

(Referred to in paragraph 3.22)

Statement showing the cost per unit of net generation during the year 1998-2003

Sl. No.		Particulars	1998-99	1999-2000	2000-01	2001-02	2002-03
I.	(a)	Gross generation (MU)	1,799.476	1,295.414	753.220	1,149.117	1,742.197
	(b)	Auxiliary consumption (MU)	239.970	190.645	114.870	178.633	224.384
	(c)	Power available for sale (a) - (b) (MU)	1,559.506	1,104.769	638.350	970.484	1,517.813
II.		**Cost of Generation (Rupees in crore)**					
	(i)	Coal	231.58	199.97	126.98	146.65	278.16
	(ii)	Oil	5.73	13.59	11.33	27.64	19.52
	(iii)	Operation and maintenance	26.95	30.92	17.15	19.43	30.20
	(iv)	Salaries and wages	30.17	35.87	35.60	37.90	30.93
	(v)	Indirect cost (interest and depreciation)	37.19	13.70	13.83	11.03	67.64
		Total cost of generation	**331.62**	**294.05**	**204.89**	**242.65**	**426.45**
III.		**Total cost per unit (paise) with reference to**					
	(a)	Power generated	184.30	227.00	272.00	211.20	244.78
	(b)	Power available for sale	212.64	266.16	320.96	250.02	280.96
IV.		**Break up of cost per unit available for sale (paise)**					
	(i)	Coal	148.49	181.00	198.92	151.11	183.26
	(ii)	Oil	3.67	12.30	17.75	28.48	12.86
	(iii)	Operation and maintenance	17.28	27.99	26.86	20.02	19.90
	(iv)	Salary and wages	19.35	32.47	55.77	39.05	20.38
	(v)	Indirect cost	23.85	12.40	21.66	11.36	44.56
		TOTAL	**212.64**	**266.16**	**320.96**	**250.02**	**280.96**
V.		**Comparative cost per unit in other thermal stations of the Board**	**182.15**	**180.03**	**181.12**		---
		Average revenue per unit	197.36	205.03	222.19	229.00	229.00*
		Loss per unit (paise)	15.28	61.13	98.77	21.02	51.96

* Provisional

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