सत्यमेव जयते

Report of the Comptroller and Auditor General of India on Public Sector Undertakings for the year ended 31 March 2017

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

Government of Chhattisgarh

Report No. 02 of the year 2018

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

for the year ended 31 March 2017

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Preface

This Report contains results of the Performance Audit on finalisation of rate contracts and procurement of materials by Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited (CRBEKVNL), audit on construction activities of Chhattisgarh Police Housing Corporation Limited (CPHCL) and three audit paragraphs based on Compliance Audit of four PSUs.

The accounts of 22 Government Companies are audited by the Comptroller and Auditor General of India (CAG) under the provisions of Section 139 and 143 of the Companies Act, 2013. The accounts certified by the Statutory Auditors (Chartered Accountants), appointed by the CAG under the Companies Act, are subject to supplementary audit by the CAG, and the CAG gives his comments or supplements the reports of the Statutory Auditors.

The CAG conducts audit of Chhattisgarh State Warehousing Corporation (CSWC), a Statutory Corporation under Section 19 (2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, and the State Warehousing Corporations Act, 1962. Such audit is in addition to the audit of accounts of the Corporation conducted by Chartered Accountants appointed by the State Government.

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

This Report highlights the following:

1. Out of the 23 Public Sector Undertakings (PSUs) in Chhattisgarh, 20 are working and three are non-working. Out of these 23 PSUs, 13 had arrears in accounts ranging from 2012-13 onwards. Apart from violating the Companies Act, delays/ non preparation of accounts are fraught with risk of misrepresentation of facts, fraud and misappropriation.

2. The 20 PSUs that had finalised their accounts in last three years had an average Return on Investment (RoI) of 3.52 *per cent* against average borrowing cost of 8.17 *per cent* resulting in notional loss to the public exchequer of ₹ 324.21 crore in the past three years alone. The loss on account of the remaining three PSUs whose accounts have not been finalised cannot be estimated.

3. During 2016-17, the State Government extended budgetary support of ₹ 156.46 crore to two working PSUs despite the fact that these PSUs had not finalised their accounts in the past four to five years. Therefore, the basis on which the State Government extended budgetary support to these PSUs is not clear.

4. The State Government has not formulated any dividend policy for State PSUs. Consequently, though as per their latest finalised

accounts, nine PSUs with Government equity of ₹ 6,146.97 crore earned an aggregate profit of ₹ 74.43 crore, only one PSU, Chhattisgarh Rajya Van Vikas Nigam Limited proposed dividend of ₹ 0.87 crore.

5. During the year, the Statutory Auditors had given qualified certificates for 20 accounts finalised by 16 working companies. Compliance to the Accounting Standards by the companies remained poor as there were 15 instances of non-compliance in nine accounts of eight companies.

6. The State Government has not completed the apportionment of assets and liabilities between the successor states of Chhattisgarh and Madhya Pradesh of six PSUs with equity and loans amounting to ₹ 36.98 crore even 17 years after the reorganisation of the erstwhile state of Madhya Pradesh.

7. Chhattisgarh State Power Distribution Company Limited could not achieve the operational performance targets under Ujwal Discom Assurance Yojna (UDAY).

8. Performance Audit on finalisation of rate contracts and procurement of materials by Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited covered 70 rate contracts and procurement of material worth ₹ 1,369.26 crore by the Company. The shortage of manpower in the Company which ranged from 42 *per cent* to 53 *per cent* adversely affected the performance of the Company. There was lack of effective internal control and monitoring mechanism in the Company which led to deficiencies in financial management, finalisation of rate contracts and procurement of materials.

9. Audit on construction activities of Chhattisgarh Police Housing Corporation Limited covered 86 works contracts valued at ₹ 178.85 crore. Shortage of manpower and lack of effective internal control and monitoring mechanism in the Company led to deficiencies in award and execution of works and significant delays in completion.

10. Audit observed loss of ₹ 8.53 crore due to payment of additional excise duty from own margin, avoidable payment of penal interest of ₹ 1.17 crore due to non-compliance of the Income Tax Act provisions and interest loss of ₹ 1.90 crore due to non-availing of auto sweep facility.

The Audit has been conducted in conformity with the Regulations on Audit and Accounts, 2007 and the Auditing Standards issued by the CAG of India.

Overview

This Report contains the following chapters:

Chapter-1: General information on functioning of State Public Sector Undertakings (PSUs),

Chapter-2: Performance Audit on finalisation of rate contracts and procurement of materials by Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited, and

Audit on construction activities of Chhattisgarh Police Housing Corporation Limited

Chapter-3: Three Compliance Audit paragraphs on PSUs.

The total financial impact of the Audit findings is ₹ 77.79 crore.

1. Functioning of State Public Sector Undertakings

Investment in State PSUs

There are 23 PSUs in Chhattisgarh. As on 31 March 2017, the investment (Capital and Long Term loans) in these PSUs was ₹ 24,161 crore. The thrust of the State Government investment in PSUs during the last five years was in the Power sector (₹ 1,223.85 crore).

Of the 23 PSUs, 19 Government companies and one Statutory Corporation are working PSUs. The three non-working PSUs are all Government companies.

Out of the 23 PSUs, 13 PSUs had arrears in accounts ranging from 2012-13 to 2016-17. Delay/ non-preparation of accounts are fraught with risk of misrepresentation of facts, fraud and misappropriation.

As per the latest finalised accounts of the 20 PSUs that had finalised their accounts in the last three years, 12 PSUs earned profit of ₹ 142.38 crore, seven PSUs incurred loss of ₹ 544.84 crore, and the remaining one PSU had no profit or loss as its net expenditure has been booked against capital work in progress during the project construction period. These 20 PSUs registered a turnover of ₹ 23,094.67 crore.

The 20 PSUs, that had finalised their accounts in the last three years, generated an average Return on Investment of 3.52 *per cent* on the investments (₹ 6,972.39 crore) made by the State Government. As against this, the average cost of borrowings of the State Government was 8.17 *per cent* during 2014-15 to 2016-17. Thus, the notional loss to the public exchequer as a result of investment in these 20 PSUs amounted to ₹ 324.21 crore over the past three years. The loss, if any, incurred by the remaining three PSUs who have not finalised their accounts, could not be assessed.

(Paragraphs 1.1, 1.5 and 1.6)

Arrears in finalisation of accounts

The Companies Act, 2013 stipulates that the annual financial statements of companies are to be finalised within six months from the end of the relevant financial year i.e., by September end. Failure to do so may attract penal provisions, under which, every officer of the defaulting Company shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh, or with both.

Out of 20 working PSUs, only seven PSUs finalised their accounts for the year 2016-17, while 13 PSUs had arrears of 20 accounts as of 31 December 2017 with the extent of arrears ranging from one to five years. There were no accounts in arrears in the three non-working PSUs as on 31 December 2017. The State Government had extended budgetary support (Equity, Loans, Capital Grants and Subsidy) of ₹ 7,707.17 crore to eight PSUs, during the period for which accounts were in arrears, out of which ₹ 315.63 crore was extended to two working PSUs, whose accounts were in arrears for more than three years.

The State Government has not formulated any dividend policy for State PSUs. Consequently, though as per their latest finalised accounts, nine PSUs with Government equity of ₹ 6,146.97 crore earned an aggregate profit of ₹ 74.43 crore, only one PSU, Chhattisgarh Rajya Van Vikas Nigam Limited proposed dividend of ₹ 0.87 crore.

(Paragraphs 1.8, 1.9 and 1.12)

Recommendations:

- **The Finance department and the concerned administrative departments should ensure that the State PSUs take immediate action to make their accounts current, so that the directors of these PSUs do not continue to fall foul of the Companies Act.**
- **The Finance department and the concerned administrative departments should initiate steps to ensure that budgetary support is not extended to such PSUs whose accounts are not current.**
- **The Finance department may consider formulating dividend policy for payment of specified dividend on equity invested in profit making PSUs as per practice of Government of Uttar Pradesh (five *per cent* of equity capital) and Madhya Pradesh (20 *per cent* of profit after tax).**

Accounts comments

The quality of accounts companies needs improvement. The Statutory auditors had given qualified certificates for 20 accounts finalised by 16 working companies. Compliance to the Accounting Standards by the companies remained poor as there were 15 instances of non-compliance to Accounting Standards in nine accounts of eight companies.

(Paragraph 1.15)

Recommendation:

The Finance department and the concerned administrative departments should immediately review the working of the 16 companies where the Statutory Auditors have given qualified comments.

Follow-up action on Audit Reports

In terms of extant instructions, Administrative departments are required to submit replies /explanatory notes to audit paragraphs/performance audits included in the Audit Reports of the CAG of India within a period of three months of their presentation to the Legislature. It was observed, however, that out of 20 audit paragraphs/performance audits, replies/explanatory notes to three paragraphs/performance audit of Audit Reports for the years 2008-09 and 2014-15 in respect of five departments (Energy department, Food, Civil Supplies and Consumer Protection department, Commerce and Industries department, Geology and Mining department and Commercial Tax (Excise) department), which were placed in the State Legislature upto 31 March 2016, were still awaited (31 July 2018).

(Paragraph 1.17)

Restructuring of PSUs

Consequent to the reorganisation of the erstwhile Madhya Pradesh State into the states of Madhya Pradesh and Chhattisgarh w.e.f. 1 November 2000, the assets and liabilities of 19 PSUs (out of the then existing 28 PSUs) were to be divided amongst the successor states. However, the division has been completed only in respect of 13 PSUs as of December 2017.

(Paragraph 1.20)

Recommendation:

Since almost two decades have passed after the reorganisation of the State, the State Government is required to work closely with the Government of Madhya Pradesh for the expeditious division of assets and liabilities of the six PSUs, where the Government investment as on 1 November 2000 was ₹ 36.98 crore.

Reforms in power sector under Ujwal Discom Assurance Yojna (UDAY)

Memorandum of Understanding (MoU) was signed (January 2016) between Ministry of Power, GoI, Government of Chhattisgarh and Chhattisgarh State Power Distribution Company Limited (CSPDCL) for implementation of the scheme with identified financial and operational targets.

CSPDCL failed to achieve operational targets in respect of distribution transformer metering, feeder metering, rural feeder audit and feeder segregation. CSPDCL also failed to make any progress in the area of smart metering.

(Paragraph 1.21)

2. Performance Audit relating to Government Companies

2.1 Finalisation of rate contracts and procurement of materials by Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited

Introduction

The Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited (Company) was incorporated on 8 October 2004 as a wholly owned Government Company under the Department of Agriculture (Department), Government of Chhattisgarh (GoCG). The main activities of the Company are production, processing/procurement and distribution of certified seeds to the farmers; finalisation of rate contracts (RCs) for supply of agricultural implements, pesticides, hybrid vegetable seeds etc. to the various departments of GoCG and production of bio fertiliser.

The Performance Audit was conducted to assess the performance of the Company during 2012-13 to 2016-17 covering various aspects such as finalisation of RCs, procurement of materials, financial management, manpower management and internal control and monitoring mechanism of the Company.

The following are the main audit findings**:**

Manpower Management

There was acute shortage of manpower in the Company ranging from 42 *per cent* to 53 *per cent* from 2012-13 onwards which adversely affected the functioning of the Company. The Company did not take effective steps to fill the vacant posts despite having permission from the Department. Shortage of Accountants was the major reason in delayed finalisation of accounts of the Company. The Company failed to post required officials in its district offices, processing centres and farms. The vacancies of these posts in the field offices were in the range of 38 *per cent* to 62 *per cent.* As a result, lower rank officials were handling the charge of these field offices.

(Paragraph 2.1.6)

Internal Control and Monitoring

Lack of effective internal control and monitoring mechanism led to deficiencies such as delay in finalisation of accounts, avoidable payment of income tax, non-realisation of auction proceeds of surplus seeds, purchase of materials from cancelled RCs etc. The Company does not have its own internal audit wing and it also does not have an internal audit manual. Consequently, no internal audit was conducted in the Company from 2012-13 onwards though it was mandatory as per the Companies Act, 2013. The Company did not have any Management Information System relating to finalisation of rate contracts and procurement of materials as no reports/returns were prescribed for submission of information to higher management on above matters.

(Paragraphs 2.1.7, 2.1.7.1 and 2.1.7.4)

Financial Management

The Company had to pay ₹ 3.84 crore towards penal interest during 2012-13 and 2014-15 to 2016-17, due to incorrect estimation of income for payment of advance income tax under the Income Tax Act. The Company also incurred loss on account of avoidable payment of Income Tax of ₹ 4.27 crore due to disallowance of expenditure on account of non deduction of Tax Deduction at Source (TDS) from the fees paid to Chhattisgarh State Seed Certification Agency.

(Paragraphs 2.1.8.4 and 2.1.8.5)

Finalisation of rate contracts

The Company finalised 70 Rate Contracts (RCs) for procurement of various materials during 2012-13 to 2016-17, out of which, in 51 RCs, the tender terms and conditions were finalised after invitation of tenders in violation of the Chhattisgarh Store Purchase Rules, 2002. The Company finalised nine RCs with 27 bidders who did not meet the specified eligibility criteria and 11 RCs with 29 suppliers who had indulged in collusive bidding, resulting in irregular purchase of ₹ 52.96 crore. Further, in one case, the Company delayed the finalisation of RC at lower rates received and continued to procure materials at higher rates under previous RC resulting in loss of ₹ 1.08 crore.

(Paragraphs 2.1.9.3, 2.1.9.5, 2.1.9.6 and 2.1.9.9)

Procurement of materials

The Company incurred loss of ₹ 32.14 crore on auction of surplus seeds due to lack of proactive marketing strategy for sale of surplus seeds. The Company purchased materials worth ₹ 3.90 crore from three cancelled RCs/ disqualified bidder. Further, the Company executed a Public Private Partnership (PPP) Project to promote integrated agricultural business and agro based processing industries. Under the project, the private partner incorporated six Special Purpose Vehicles (SPVs) for manufacturing of specified products. The main objective for formation of SPVs under PPP mode was defeated as these SPVs neither purchased raw material from the farmers of the State nor generated any employment in the State due to non-establishment of their own manufacturing plant. Further, the Company procured materials valued at ₹ 21.58 crore from these SPVs for various Government Departments without inviting tenders.

(Paragraphs 2.1.10.2, 2.1.10.3 and 2.1.10.4)

Summary of recommendations

The Company should:

- **recruit manpower as per the approved sanctioned strength without further delay.**
- **prepare the internal audit guidelines/manual and depute suitable and adequate manpower for internal audit.**
- **device a proper mechanism for estimation of quarterly profit accurately to avoid penalty under the Income Tax Act.**

- **take action against the firms who had indulged in collusive bidding and also take action against the members of the technical committee who qualified these collusive bidders.**
- **take steps to sell surplus seeds to other seed marketing agencies to avoid losses.**
- **take action against the officials who procured materials from cancelled RCs/disqualified bidder.**
- **ensure that the SPVs only purchase raw materials from the farmers of the State and set up the manufacturing units in the State. Further, the procurement of items from SPVs by the Company for Government departments should be made by inviting open tender in accordance with the Stores Purchase Rules of GoCG.**

2.2 Audit on construction activities of Chhattisgarh Police Housing Corporation Limited

Chhattisgarh Police Housing Corporation Limited (Company) was incorporated in December 2011 as a wholly owned Government Company under the administrative control of Home Department, Government of Chhattisgarh (GoCG). The Company works as a Nodal Agency of the Home Department to undertake construction of police buildings viz., police stations, office buildings and residential accommodations, etc., by engaging contractors. During the year from 2012-13 to 2016-17, total 286 works valued at ₹ 546.69 crore were taken up by the Company, out of which 181 works valued at ₹ 389.17 crore were pending completion including 178 work pending completion for periods ranging between two to 52 months beyond their scheduled date of completion.

The Audit covered the Company's activities relating to construction works carried out within the State of Chhattisgarh during the period 2012-17. Following are the main audit findings:

Manpower Management

Shortage of manpower in the Company ranged from 34.21 *per cent* to 78.91 *per cent* during 2012-13 to 2016-17. The post of General Manager (Finance) was not filled up in 2012-13 and 2014-15 and post of Accounts Officer had never been filled up since inception of the Company resulting in inadequate monitoring of financial activities and consequent deficiencies in financial management. Further, delay in filling up of vacancies in engineering cadre resulted in inadequate supervision of works and consequential delay in completion of works.

(Paragraph 2.2.6)

Financial Management

The Company accounted the interest income of ₹ 53.55 crore on funds received from PHQ for execution of schemes/ projects as its own income instead of crediting the same to project funds. This resulted in avoidable payment of income tax of ₹ 17.52 crore. Further, the Company failed to ensure timely payment of Service Tax amounting to ₹ 1.95 crore resulting in avoidable liability of ₹ 60.51 lakh towards penal interest and penalty. Also, the Company had parked ₹ 57.22 crore in three banks which were not eligible for parking of surplus funds as per the GoCG directives.

(Paragraphs 2.2.7.1 to 2.2.7.3)

Internal Oversight Mechanism

The Company lacked adequate internal control and monitoring mechanism, reporting system of progress of works, record keeping, and internal audit system.

(Paragraph 2.2.8)

Deficiencies in contractual provisions

The Company failed to prepare a works manual to regulate execution of works in a uniform and transparent manner. The Company did not include risk and cost clause in the agreements for recovery of extra cost incurred on execution of works left incomplete by the contractors resulting in loss of ₹ 1.10 crore. The Company also failed to recover compensation of ₹ 1.04 crore from the defaulting contractors as per the contract terms and conditions. Further, in violation of the Works Department (WD) manual, GoCG, the Company granted interest free mobilisation advances of ₹ 2.62 crore to its contractors. The Company awarded nine works valued at ₹ 30.23 crore on single tender basis on first call of tenders ignoring the provisions of the WD manual.

(Paragraphs 2.2.9.1 and 2.2.9.4)

Award, execution and monitoring of works

The Company awarded five works valued at ₹ 46.80 crore avoiding approvals of competent authorities as per Delegation of Powers (DoP). Execution of 10 test checked works was delayed for periods ranging from 12 to 31 months beyond their scheduled date of completion due to slow progress and stoppage of works by the contractors. Delay in taking action for termination and re-award of delayed/ abandoned works resulted in non-achieving of envisaged purpose of the works besides blockage of funds amounting to ₹ 29.32 crore for the period ranging upto 31 months. The Company did not recover penalty of ₹ 1.89 crore from the contractors for delay as per the terms and conditions of the contracts.

(Paragraphs 2.2.10.1 to 2.2.10.3)

Summary of recommendations

The Company should:

- **fill up vacant posts in a time bound manner so as to ensure adequate monitoring over the construction activities as well as financial management.**
- **credit the interest earned on project funds to the project accounts or remit the same to PHQ to avoid unnecessary payment of income tax.**
- **fix responsibility for the avoidable creation of liability due to belated payment of Service Tax.**
- **immediately transfer its funds from accounts in ineligible banks to accounts in eligible banks.**
- **prepare its own works manual in line with the WD manual to regulate its construction activities.**

- **incorporate a suitable clause for recovery at risk and cost in the agreements, and ensure timely recovery of penalty and compensation from defaulting contractors.**
- **modify its agreement clause in line with the WD manual with respect to grant of mobilisation advance.**
- **ensure adequate competition while awarding works and ensure compliance to applicable rules and regulations.**
- **ensure strict adherence to Delegation of Powers to ensure that due approval of the competent authority is obtained at every stage of award and execution of works.**
- **Invariably adhere to agreement terms while levying/ recovering penalties and ensure timely completion of works**.

3. Compliance Audit Observations

Gist of some of the important compliance audit paragraphs are given below:

The Chhattisgarh State Beverages Corporation Limited incurred loss of ₹ 8.53 crore by paying additional duty from its margins instead of recovering the same from retailers.

(Paragraph 3.1)

The Chhattisgarh Medical Services Corporation Limited and Chhattisgarh State Civil Supplies Corporation Limited unnecessarily paid penal interest of ₹ 1.17 crore to Income Tax authorities due to failure to correctly estimate current income for the financial year and non-submission of IT returns on time**.**

(Paragraph 3.2)

The Chhattisgarh Road Development Corporation Limited incurred loss of interest of ₹ 1.90 crore by not availing of auto sweep facility in its bank accounts.

(Paragraph 3.3)

CHAPTER-1

1. Functioning of State Public Sector Undertakings

Introduction

1.1 As on 31 March 2017, there were 23 State Public Sector Undertakings (PSUs) comprising 22 State Government companies and one Statutory Corporation in Chhattisgarh (***Annexure - 1.1***) as depicted below in table - 1.1:

Table - 1.1: Number of PSUs as on 31 March 2017

Type of PSUs	Working PSUs	Non-working PSUs[1]	Total
Government companies[2]	19	3	22
Statutory Corporation	1	-	1
Total	**20**	**3**	**23**

During the year 2016-17 two PSUs[3] were incorporated and entrusted for audit by CAG. Out of 20 working PSUs and three non-working PSUs, 17 working PSUs and three non-working PSUs[4] had finalised their accounts for the years 2014-15 to 2016-17 as on 31 December 2017 (***Annexure - 1.2***)**.** As per the latest finalised accounts of these 20 PSUs, 12 PSUs earned profit of ₹ 142.38 crore, seven PSUs incurred loss of ₹ 544.84 crore, and the remaining one PSU[5] had no profit or loss. These PSUs registered a turnover of ₹ 23,094.67 crore as per their latest finalised accounts as of 31 December 2017.

The 20 PSUs generated an average return on investment (RoI) of 3.52 *per cent* on the investment (₹ 6,972.39 crore) made by the State Government. As against this, the average cost of borrowings of the State Government was 8.17 *per cent* during 2014-15 to 2016-17. Thus, the approximate loss to the public exchequer as a result of investment in the 20 PSUs that had finalised their accounts in the past three years amounted to ₹ 324.21 crore. The loss, if any, incurred by the remaining three PSUs that have not finalised their accounts, could not be assessed.

As on 31 March 2017, the 23 State PSUs had 19,683 employees[6]. The three non-working PSUs have had no activity for last three years and had an investment of ₹ 338.17 crore (share capital: ₹ 104.70 crore and loans: ₹ 233.47 crore) as on 31 March 2017.

Recommendations:

Since the continued existence of loss making and non-working PSUs causes a substantial drain on the public exchequer, the State Government

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[1] PSUs which have had no activities for last three years.
[2] Companies referred to in Sections 2(45), 139 (5) and 139 (7) of the Companies Act, 2013.
[3] Raipur Smart City Limited and Chhattisgarh Railway Corporation Limited.
[4] Chhattisgarh Sondiha Coal Company Limited, CSPGCL AEL Parsa Collieries Limited and CMDC ICPL Coal Limited have finalised their accounts upto 2016-17.
[5] The net expenditure of CMDC ICPL Coal Limited has been booked against capital work in progress during project construction period.
[6] It includes one employee of non-working Company CSPGCL AEL Parsa Collieries Limited.

may review (i) the functioning of all loss making PSUs and (ii) examine the possibility of winding up of non-working PSUs.

Accountability framework

1.2 Section 139 and 143 of the Companies Act, 2013 (Act), applies to audit of Government companies. The Comptroller and Auditor General of India (CAG) appoints Chartered Accountants (CAs) as Statutory Auditors and conducts supplementary audit of these companies.

Audit of Chhattisgarh State Warehousing Corporation (CSWC) is governed by Section 31 (8) of the State Warehousing Corporations Act, 1962. Audit of CSWC is conducted by CAs appointed by the State Government on the advice of the CAG and supplementary audit is conducted by CAG under the legislation applicable to the Statutory Corporation.

The Reports of the CAG are submitted to the Government, who shall, in terms of the CAG's (Duties, Powers and Conditions of Service) Act, 1971, cause them to be laid before the Legislature.

1.3 The concerned Administrative Departments under the Government of Chhattisgarh exercise control over the affairs of these PSUs, whose Chief Executives and Directors to the Board are appointed by the State Government.

Stake of Government of Chhattisgarh

1.4 The State Government's stake in PSUs falls under three broad categories, viz., share capital and loans, special budgetary support by way of grants and subsidies to consumers and guarantees of loans availed by PSUs from Financial Institutions.

Investment in State PSUs

1.5 As on 31 March 2017, the investment (share capital and long-term loans) in 23 State PSUs by State Government, Central Government and others was ₹ 24,161 crore as detailed in table - 1.2 (further details are given in ***Annexure - 1.1***).

Table - 1.2: Total investment in PSUs as on 31 March 2017

(₹ in crore)

Types of PSUs	Status of accounts finalised	Equity			Long term loans			Grand Total
		State Government	Others[7]	Total	State Government	Others[8]	Total	
Working PSUs	2014-15 to 2016-17[9]	6,646.87	5,428.95	12,075.82	325.52	11,413.89	11,739.41	**23,815.23**
	Prior to 2014-15	5.80	-	5.80	1.71	0.09	1.80	**7.60**
	Sub-total	**6,652.67**	**5,428.95**	**12,081.62**	**327.23**	**11,413.98**	**11,741.21**	**23,822.83**
Non-working PSUs	2014-15 to 2016-17	--	104.70	104.70	--	233.47	233.47	**338.17**
	Prior to 2014-15	--	--	--	--	--	--	**--**
	Sub-total	**--**	**104.70**	**104.70**	**--**	**233.47**	**233.47**	**338.17**
Total		**6,652.67**	**5,533.65**	**12,186.32**	**327.23**	**11,647.45**	**11,974.68**	**24,161.00**

(Source: As per annual accounts of the PSUs/information furnished by the PSUs)

1.6 The sector wise summary of investments in the State PSUs as on 31 March 2017 is given in table - 1.3.

Table - 1.3: Sector-wise investment in PSUs

(₹ in crore)

Name of Sector	Working PSUs		Non-Working PSUs		Total	Total Investment	Total Investment in last five years
	With three years' accounts	Without three years' accounts	With three years' accounts	Without three years' accounts			
Agriculture and allied	2	-	-	-	2	27.15	0
Finance	1	-	-	-	1	40.49	24.02
Infrastructure	1	3	-	-	4	12.60	(-) 16.16
Mining	2	-	3	-	5	430.71	381.40
Power	5	-	-	-	5	23,458.83	6,157.57
Services	6	-	-	-	6	191.22	(-) 120.18
Total	**17**	**3**	**3**	**-**	**23**	**24,161.00**	**6,426.65**

(Source: As per audited accounts/information furnished by the PSUs)

The thrust of the State Government investment in PSUs was in the Power sector consequent to the unbundling the erstwhile Chhattisgarh State Electricity Board (CSEB) into five companies[10] in January 2009. Out of the State Government investment of ₹ 6,746.06 crore (₹ 6,593.69 crore in equity

[7] Includes share capital of Central Government and investment of ₹ 0.92 crore and ₹ 5,530.61 crore by two State Government holding companies in their eight subsidiary companies.

[8] Includes loans from Central Government and Financial Institutions.

[9] Accounts finalised atleast upto 2014-15.

[10] Chhattisgarh State Power Holding Company Limited, Chhattisgarh State Power Generation Company Limited, Chhattisgarh State Power Transmission Company Limited, Chhattisgarh State Power Distribution Company Limited and Chhattisgarh State Power Trading Company Limited.

and ₹ 152.37 crore in loans) in the power sector, ₹ 1,223.85 crore[11] was invested during 2012-17.

1.7 Differences between the figures of the Government equity and loans depicted in the Finance Accounts and in the records of PSUs are given in table - 1.4 below:

Table - 1.4: Equity and Loans outstanding as on 31 March 2017

(₹ in crore)

Investment	As per Finance Accounts	As per records of PSUs	Difference[12]
Equity	6,463.82	6,652.67	**188.85**
Loans	283.75	327.23	**43.48**

(Source: Information furnished by PSUs and Finance Accounts, GoCG, 2016-17)

Differences between the figures relating to guarantees given by the State Government in the Finance Accounts and in the records of PSUs are given in the table - 1.5 below:

Table - 1.5: Guarantees outstanding as on 31 March 2017

(₹ in crore)

Guarantees outstanding	As per Finance Accounts	As per records of PSUs	Difference
	5,423.28	3,416.80	**2,006.48**

(Source: Information furnished by PSUs and Finance Accounts, GoCG, 2016-17)

Recommendation:

The Finance Department, the administrative departments and the PSUs should take immediate steps to reconcile the differences in figures with the Accountant General (A & E), in a time bound manner.

Arrears in finalisation of accounts

1.8 The Companies Act, 2013 stipulates that the annual financial statements of companies are to be finalised within six months from the end of the relevant financial year i.e., by September end. Failure to do so may attract penal provisions, which stipulates that every officer of the concerned defaulting Company shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.

The accounts of the Chhattisgarh State Warehousing Corporation are required to be finalised, audited and presented to the Legislature as per the provisions of State Warehousing Corporations Act, 1962.

As of 31 December 2017, the accounts of 13 working companies were in arrears for periods of upto five years, as depicted in ***Annexure - 1.3***. Delays in finalisation of accounts often result in unavailability or loss of crucial records over time, which is fraught with possibilities of misrepresentation of facts, fraud and misappropriation.

[11] Equity increased by ₹ 1438.67 crore and loans decreased by ₹ 214.82 crore.

[12] The main reasons for difference are non-record in the Finance Accounts and difference in classification of Government investment.

Out of 20 working PSUs, only seven PSUs[13] finalised their accounts for 2016-17 and the remaining 13 PSUs have arrears of 20 accounts[14]. Out of 20 PSUs, accounts of 11 PSUs were in arrears for one year, one PSU for four years and one PSU for five years, as detailed in ***Annexure - 1.3***. There were no accounts in arrears in the three non-working PSUs as on 31 December 2017.

Details of the directors of the 13 working companies whose accounts are in arrears and are liable under the above penal provisions of the Companies Act are given in ***Annexure - 1.4 (a)*** and ***(b)***.

1.9 The State Government had extended budgetary support of ₹ 7,707.17 crore to eight PSUs {equity: ₹ 490 crore (one PSU), capital grants: ₹ 570.82 crore (three PSUs), others (subsidy and revenue grants): ₹ 3,236.05 crore (six PSUs) and guarantees: ₹ 3,410.30 crore (three PSUs)} during the period for which accounts were in arrears as detailed in ***Annexure - 1.5.*** Out of this, budgetary support of ₹ 315.63 crore was extended to two working PSUs[15] whose accounts were in arrears for more than three years, of which ₹ 156.46 crore was extended to these PSUs during 2016-17.

The decision of the State Government to extend budgetary support to the above PSUs whose accounts were in arrears, was financially imprudent, since the State Government had no basis to assess the financial soundness of these PSUs.

Recommendations:

1. **The Finance Department and the concerned administrative departments should ensure that the State PSUs take immediate action to make their accounts current, so that the directors of these PSUs do not continue to fall foul of the Companies Act.**
2. **The Finance Department and the concerned administrative departments should ensure that budgetary support is not extended to such PSUs whose accounts are not current.**

Performance of PSUs as per their latest finalised accounts

1.10 The key financial ratios used to assess the performance of the 18 PSUs[16] that finalised their accounts for the period 2014-15 to 2016-17 (***Annexure - 1.6***) are given in table - 1.6 below:

[13] Sl. No. A2, A6, A9, A15, A18, A19 and B1 of ***Annexure - 1.1***.

[14] At the rate of one account per year.

[15] Chhattisgarh Infrastructure Development Corporation Limited and Chhattisgarh State Industrial Development Corporation limited.

[16] Financial ratios cannot be calculated for non-working PSUs or those PSUs whose accounts are in arrears.

Table - 1.6: Key parameters of working PSUs					
Particulars	**Key parameters (in percentage)**	**2014-15**	**2015-16**	**2016-17**	**Average**
Profit making PSUs	**ROCE**[17]	1.52	5.03	24.43	10.33
	ROI[18]	1.52	5.03	24.43	10.33
	ROE[19]	0.77	2.12	10.03	4.31
Loss making PSUs	**ROCE**	(-) 60.51	(-) 249	(-) 7.47	(-) 105.66
	ROI	(-) 60.51	(-) 249	(-) 7.47	(-) 105.66
	ROE	(-)194.12	(-) 2,859.14	(-) 6.72	(-) 1,019.99
Aggregate of PSUs	**ROCE**	(-) 0.16	3.84	24.06	9.25
	ROI	(-) 0.16	3.84	24.06	9.25
	ROE	(-) 1.77	(-) 3.71	9.77	1.43
Cost of borrowing		**8.61**	**8.28**	**7.63**	**8.17**
(Source: Information as per finalised accounts of PSUs and Finance Accounts, GoCG)					

1.11 The major contributors to profit were Chhattisgarh State Power Transmission Company Limited (₹ 35.75 crore), Chhattisgarh State Warehousing Corporation (₹ 32.79 crore), Chhattisgarh State Power Generation Company Limited (₹ 32.11 crore), Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited (₹ 16.75 crore) and Chhattisgarh Rajya Van Vikas Nigam Limited (₹ 8.75 crore). The RoI of these companies ranged between 4.44 *per cent* and 41.24 *per cent* during 2014-17. On the other hand, Chhattisgarh State Power Distribution Company Limited incurred heavy loss (₹ 540.64 crore), as per the latest finalised accounts.

1.12 The State Government has not formulated any dividend policy for State PSUs. Consequently, though, as per their latest finalised accounts, nine PSUs with Government equity of ₹ 6,146.97 crore[20] earned an aggregate profit of ₹ 74.43 crore, only one PSU, Chhattisgarh Rajya Van Vikas Nigam Limited, proposed dividend of ₹ 0.87 crore i.e., 9.94 *per cent* of its profit.

Recommendation:

The Finance department may consider formulating a dividend policy for payment of specified dividend on equity invested in profit making PSUs on lines of Government of Uttar Pradesh (five *per cent* of equity capital) and Madhya Pradesh (20 *per cent* of profit after tax).

1.13 The Companies Act, 2013 stipulates that the Board of Directors of every Company should meet a minimum of four times in a year. It was observed, however, that out of 20 working PSUs, nine companies conducted less than four meetings during 2014-17 as detailed in table - 1.7 below:

[17] Return on Capital employed = (Net profit/loss before dividend, interest and tax)/ Capital Employed.
[18] Return on Investment (RoI) = (Net Profit before dividend, tax and interest)/ Investment.
[19] Return on Equity (RoE) = (Net profit after tax – Preference dividend)/ Shareholders' fund.
[20] Shareholders' funds as per latest finalised accounts.

Table - 1.7: Details of meeting held in companies

Sl. No.	Name of Company	No. of meetings held			Shortfall in meetings		
		2014-15	2015-16	2016-17	2014-15	2015-16	2016-17
1	Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited	4	2	4	Nil	2	Nil
2	Chhattisgarh Nishakt Jan Vitt Avam Vikas Nigam	1	Nil	Nil	3	4	4
3	Chhattisgarh Infrastructure Development Corporation Limited	1	2	1	3	2	3
4	Chhattisgarh Road Development Corporation Limited	2	2	2	2	2	2
5	Chhattisgarh Mineral Development Corporation Limited	4	4	3	Nil	Nil	1
6	Kerwa Coal Limited	1	3	3	3	1	1
7	Chhattisgarh State Beverages Corporation Limited	4	4	3	Nil	Nil	1
8	Chhattisgarh Medical Services Corporation Limited	4	3	4	Nil	1	Nil
9	Chhattisgarh State Warehousing Corporation	2	3	2	2	1	2

(Source: Data compiled from the companies record)

Winding up of non-working PSUs

1.14 There were three non-working PSUs as on 31 March 2017. However, the State Government has not yet decided on closure/revival of these companies.

Accounts Comments

1.15 Seventeen working companies[21] forwarded their 22 audited accounts to the Accountant General during the year 2016-17[22]. Of these, 21 accounts for the period 2014-15 to 2016-17 of 16 companies were selected for supplementary audit. The Audit Reports of Statutory auditors appointed by CAG and the supplementary audit of CAG indicated that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of Statutory Auditors and CAG are given in table - 1.8.

[21] Sl. No. A1, A2, A3, A6, A8, A9, A10, A11, A12, A13, A14, A15, A16, A17, A18, A19 and B1 of ***Annexure - 1.1***.

[22] During the period from October 2016 to December 2017.

Table - 1.8: Impact of audit comments on working companies							
							(₹ in crore)
Sl. No.	Particulars	2014-15		2015-16		2016-17	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1	Decrease in Profit	9	26.35	8	31.09	9	114.64
2	Increase in Loss	4	6.09	3	7.94	2	167.80
3	Increase in Profit	5	150.74	4	177.42	3	1.46
4	Decrease in Loss	1	360.86	4	26.58	-	-
5	Material facts not disclosed	6	527.54	6	581.49	5	2,288.68
6	Errors of classification	6	77.76	3	17.12	1	15.37

During the year, the Statutory Auditors had given qualified certificates for 20 accounts finalised by the 16 working companies. Compliance to the Accounting Standards by the companies remained poor as there were 15 instances of non-compliance to Accounting Standards in nine accounts of eight[23] companies.

Recommendation:

The Finance department and the concerned Administrative departments should immediately review the working of the 16 companies where the Statutory Auditors had given qualified comments.

Response of Government to Audit

Performance Audits and Paragraphs

1.16 One Performance Audit report and four audit paragraphs have been issued (March 2017 to October 2017) to the managements of the companies and Additional Chief Secretaries/ Principal Secretaries of the respective departments with requests to furnish replies within six weeks. Replies of managements and departments have been received and incorporated in the respective performance audit/ audit paragraphs.

Follow up action on Audit Reports

Replies outstanding

1.17 The reports of the Comptroller and Auditor General of India (CAG) represent the culmination of the process of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the Executive. The Finance department, Government of Chhattisgarh issued (April 2017) instructions to all Administrative departments to submit replies/explanatory notes to paragraphs/reviews included in the Audit Reports of the CAG within a period of three months of their presentation to the Legislature, without waiting for any questionnaires from the Committee on Public Undertakings (CoPU). The position of explanatory notes not received is given in table - 1.9.

[23] Sl. No. A2, A10, A11, A13, A14, A15, A17 and B1 of ***Annexure - 1.1***.

Table - 1.9: Explanatory notes not received (as on 31 July 2018)					
Year of the Audit Report (Civil and Commercial/ PSUs)	**Date of placement of Audit Report in the State Legislature**	**Total Performance Audits (PAs) and Paragraphs in the Audit Report**		**Number of PAs/Paragraphs for which replies/ explanatory notes were not received**	
		PAs	**Paragraphs**	**PAs**	**Paragraphs**
2008-09	26 March 2010	1	5	-	2
2014-15	31 March 2016	1	13	1	0
Total		**2**	**18**	**1**	**2**

While explanatory notes of PA and paragraphs included in the Audit Report for the year 2015-16 have been received, the explanatory notes of the Audit Reports for the year 2008-09 and 2014-15 are still awaited (July 2018).

Recommendation:

The concerned administrative departments[24] should comply with the directives (April 2017) of the Finance department and furnish timely response to audit observations.

Discussion of Audit Reports by CoPU

1.18 The status, as on 31 July 2018, of Performance Audits and Paragraphs that appeared in Audit Reports (Civil and Commercial) and Audit Reports (PSUs) and discussed by the CoPU is given in table - 1.10.

Table - 1.10: Performance Audits/ Paragraphs in Audit Reports discussed by CoPU (as on 31 July 2018)				
Period of Audit Report	**Number of PAs/ Paragraphs**			
	Appeared in Audit Report		**Paragraphs discussed**	
	PAs	**Paragraphs**	**PAs**	**Paragraphs**
2008-09	01	05	01	03
2009-10	01	08	01	08
2010-11	01	08	01	06
2011-12	01	10	-	09
2012-13	01	09	01	09
2013-14	01	11	01	08
2014-15	01	13	-	04
2015-16	01	10	-	02
Total	**08**	**74**	**05**	**49**

Compliance to Reports of CoPU

1.19 Action Taken Notes (ATN) to two paragraphs appearing in two Reports of the Committee on Public Undertakings (CoPU)[25] presented to the State Legislature between July 2008 and March 2010 had not been received (July 2018) as indicated in table - 1.11. These CoPU reports pertain to CAG Audit Reports for period from 2002-03 and 2004-05. CoPU reports on Audit Reports for the years 2005-06, 2006-07 and 2008-09 onwards are not presented so far (July 2018).

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[24] Energy department, Food, Civil Supplies and Consumer Protection department, Commerce and Industries department, Geology and Mining department and Commercial Tax (Excise) department.

[25] Pertaining to two departments of GoCG, i.e., Food, Civil Supplies and Consumer Protection department and Energy department which appeared in the reports of the CAG of India for the years 2002-03 and 2004-05.

Table - 1.11: Compliance to CoPU Reports			
Year of the Audit Report	**Total number of CoPU Reports[26]**	**Total number of recommendations in CoPU Reports**	**Number of recommendations where ATNs not received**
2002-03	01	01	01
2004-05	01	01	01
Total	**02**	**02**	**02**
(Source: Information compiled by Audit)			

Recommendation:

The State Government should ensure prompt compliance in the furnishing of ATNs on the reports of CoPU.

Restructuring of PSUs consequent to reorganisation of the State

1.20 Consequent to the reorganisation of the erstwhile Madhya Pradesh State into the states of Madhya Pradesh and Chhattisgarh w.e.f. 01 November 2000, the assets and liabilities of 19 PSUs[27] (out of the then existing 28 PSUs as detailed in ***Annexure - 1.7***) were to be divided amongst the successor states. However, the division have been completed only in respect of 13 PSUs[28] as of December 2017.

Recommendation:

Since almost two decades have passed after the reorganisation of the State, the State Government is required to work closely with the Government of Madhya Pradesh for the expeditious division of assets and liabilities of the six PSUs, where the Government investment as on 1 November 2000 was ₹ 36.98 crore.

Reforms in Power Sector under Ujwal Discom Assurance Yojna (UDAY)

1.21 With an objective to improve the operational and financial efficiency of the State DISCOMs, Ministry of Power, Government of India (GoI) launched (November 2015) Ujwal Discom Assurance Yojna (UDAY), a scheme for the financial turnaround of power distribution companies.

Memorandum of Understanding (MoU) was signed (January 2016) between Ministry of Power, GoI, Government of Chhattisgarh and Chhattisgarh State Power Distribution Company Limited (CSPDCL) for implementation of the scheme with identified financial and operational targets.

The progress achieved so far in respect of important financial and operational targets fixed as per MoU and achievements thereof as on 31 March 2018 is given in ***Annexure - 1.8***.

[26] Year of CoPU reports was 2008-09 to 2009-10 and there is no CoPU report after 2011-12.

[27] Sl. No. 1 to 10, 12, 13, 15, 16, 18 and 19 of ***Annexure - 1.7*** (remaining three companies are no more in existence).

[28] Sl. No. 1 to 5, 7 to 9, 12 and 13 of ***Annexure - 1.7*** (remaining three companies are no more in existence).

CSPDCL achieved all the financial targets except reduction of Aggregate Technical and Commercial (AT&C) loss and Collection efficiency targets, which were almost fully achieved. In so far as achievement of operational targets is concerned, the target for electricity access to unconnected households and distribution of light emitting diode (LED) under UJALA scheme was achieved. However, the performance of CSPDCL was not satisfactory in respect of distribution transformer metering, feeder metering, rural feeder audit and feeder segregation. Further, CSPDCL failed to make any progress in the area of smart metering.

CHAPTER-2

2. Performance Audit relating to Government companies

2.1 Finalisation of rate contracts and procurement of materials by Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited

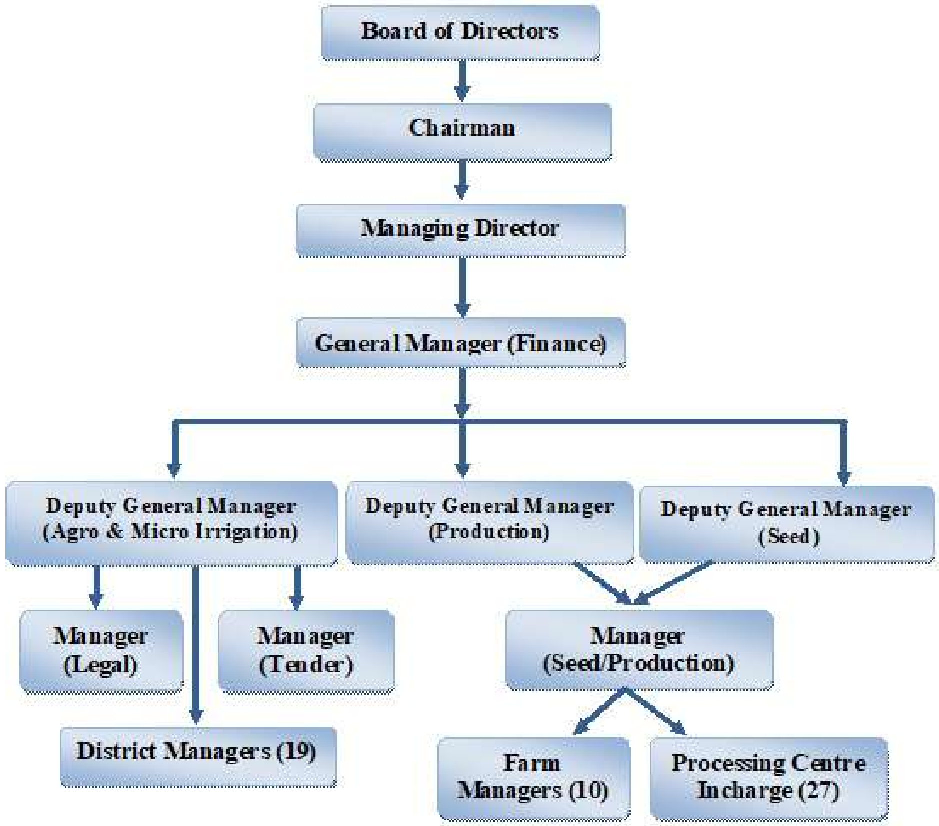
Introduction

2.1.1 The Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited (Company) was incorporated on 8 October 2004 as a wholly owned Government Company under the Department of Agriculture, Government of Chhattisgarh (GoCG). The main activities of the Company are production, processing/procurement and distribution of certified seeds to the farmers; finalisation of rate contracts (RCs) for supply of agricultural implements, pesticides, hybrid vegetable seeds etc., to various departments of GoCG and production of bio fertiliser.

Organisational setup

2.1.2 The Company is under the overall administrative control of the Agriculture Department of GoCG (Department) headed by the Additional Chief Secretary. The Management of the Company is vested in a Board of Directors (BoD) comprising nine Directors including a Managing Director (MD) and a non-executive Chairman appointed by GoCG. The MD is the Chief Executive Officer (CEO) who looks after the day-to-day activities of the Company and is assisted by a General Manager (Finance) and three Deputy General Managers (DGM) at Head Office level.

The Head Office of the Company is located at Raipur. The Company has 27 seed processing centres, 19 District Offices (for procurement and supply of rate contract items), 10 Agriculture Farms at different parts of the State and a Bio Fertiliser Plant. The Head Office has four wings viz., Seed wing, Micro Irrigation & Agro wing, Finance & Accounts wing and Administration & Establishment wing. Seed Processing Centres are headed by Processing Centre in-charge, District Offices are headed by District Managers and Farms are headed by Farm Managers. The organisation structure of the Company is as follows:



Audit Objectives

2.1.3 The performance audit was conducted to assess whether the Company had:

- finalised RCs for Government purchases and procurement of materials economically, effectively, efficiently and in a timely manner;
- an effective and efficient financial management system; and
- an efficient and effective monitoring system and internal control framework.

Audit Criteria

2.1.4 The audit criteria adopted for the Performance Audit were derived from:

- Chhattisgarh Stores Purchase Rules - 2002 (SPR) and subsequent amendments;
- Memorandum and Articles of Association of the Company, Board agenda notes and resolutions, delegation of powers and circulars/instructions issued by the Company;
- Circulars and instructions issued by the GoCG;
- Financial Accounts, Annual Reports, Management Information System (MIS) reports and returns submitted or published by the Company; and

- Relevant provisions of the Companies Act, 1956/2013 and the Income Tax Act, 1961.

Scope and methodology of Audit

2.1.5 The Performance Audit was conducted during March to August 2017 covering the Company's activities on finalisation of rate contracts (RCs) and procurement of materials during 2012-13 to 2016-17. Audit examined records relating to all 70 RCs finalised by the Company during review period.

The Entry Conference was held with the Additional Chief Secretary (ACS), Department of Agriculture, GoCG and Managing Director (MD) of the Company on 13 July 2017 wherein the objectives, scope and methodology and criteria were discussed. The Audit findings were reported to the Company and GoCG in August 2017. The reply of the Department, approved by the ACS was received in December 2017, which was mere endorsement of Company's reply. The Exit Conference was held with the ACS, Department of Agriculture and the MD of the Company on 12 March 2018. The reply of the Department and views expressed by them in the Exit Conference have been considered while finalising the Performance Audit Report.

Audit acknowledges the cooperation extended by the Management in timely completion of Audit.

Audit Findings

The audit findings are discussed in the succeeding paragraphs.

Manpower Management

2.1.6 The GoCG approved (February 2011) 316 posts for the Head Office and the field offices of the Company. Thereafter, the GoCG increased (May 2015) the sanctioned strength from 316 to 383. Details of category wise sanctioned posts *vis-à-vis* men in position as on 31 March during 2012-13 and 2016-17 are given in table - 2.1.

Table - 2.1: Statement showing sanctioned posts vis-à-vis men in position						
Particulars	**Sanctioned posts (2012-13 to 2014-15)**	**Manpower as on 31 March 2013**		**Sanctioned posts (2015-16 to 2016-17)**	**Manpower as on 31 March 2017**	
		Men in position	**Vacant posts**		**Men in position**	**Vacant posts**
Head Office	**62**	**44**	**18**	**71**	**53**	**18**
Processing Centres (PC)						
PC in-charge[1]	19	7	12	24	9	15
Other staff	66	38	28	104	45	59
Total (PC)	**85**	**45**	**40**	**128**	**54**	**74**
District Offices (DO)						
District Manager[2]	16	9	7	21	7	14
Other staff	86	48	38	91	45	46
Total (DO)	**102**	**57**	**45**	**112**	**52**	**60**
Farms						
Farm Manager	10	5	5	10	5	5
Other staff	50	12	38	55	11	44
Total (Farms)	**60**	**17**	**43**	**65**	**16**	**49**
Bio Fertiliser Plant (BFP)						
BFP Manager	1	0	1	1	0	1
Other staff	6	3	3	6	4	2
Total (BFP)	**7**	**3**	**4**	**7**	**4**	**3**
Grand total	**316**	**166**	**150**	**383**	**179**	**204**
(Source: Data compiled from Company's records)						

On scrutiny of files relating to manpower management, Audit observed the following:

- There was acute shortage of manpower in the Company during the review period (2012-13 to 2016-17) which ranged from 42 *per cent* to 53 *per cent*. Though, the Company had advertised (March 2012) to fill up 82 vacant posts, only 31 posts[3] were filled up. Thereafter, the Company did not take any initiative to recruit against the remaining vacant posts, for reasons not on record.

  Further, after approval of increased sanctioned strength in May 2015, the Company requested (July 2015/ August 2015/ November 2015/ March 2016) Department of Agriculture for permission to recruit against 128 vacant posts, which was granted (March 2016). However, the Company officials did not take any action to recruit against the vacant posts. The issue of shortage of manpower was also not apprised by the MD to BoD during the review period (2012-13 to 2016-17).

  The men-in-position as well as sanctioned strength were inadequate keeping in view the volume of transactions of the Company as the Company added 11 field offices[4] during the review period and there were

[1] GoCG approved (February 2011) sanctioned strength of 19 PC, which was subsequently revised (May 2015) to 26 PC.

[2] GoCG approved (February 2011) sanctioned strength of 16 DO, which was subsequently revised (May 2015) to 19 DO.

[3] In some posts selected candidates did not join and in some posts, the Company did not find eligible candidates.

[4] Eight PC and three DO

57 field offices[5] as on 31 March 2017. Shortage of manpower was the major reason for abnormal time taken in finalisation of rate contracts and improper scrutiny of the bills of suppliers as discussed in *paragraphs - 2.1.9.4* and *2.1.10.3* respectively. Further, there were shortages of accounting staff as only 11 Accountants/Junior Accountants were posted in the Company as against the sanctioned strength of 34 as on 31 March 2017. Only four Processing Centres and one bio fertiliser plant had one Accountant each and no Accountants were posted[6] in any District Office and Farms as on 31 March 2017. Shortage of Accountants was the major reason for delayed finalisation of accounts of the Company as discussed in *paragraph - 2.1.8.3*.

- As per manpower setup[7] of the Company, every District Office (DO) should be headed by a Deputy Manager or Assistant Manager, Processing Centre (PC) by the Senior Production Assistant, and Farm by the Farm Manager. However, the Company failed to post required officials in each DO, PC and Farm due to shortage of staff as discussed above. The vacancies of these posts in the field offices were in the range of 38 *per cent* to 62 *per cent* during the review period. As a result, lower rank officials[8] were handling the charge of these field offices.
- As per Central Vigilance Commission circular of 2001, all the companies should identify sensitive posts in their organisation and should rotate the officials posted on sensitive post every two/three years to avoid developing vested interest. The Company, however, has not identified sensitive posts and employees/officials are working in one post continuously for upto 12 years[9].

The acute shortage of manpower adversely affected the functioning of the Company as is evident from the delay in finalisation of Accounts (*paragraph - 2.1.8.3*) and delay in finalisation of rate contracts during 2012-13 to 2016-17 (*paragraph - 2.1.9.4*).

The Department, while accepting the Audit observation stated (August 2017) that the vacant posts would be filled shortly by direct recruitment. The Department further stated that at present nine accounting staff is working at head office, Chartered Accountants (CA) were engaged (January 2014) for preparation of accounts of District Offices and in processing centres accountants were outsourced. Regarding identification of sensitive posts, the Department stated that the Company would act according to the suggestions of Audit.

[5] 19 DO, 27 PC, 10 Farms and a Bio Fertiliser Plant

[6] Two accountants were working as District Managers in two DOs.

[7] Manpower setup refers to approved manpower strength of Department/PSU by the Government. It comprises details of sanctioned designations and number of posts.

[8] Accountants, Sales Assistant, Assistant Grade -I and Plant Operator

[9] Some instances are Manager (Seed) posted since 1 August 2005, Manager (Legal) posted since 1 August 2005, Deputy Manager (Admin) posted since 3 September 2009, Deputy Manager (Accounts) posted since 8 March 2007, Cashier posted since 18 July 2012 etc., though these posts were interchangeable.

The reply is not acceptable since, despite engaging CA and outsourcing of Accountants, the Company could not finalise the accounts for 2016-17 so far (July 2018).

Recommendation:

The Company should recruit manpower as per the approved sanctioned strength without further delay.

Internal Control and Monitoring

2.1.7 The Internal control and monitoring mechanism of the Company was deficient as there was no effective control/monitoring for timely finalisation of accounts and payment of income tax (*paragraphs - 2.1.8.3* and *2.1.8.4*), realisation of auction proceeds *(paragraph - 2.1.8.7)* and purchase from cancelled RCs/ disqualified bidder *(paragraph - 2.1.10.3)*.

Besides, the following other deficiencies in the internal control system and monitoring mechanism were also observed during audit.

Inadequate Internal Audit

2.1.7.1 The Company does not have its own internal audit wing and it also does not have an internal audit manual. No internal audit was conducted in the Company from 2012-13 onwards as no internal auditors were appointed. As the turnover of the Company was always in excess of ₹ 200 crore during this period, the internal auditor should have been appointed as required under Section 138 of the Companies Act, 2013.

The Department while accepting the Audit observation stated (December 2017) that the internal audit for the year 2016-17 was being conducted by the Company's staff.

The reply does not address the issue of non-conducting of internal audit during 2012-13 to 2015-16. Further, the Company has entrusted the internal audit work for 2016-17 to its two Accountants and no supervisory officers have been deployed. Moreover, no training was given to the staff and no guidelines/ manual for internal audit was formulated.

Recommendation:

The Company should prepare the internal audit guidelines/manual and deploy suitable and adequate manpower for internal audit.

Embezzlement of cash – ₹ 50.93 lakh

2.1.7.2 District Offices and Processing Centres of the Company receive payments on behalf of the Company on account of sale of agricultural materials and seeds to farmers and Department of Agriculture. The amount so received by these field offices should invariably be deposited in the bank account immediately within same day or next working day as stipulated in the Rule 4 of Financial Code of the State Government.

The PC in-charge and the Junior Assistant had embezzled ₹ 50.93 lakh.

Audit observed that in one of the Processing Centres i.e., Geur, Ambikapur, two officials Shri D.P. Phathak, PC in-charge and Shri Yadvendra Singh Baghel, Junior Assistant received (June 2013) ₹ 50.93 lakh towards sale of seeds to farmers/ societies. However, the same was neither deposited in the bank nor shown as Cash in hand/ chest and was embezzled by these officials.

The prevailing internal control mechanism failed to prevent and detect the embezzlement timely.

The Company came to know about this embezzlement only after complaint[10] received in June 2015. In response, the Company suspended (July 2015) both the officials and initiated (August 2015) departmental enquiry (DE) against them. The DE against Shri Yadvendra Singh was completed (25 July 2017) and charges of embezzlement of ₹ 50.93 lakh were proved correct. However, DE against Shri D.P. Phathak is still in progress (July 2018).

As embezzlement of public money is a criminal offence, the Company should have lodged FIR against the officials for criminal prosecution. Surprisingly, before completing DE, both the officials were reinstated (7 April 2017) by the MD without recording any reasons. Recovery of the embezzled amount is still pending (July 2018).

During the Exit Conference, the ACS directed (March 2018) the Company to take action against the responsible officials, to recover the embezzled amount in a time bound manner and take other legal action as necessary.

Recommendation:

The Department may conduct an enquiry to fix the accountability of the MD in not lodging the FIR, and for reinstating the charged officials before completion of enquiry.

Non-holding of regular meetings of Board of Directors

2.1.7.3 Section 285 of the Companies Act, 1956 and Section 173 of the Companies Act 2013, stipulates that the BoD of every Company, shall meet at least once in every three months and at least four times in a year.

Audit scrutiny revealed (April 2017) that the BoD of the Company conducted 14 meetings during the five years ended on 31 December 2017 against the minimum required 20 meetings. The Company also did not adhere to the quarterly schedule of at least one meeting in each quarter. Audit further observed that significant matters viz., status of failed seeds under seed production programme, surplus seeds and its proper disposal, progress of implementation of various schemes of Central and State Government, amount outstanding against farmers due to failed seeds, implementation of RCs finalised by the Company, shortage of manpower, status and progress of various Public Private Partnership Projects of the Company and internal audit and internal control mechanism prevailing in the Company were not discussed by the BoD.

The Department accepted (December 2017) the Audit observation.

Absence of Management Information System

2.1.7.4 The Company does not have any policy on Management Information System (MIS) and it has not prescribed any periodical returns/ performance reports for submission to higher authorities regarding status of finalisation of Rate Contracts (RCs) and time taken for each activity of tender finalisation; details of indent received from Department for purchase of materials through

[10] The complaint was received from the Assistant Seeds Certification Officer, Chhattisgarh State Seeds Certification Agency, Geur.

RCs; details of supplier wise and item wise purchases made under any RC, status of recovery of outstanding sale proceeds from Department, status of surplus seeds available in its Processing Centres, status of auction of surplus seeds and receipt of auction proceeds, report regarding unsatisfactory performance of the RC holders etc.

The Department stated (December 2017) that the Company was preparing its accounts on Tally software and works relating to distribution of agriculture implement and micro irrigation projects were carried out through Chhattisgarh Agriculture Mechanisation & Micro-irrigation Monitoring Process System (CHAMPS), a GoCG scheme w.e.f. 1 April 2017. The Department also stated that the National Informatics Centre (NIC) is developing an online software for Seed wing of the Company. Regarding MIS, the Department further stated that as and when any deficiencies occur it will be rectified and MIS will be improved.

The reply does not address the issue raised by the Audit as it only provided details of computer software/online system and did not provide any details of MIS for the issues stated above. Further, the reply regarding rectification/improvement of MIS system is also not relevant keeping in view that the Company did not have any MIS for the items mentioned above.

Financial Management

2.1.8 The major sources of income of the Company are commission on the sales of agriculture implements and various seeds, sale of tender forms and registration fees, miscellaneous income etc., and major items of expenditure of the Company are procurement of materials, packing and transportation expenses, establishment expenses etc.

2.1.8.1 The overall financial position and working results of the Company for the period from 2012-13 to 2015-16[11] are given in the ***Annexure - 2.1.1***. The sales of the Company were ₹ 472.89 crore in 2012-13 which decreased to ₹ 440.42 crore in 2015-16 due to less demand from the user departments. Profit decreased due to decrease of interest income on bank deposits, increase in packing expenses, transportation charges and employee benefit expenses on account of pay revision. As a result, the Net Profit of the Company decreased from ₹ 41.73 crore in 2012-13 to ₹ 26.99 crore in 2015-16 which consequently resulted in decline in return on capital employed from 48.60 *per cent* in 2012-13 to 18.47 *per cent* in 2015-16.

Recovery of Trade Receivables

2.1.8.2 The Department of Agriculture, GoCG is the primary customer of the Company. The timely recovery of dues from the Agriculture Department reduces the borrowing liability of the Company from outside agencies.

Audit observed that as per accounts of the Company, Trade Receivables were ₹ 185.95 crore as on 31 March 2016. However, as per the records of the functional wings of the Company i.e., Agro Wing and Seed Wing, the Trade Receivables were ₹ 102.02 crore. Similar difference existed in the previous

[11] The Company has not finalised accounts for the year 2016-17 so far (July 2018). The Company also did not furnish the provisional figures for this period.

year also when the accounts reflected Trade Receivables as ₹ 150.89 crore whereas as per the records of Agro and Seed Wings, the same was ₹ 92.81 crore. The officials[12] of the Company neither analysed the reasons for this difference which has increased, nor made any efforts to reconcile the data so far (July 2018) though Audit has pointed out it in July/ August 2017. Audit also observed that the Company neither maintains the age-wise records of Trade Receivables nor prepares the quarterly accounts, in the absence of which, the Company is not aware of the age of outstanding dues.

The Department stated (December 2017) that the difference in Trade Receivables occurred due to non reconciliation of primary records and accounting records of the Company. The Department further stated that the reconciliation is being done and efforts are being taken to recover the outstanding dues. During the Exit Conference, the ACS instructed (March 2018) the Company to prepare age wise analysis since inception and reconcile the Trade Receivables at the earliest.

Recommendation:

The Company should prepare the age wise analysis of Trade Receivables and reconcile the same with primary records. The Company should also take effective steps to recover the Trade Receivables in a time bound manner.

Delay in finalisation of accounts

2.1.8.3 As per the Companies Act, 2013, the BoD is responsible for placing the approved accounts of the Company in the Annual General Meeting of the shareholders within six months of the close of the financial year i.e., by September end. Audit observed that there was backlog in preparation of the annual accounts of the Company. As on December 2016, three years' annual accounts (2013-14 to 2015-16) were in arrears due to non preparation of accounts by field units mainly caused by shortage of accounting staff as discussed in *paragraph-2.1.6*.

The issue of arrears in finalisation of accounts was earlier reported vide paragraph no. 4.3.8 of the Report of CAG of India (Civil & Commercial) for the year ended 31 March 2010, Government of Chhattisgarh. In response, the Department issued (July 2010) directions to the Company to prepare the accounts in time. The Company outsourced (January 2014) the work of finalisation of accounts to private CAs in Head Office as well as District Offices/ Processing Centres in view of shortage of accounting staff and cleared all the backlog of accounts upto 2015-16 in March 2017. The Company is yet to finalise accounts for 2016-17 (July 2018).

Delay in finalisation of accounts not only violates the provisions of the Companies Act, 2013 but also results in unavailability or loss of crucial records over a period of time, which is fraught with the possibilities of misrepresentation of facts, fraud and misappropriation.

The Department (December 2017) stated that the Company had made all efforts to clear the arrears of accounts.

[12] General Manager (Finance), Deputy General Manager (Seed) and Deputy General Manager (Agro & Micro Irrigation)

The reply is not acceptable as the Company has not been able to clear the backlog of accounts even after passage of eight years since the Department instructed the Company to finalise the accounts in time.

Recommendation:

The Company should ensure that its accounts are finalised in time, so that it does not continue to violate the Companies Act.

Avoidable payment of penal interest of ₹ 3.84 crore due to incorrect estimation of Income

2.1.8.4 As per Section 208 of the Income Tax Act, 1961 (Act), advance tax is payable during a financial year, in every case, where the tax payable by the assessee during the year is rupees ten thousand or more. In case of failure, the assessee is liable to pay penal interest as per Section 234A/B/C of the Act.

Audit observed that the Company failed to estimate its income accurately for the years 2012-13 and 2014-15 to 2016-17 leading to shortfall in payment of advance tax which resulted in payment[13] of penal interest of ₹ 3.84 crore.

The Company had to pay ₹ 3.84 crore towards penal interest due to non adherence of quarterly schedule for payment of advance tax under the Income Tax Act.

On the other hand, for the year 2013-14, the officials[14]of the Finance Wing of the Company estimated (10 September 2014) total income of ₹ 46.90 crore at the time of filing of the provisional return on which the Company had paid (June 2013 to September 2014) income tax of ₹ 16.64 crore[15]. However, at the time of actual finalisation/closure of accounts for 2013-14 (January 2017), the actual total income was ₹ 24.74 crore. Audit noticed that estimated income was assessed on higher side mainly due to under estimation of purchase cost of materials. Accordingly, the actual tax liability was ₹ 8.43 crore which was just half of the advance tax paid on estimated total income. Thus, due to poor estimation, excess income tax of ₹ 8.21 crore was paid by the Company.

However, as the time limit[16] for filing revised return under Section 139(5) of the Act was over on 31 March 2016, the Company filed the revised return on 27 April 2017 (after the Central Board of Direct Taxes condoned the delay) and the matter is pending with Central Board of Direct Taxes (July 2018).

While accepting the Audit observation, the Department stated (December 2017) that due to delayed finalisation of accounts, advance tax was paid on the basis of projected income and final tax was paid on the basis of final accounts. During the Exit Conference, the ACS directed (March 2018) the Company to take action against the responsible officials.

Recommendation:

The Company should devise a mechanism for accurate estimation of quarterly profit to avoid penalty under the Income Tax Act.

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[13] Penal interest paid between May 2012 to March 2017.

[14] General Manager (Finance), Deputy Manager (Accounts) and Accountant

[15] Advance tax - ₹ 10.89 crore, Self Assessment Tax - ₹ 5.53 crore and TDS - ₹ 0.22 crore

[16] One year from the end of the relevant assessment year or before completion of the assessment, whichever is earlier.

Avoidable payment of Income Tax of ₹ 4.27 crore due to non deduction of TDS from fees paid to CSSCA

2.1.8.5 The Income Tax Act, 1961 (Act) stipulates that, tax deducted at source (TDS) is to be effected at the rate of 10 *per cent* on any fees paid for professional/ technical service. In case of failure to deduct such TDS, the expenditure on payment of professional/ technical services shall not be allowed to be deducted while computing the income chargeable to income tax.

Failure of the Company to deduct TDS from the fees paid to CSSCA resulted in disallowing the expenditure while computing the income, and the Company had to incur loss of ₹ 4.27 crore on account of payment of Income Tax.

Audit observed that during 2012-13 to 2015-16, the Company had paid seed certification fees (SCF) amounting to ₹ 9.77 crore to the Chhattisgarh State Seed Certification Agency (CSSCA). However, the Finance Wing[17] failed to deduct TDS as required under the Act. Hence, the expenditure towards SCF was disallowed by the Tax Auditor while computing total income of the Company for the years 2012-13 to 2015-16. As a result, the Company had to pay additional income tax of ₹ 3.22 crore on such disallowed expenditure which was otherwise avoidable.

The matter of non deducting TDS was pointed out[18] by the Statutory Auditors in their Auditor's Reports for the years 2012-13 to 2015-16. However, the General Manager (Finance) failed to take any corrective action and further made payment to CSSCA of ₹ 3.09 crore for the year 2016-17 without deducting TDS which resulted in additional tax liability and consequent loss of ₹ 1.05 crore on account of disallowance of expenditure.

The Department, while accepting the Audit observation stated (December 2017) that CSSCA had informed that they were exempted from Income Tax but did not submit any proof of the same. It was further stated that the Company has instructed (14 August 2017) the field offices to deduct the TDS from CSSCA bills w.e.f. 1 April 2017.

The reply is not acceptable as the Company did not deduct TDS despite CSSCA not submitting proof of exemption leading to disallowance of expenditure. The reply regarding deduction of TDS w.e.f. 1 April 2017 is also not acceptable because the Company was well aware in April 2016 itself about disallowance of this expenditure when it was pointed out in Statutory Audit, despite which, it failed to deduct TDS on payment of SCF w.e.f. April 2016.

Non recovery of ₹ 64.80 lakh due to allowing lifting of auction material without collecting sale proceeds

2.1.8.6 The Processing Centres (PC) of the Company auction the surplus seeds to private traders through *Krishi Upaj Mandis (Mandi)* at the end of seed marketing season twice in a year. After each successful auction, a tripartite agreement is executed between the Company, the concerned *Mandi* and the highest bidder in the auction. As per the agreement, the purchaser shall pay the auction proceeds on the same day of auction, and thereafter, lift the materials from the concerned PC.

The in-charge of Processing Centre, Kokamunda allowed the lifting of auctioned material without collecting the sale proceeds, thereby resulting in non-recovery of ₹ 64.80 lakh.

The PC in-charge, Kokamunda, Bastar sold (31 October 2015) 6,027.50 quintal surplus paddy seed with total sales proceeds of ₹ 64.80 lakh in an

[17] General Manager (Finance) and Deputy Manager (Accounts)

[18] 11 April 2016 (2012-13), 6 January 2017 (2013-14), 30 March 2017 (2014-15) and 31 March 2017 (2015-16)

auction through *Mandi* to M/s Chaman Trading Company (Purchaser) and executed the tripartite agreement. Audit, however, observed that the PC in-charge, Kokamunda permitted (27 February 2016) the purchaser to lift the auctioned seeds without payment. The Deputy General Manager (Seed) in Head Office, who monitors the auction of surplus seeds, also failed to ensure payment before lifting.

The Department accepted the Audit observation and stated (December 2017) that ₹ 16.64 lakh has been recovered and assured to recover the balance amount shortly. The Department further stated that the action would be taken against the then in-charge of PC.

During the Exit Conference, the ACS directed (March 2018) the Company to recover the amount from the concerned official.

Recommendation:

The Company should take appropriate action against the PC in-charge and the purchaser. Further, the Company should strengthen its monitoring mechanism to avoid such instances in future.

Irregular receipt of old currency denomination notes which was not legal tender

2.1.8.7 In terms of Government of India (GoI) Gazette Notification issued (No. 2652 dated 8 November 2016) existing bank notes in the denominations of ₹ 500 and ₹ 1,000 ceased to be legal tender with effect from 9 November 2016. However, GoI notified various service/ transactions from time to time for carrying out certain emergent and urgent transactions using the specified old bank notes for the convenience of public. Accordingly, GoI allowed (20 November 2016) the State Seed Corporations to receive of payments from the farmers towards purchase of seeds in old ₹ 500 notes.

The Company had accepted old demonetised currency violating GoI notification on demonetisation.

Audit observed that even before the issue of the 20 November 2016 notification, 12 out of the 57 units of the Company had accepted old dues of ₹ 52.82 lakh in old currency notes of rupee five hundred and rupee thousand between 10 November 2016 to 19 November 2016, in violation of the notification of GoI. Further, five units had received ₹ 8.90 lakh during the period 20 November 2016 to 30 December 2016 in the old notes of denomination of rupee one thousand in violation of the GoI notification, which allowed only rupee five hundred denomination old notes to be accepted for purchase of seeds.

During the Exit Conference, the ACS directed (March 2018) the Company to take immediate action against the responsible officials.

Finalisation of rate contracts

2.1.9 Consequent upon formation of the Company, GoCG instructed (July 2005) that work relating to the erstwhile MP State Seed and Farm Development Corporation Limited and MP Agro Industries Development Corporation Limited in the State of Chhattisgarh would now be carried out by the Company. Accordingly, the Company has been finalising Rate Contracts (RCs) for agricultural implements, pesticides, hybrid vegetable seeds etc., for various departments of GoCG.

Under the tender for RCs, the bidder is required to submit the technical bid and financial bid. The technical committee evaluates the technical bids based on specified eligibility criteria and recommends opening of the price bids of the technically qualified bidders. The financial bid is opened after approval of the MD on the recommendation of technical committee. The financial committee evaluates the financial bids and fixes the counter offer rate[19]. After approval of the MD, the counter offer is made to all technically qualified bidders by the Agro Wing of the Company and after receipt of acceptance from the bidders, the RCs are finalised. Thereafter, the head office of the Company circulates the finalised RCs to District Offices and accordingly, the District Offices purchase the materials on the basis of indents received from user departments.

Details of RCs finalised by the Company during the years from 2012-13 to 2016-17 are given in the table - 2.2.

Table - 2.2 RCs finalised by the Company

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
No. of RCs finalised	13	13	12	20	12
No. of parties with whom the RCs were finalised	79	80	64	155	85
Purchases made by the Company under the RCs (₹ in crore)	287.12	310.44	233.32	225.95	312.43

(Source: Data compiled from Company's records)

Deficiencies noticed in finalisation of RCs are discussed in succeeding paragraphs.

Non-compliance of findings of Special Audit Report

The Company has not complied with the observations of Special Audit Report despite assurance given by the Department.

2.1.9.1 The Principal Secretary, Department of Agriculture, GoCG (PS) had requested (December 2012) the Accountant General (Audit) to conduct the Special Audit of the Company. Accordingly, the Special Audit was conducted for purchases made by the Company during 2010-11 and 2011-12 and the Report was issued to GoCG in May 2013. During the Special Audit of the Company, Audit had raised (May 2013) various issues viz., finalisation of RCs with ineligible bidders, instances of collusive biddings, finalisation of RCs at higher rates, issue of supply order to RC holders in ad-hoc manner by the District Offices, non-formulation of purchase policy etc.

Accordingly, PS had directed (July 2013 and March 2014) the MD of the Company to take corrective action and fix responsibility of the concerned officials. However, Audit observed that these irregularities still persist (as discussed in the succeeding *paragraphs nos. 2.1.9.2, 2.1.9.5, 2.1.9.6, 2.1.9.9* and *2.1.10.1*) and no responsibility has been fixed. Thus, the MD failed to ensure corrective action on the Special Audit findings. The Department also failed to monitor the compliance to the Special Audit Report after March 2014 despite assurance given to Audit (September 2013), as no correspondence was made with the Company thereafter.

[19] The rate offered by the financial committee to all the eligible bidders which is based on L1 rates received in the tender.

Delay in preparing Purchase Manual/Policy and deficiencies therein

2.1.9.2 The Special Audit Report of April 2013 pointed out non-preparation of Purchase Manual/Policy by the Company, leading to abnormal delays in finalisation of tenders. In reply, the Management had assured (April 2013) that efforts would be made to prepare guidelines as suggested by Audit.

The Company, however, took almost three years to finalise its Purchase Policy which was approved by BoD on 6 April 2016. The reasons for delay were not found on record. The Company had finalised 44 RCs and purchased materials worth ₹ 768.57 crore between June 2013 to March 2016 without a Purchase Policy.

Audit further observed that though the Purchase Policy was finalised in April 2016, it was not circulated to field units for implementation upto July 2017, for which no reasons were found on record.

During the Exit Conference, the ACS directed (March 2018) the Company to prepare detailed guidelines for procurement of materials.

Invitation of rate contract offers without finalisation of terms and conditions of tender in violation of Chhattisgarh Store Purchase Rules

2.1.9.3 As per clause 4.1 and 4.2 of Chhattisgarh Store Purchase Rules (SPR), the terms and conditions of tender should be prepared before inviting tender for public procurement.

Audit observed that in 51 out of 70 RCs finalised during 2012-13 to 2016-17, the Company officials[20] finalised terms and conditions of rate contracts upto 360 days after invitation of tenders for which no reasons were found on record. This was not only in violation of provision of SPR but also created a potential high risk area for malpractice as it may give scope for manipulation in framing the terms and conditions of RCs to suit a particular potential bidder which may be unfavourable for some other potential bidders. This also delayed the finalisation of RCs and as a result, the Company had to purchase the materials at old rates under previous RCs till finalisation of new RCs. As the Company did not maintain the RC wise/ supplier wise purchase details, Audit could not quantify the purchases made under these RCs during delayed period.

During the Exit Conference, the ACS directed (March 2018) the Company to strictly comply with the SPRs. The MD stated that in compliance to the Audit observation, the Company was now finalising the terms and conditions of RC before publishing the NIT.

Abnormal time variation in finalisation of rate contracts

2.1.9.4 The Company has not fixed any time limit for finalisation of tenders. However, the other State PSUs[21] has adopted a time limit of 100 days for finalisation of tenders (from opening of bids to approval of proposal).

The Company had finalised 70 RCs for various types of agricultural items during 2012-13 to 2016-17 taking a time period of 11 days to 1,085 days from date of issue of NIT as detailed in the ***Annexure - 2.1.2***. Out of this,

[20] MD, GM and DGM (Agro)

[21] Power Sector PSUs

in 11 cases the RCs were finalised by taking more than a year, whereas in three cases RCs were finalised within 60 days. Audit observed that in the absence of specified time limit for finalisation of RCs, the technical committee and the financial committee[22] had taken abnormal time for evaluation of bids which is also evident from the ***Annexure - 2.1.2***. As a result, the finalisation of RCs was delayed and consequently, the Company had to purchase the materials under old RCs at old rates till finalisation of new RCs. As the Company did not maintain the RC wise/ supplier wise purchase details. Audit could not quantify the purchases made under these RCs during delayed period.

Accepting the Audit observation, while, the ACS directed the Company during the Exit Conference (March 2018) to finalise the RCs within a reasonable time so that the sanctity of rates would be ensured.

Finalisation of RCs with ineligible bidders and purchase of materials worth ₹ 16.56 crore

2.1.9.5 The pre-qualification criteria for the bidder to participate in the rate contract offer (RCO) of the Company is mainly based on certain turnover, having valid licence/authorisation for the items offered, past experience of business with Government/PSUs, essential documents relating to credibility of the products to be supplied/ bidders etc. Audit observed in many cases that though the bidders did not fulfil the eligibility criteria, the technical committee qualified them and accordingly, RCs were issued to them, as discussed in the succeeding paragraphs.

(a) Horticulture/ Forestry produce and processing equipment (RC16 - February/March 2013)

The Company invited (20 March 2012) RCO for supply of Horticulture produce and processing equipment, following which, RCs were issued (February 2013 and March 2013) to three bidders[23].

Audit observed that one bidder[24] did not mention the turnover and also did not submit documents in support of turnover as against the turnover criteria of rupees three crore during the last three years. However, the technical committee[25] had qualified (10 July 2012) the bidder without recording any reasons. Accordingly, the Company awarded (March 2013) RC to an ineligible bidder and procured materials amounting to ₹ 9.12 crore from the firm during 2013-14.

[22] These committees were constituted as per the provisions of Chhattisgarh Store Purchase Rules by MD. The members of these committee included officials of the Company and experts from various outside agencies. The technical experts were selected from nominated members of various outside agencies viz., State Agriculture Directorate, State Directorate of Horticulture and Forestry. Indira Gandhi Krishi Vishwavidyalaya (IGKV), Industrial Training Institutes (ITI) and Chhattisgarh State Industrial Development Corporation Limited (CSIDC) vide Department instructions of February 2012.

[23] M/s LakshyaTechnocarts India Private Limited, M/s Modern Scientific Company and M/s Agrotech Corporation

[24] M/s LakshyaTechnocarts India Private Limited

[25] In-charge Additional Director, Agriculture Engineering; Department of Agriculture (DoA); Deputy Director, Horticulture, DoA; DGM (Administration) and Deputy Manager (Marketing)

(b) VA Mico Rhiza (RC 26 – May 2014)

As per the terms and conditions of tender, bidders were required to furnish the details of TIN, PAN, turnover details, audited balance sheet along with income tax return, sales tax clearance certificate, dealer price list, license etc., along with the bid.

Audit observed that nine out of 10 bidders who participated in the tender had not submitted one or more documents required to fulfill their technical eligibility (details in ***Annexure - 2.1.3***). However, the technical committee[26] disqualified (24 February 2014) only one bidder and qualified nine bidders including the eight ineligible bidders, without recording any reasons. The Company had purchased (May 2014 to October 2015) materials worth ₹ 2.65 crore from these eight ineligible bidders.

(c) Plant Protection Equipment and Light Trap (RC 9–May/June 2016)

The Company finalised (May/June 2016) the RCs of plant protection equipment (PPE) with nine bidders and light trap with 11 bidders. Audit observed that in the case of one selected bidder i.e., M/s Nagarjuna Agro Chemical Private Limited, Hyderabad (M/s Nagarjuna) for PPE item, the Department had intimated (April 2016) the Company that the firm was black listed by the Government of Karnataka and directed the Company not to allow the firm to participate in any tender of the Company. However, flouting the orders of the Department, the technical committee[27] qualified the firm and the MD awarded (June 2016) the RC to the firm.

Further, one bidder i.e., M/s Green Brigade, Rajnandgaon had not furnished any document in support of the minimum turnover requirement of ₹ 25 lakh as per the tender conditions. Similarly, for light trap item, one bidder, M/s Sai Agrotech, Yavatmal, did not furnish any document in support of recognition by "National Centre for Integrated Pest Management" New Delhi (NCIPM). However, the technical committee qualified both the bidders without recording any reasons and the Company awarded (June 2016) the RCs to them.

The Company procured (June 2016 to March 2017) materials amounting to ₹ 1.12 crore from these three bidders.

(d) Agriculture micronutrients (RC 23 – November 2015)

Three bidders i.e., Sujata Chemical Industries, Raipur, Shri Tulsi Phosphate, Mahasamund and Shriram Fertilisers & Chemicals, Raipur did not fulfill the turnover criteria[28] of rupees one crore per annum during the last three years. Despite this, the technical committee[29] qualified (29 October 2015) all of them without recording any reasons/justification. The Company awarded (November 2015) RCs and purchased (November 2015 to June 2017) materials worth ₹ 1.35 crore from them.

[26] Joint Director (Agriculture), DoA; Joint Director (Horticulture), DoA; Head of Department (Soil Science), IGKV and DGM (Seed)

[27] Additional Director (Agriculture Engineering), DoA; Professor (Agriculture Engineering), IGKV; DGM-I (Seed); DGM-II (Seed) and GM (Finance)

[28] The Company fixes the minimum turnover criteria for ascertaining the financial soundness and experience of the bidder.

[29] Joint Director (Horticulture), DoA; Deputy Director (Agriculture), DoA; Professor (Soil Science), IGKV and DGM (Seed)

(e) Horticulture, Forestry, Herbal plant (RC 4 - August/ December 2012 and February 2013)

As per the tender conditions, bidders were required to furnish proof of having own nursery or agreement with other nursery owners. Despite two bidders viz., M/s Shri Ram Biotech, Raipur and M/s Shri Sai Baba Krishi Sewa Kendra, Raigarh not furnishing such proof, the technical committee[30] qualified these bidders without recording any reasons/ justification and the Company awarded (December 2012/February 2013) the RCs to them, against which the Company purchased (August 2012 to July 2016) plants worth ₹ 90.42 lakh.

(f) Hybrid Maize seed (RC 54 - March 2015/ October 2015)

As per the eligibility criteria, bidders should have valid Registration Certificate for in-house research and development (R&D) facility issued by GoI and should attach "Molecular Markers" details issued by breeders for quoted seeds. Further, as proof of notified variety of seed, the bidder has to submit notification of GoI. However, two bidders i.e., M/s Syngenta India Limited, Raipur and M/s Monsanto India Limited, Raipur did not submit the Molecular Markers for their quoted varieties. Similarly, M/s Shriram Fertiliser and Chemicals, Raipur (M/s Shriram) had submitted the Registration Certificate and Molecular Markers of another firm i.e., M/s Bioseed Research India Private Limited, Hyderabad. Despite these three bidders being ineligible for RC, the technical committee[31] qualified them without recording any reasons/justification and RCs were issued to them. The Company procured hybrid maize seeds worth ₹ 67.74 lakh from these three bidders during March 2015 to March 2017.

(g) Weedicides (RC 55 – October 2015)

As per the eligibility criteria of online tender for rate contract of Weedicides, the bidders must have valid license[32] for sale in Chhattisgarh from Director of Agriculture, GoCG. The technical committee[33] qualified (19 May 2015) 10 bidders and disqualified two bidders[34] for not having valid sale license. The MD approved (8 June 2015) the recommendations of technical committee. However, the technical committee *suo motu* again evaluated (23 June 2015) the technical bids and qualified all the 12 bidders. As there was contradiction in both the evaluations, the MD directed (3 July 2015) revaluation, following which, the same technical committee again evaluated (7 July 2015) the technical bids and qualified 11 bidders including two bidders who had been disqualified in the first evaluation and disqualified one bidder due to non submission of proof of running industry. The Company purchased (October 2015 to March 2017) materials worth ₹ 32.68 lakh from the selected vendors.

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[30] Joint Director (Agriculture), DoA; Joint Director (Horticulture), DoA; Scientist (Horticulture), DoA; Manager (Quality Control) and DGM (Establishment)

[31] Joint Director (Agriculture), DoA; Deputy Director (Agriculture), DoA and Professor (Agronomy), IGKV

[32] Valid sale license issued by GoCG is mandatory for sale/supply of weedicides/pesticides in the State.

[33] Deputy Director (Agriculture), DoA; Additional Director (Agriculture), DoA; Professor (Soil Science), IGKV and Assistant Manager (Accounts)

[34] M/s Agro Blend and M/s Central Insecticides & Fertilizers

Audit was unable to fathom the reasoning behind the process of selection, which was opaque, and irregular.

(h) Corrugated Box (RC 51-October 2013 and RC 52-February 2015)

The tender condition for corrugated box stipulated that the bidder must be self manufacturer[35]. Audit observed that though the bidder, M/s Sharda Offset Printers Private Limited, Raipur did not furnish the certificate in support of this criteria, the technical committee[36] qualified the bidder without recording any justification. The Company had purchased corrugated boxes amounting to ₹ 24.08 lakh from the supplier during the period October 2013 to March 2016. Though, the RC was cancelled (March 2016) after the irregularity was pointed out (March 2016) by Audit, no action was taken to fix responsibility on the technical committee.

(i) Vermi Compost Bed (RC 31 – November 2015)

The eligibility criteria for vermi compost bed required bidders to have minimum turnover[37] of not less than rupees three crore, for which, bidders had to upload report showing turnover of Vermi Compost Bed separately, duly verified by the Chartered Accountant (CA). Further, the bidder was required to upload the license issued by District Trade and Industries Center (DTIC) certifying that the bidder was a self manufacturer. Audit observed that four out of total seven bidders had not fulfilled these criteria, as detailed in table - 2.3 below:

Table - 2.3: Details of criteria which were not fulfilled by the bidder

Name of the bidder	Remarks
M/s Lamifab Industries, Mumbai and M/s V.K. Packwell Private Limited, Kanpur	Turnover details of Vermi Compost Bed not furnished separately.
M/s Aadinath Polyfab Private Limited, Thane	Turnover details certified by CA not furnished.
M/s Texel Industries Limited	DTIC license not furnished.

(Source: Data compiled from Company's records)

However, the technical committee[38] qualified the above four bidders without recording any reasons for ignoring their ineligibility. The Company purchased (November 2015 to May 2017) Vermi Compost Beds amounting to ₹ 17.06 lakh from these ineligible firms.

The Company finalised RCs with ineligible bidders which resulted in irregular purchase of ₹ 16.56 crore.

From all the nine cases mentioned above it could be concluded that the technical committee qualified the ineligible bidders, resulting in irregular purchases worth ₹ 16.56 crore from these ineligible bidders.

During the Exit Conference, while accepting the Audit findings, the ACS assured (March 2018) strict action against all the responsible officials and bidders/suppliers and instructed the MD to take action in a time bound manner in all the cases mentioned above.

[35] The Company prefers procurement from manufacturers for obtaining most economical rates and products as per its specifications.
[36] DGM-I (Seed); DGM-II (Seed); Manager (Seed) and Deputy Manager (Accounts)
[37] The Company fixes the minimum turnover criteria for ascertaining the financial soundness and experience of the bidder.
[38] Additional Director (Agriculture), DoA; Project in-charge, IGKV and DGM (Seed)

Recommendation:

The Company should initiate disciplinary action against the members of the technical committee who qualified ineligible bidders. The Company should also evolve a full proof tender evaluation system in line with the Store Purchase Rules so that such instances are avoided in future.

Finalisation of rate contracts and procurement of materials worth ₹ 36.40 crore from suppliers who indulged in collusive bidding/ made more than one offer under different names

2.1.9.6 The standard tender document stipulates that not more than one RCO will be accepted from any bidder, and offers from individuals representing more than one organisation in one or different names participating in the RCO, will not be entertained. Further, no RC would be executed with bidders who had engaged in corrupt or fraudulent practices.

Audit observed clear instances of collusive bidding and malpractices by the bidders in the following 11 cases of finalisation of RCs.

(a) Hybrid Paddy Seed (RC53 - May 2013 and May 2015)

The Company finalised (May 2013) RCs with 13 suppliers for supply of Hybrid Paddy Seed. Audit observed that two bidders i.e., M/s Shriram Fertilisers and Chemicals, Raipur and M/s Shriram Bioseed Genetics, Raipur had mentioned the same PAN, TIN and even quoted the same rates. Further, both the bidders were divisions of M/s DCM Shriram Limited, Hyderabad. Despite this, the technical committee[39] recommended the bidders and the Company procured Hybrid Paddy Seeds worth ₹ 5.53 crore (Shriram Fertiliser - ₹ 0.88 crore and Shriram Bioseed - ₹ 4.65 crore) during July 2013 to April 2015 from these two bidders.

Further, the Company again finalised (May 2015) RCs with these two firms in the RC-53 as well ignoring their collusive bidding and purchased Hybrid Paddy Seeds amounting to ₹ 3.01 crore (Shriram Fertiliser - ₹ 1.11 crore and Shriram Bioseed - ₹ 1.90 crore) during May 2015 to July 2016.

Accepting the Audit observation, the Management stated (July 2016 and July 2017) that RCs of both the firms were cancelled (9 May 2016) and both the firms were blacklisted (5 July 2016) for five years.

(b) Certified Potato Seed (RC 56 - November 2015)

The Company finalised (November 2015) RCs with three suppliers i.e., M/s Avani Traders, Raipur, Royal Seeds & Fertilizers Private Limited, Kolkata (Royal Seeds) and Laukik Seeds and Fertilizers LLP, Raipur (Laukik Seeds) for supply of Certified Potato Seed.

Audit observed that all the three bidders had indulged in collusive bidding which is evident from the fact that the office address of two firms i.e., M/s Royal Seeds and M/s Laukik Seed were the same. Further M/s Avani Traders

[39] Joint Director (Agriculture), DoA; Scientist (Breeder), IGKV; Manager, Head Office and DGM (Seed)

and Royal Seeds were also associated[40] firms. Moreover, Shri Mukesh Choradiya, who was the authorised signatory of M/s Royal Seeds, had signed the declaration of M/s Avani Traders as witness by name of Shri Mukesh Jain, and the signatures of both Shri Mukesh Jain and Shri Mukesh Choradiya were the same. However, the technical committee[41] failed to identify the collusive bidding. Thus, finalisation of RCs from all these three bidders were irregular. The Company had procured Potato Seeds worth ₹ 2.12 crore from them during November 2015 to March 2017**.**

Here it is pertinent to mention that during Special Audit of the Company (April 2013) Audit had pointed out the Company's failure to detect the corrupt practices/ collusive bidding in RCO of Certified Potato and Coriander Seeds for 2011-12 by the bidders namely, M/s Raj Traders, Bhopal, M/s Rama Traders, Bhopal, M/s Avani Traders, Raipur and M/s KBA Traders, Indore. In reply, the Company had assured (September 2013) that in future they would act more vigilantly.

In the present Audit it was observed (May 2017) that though in one RCO (RC 62 of 2015-16), the Company had rejected the bids of M/s Raj Traders and M/s Rama Traders who previously had indulged in collusive bidding, in the instant case, the bid of M/s Avani Traders was not rejected on the same ground.

(c) Agriculture Pesticides (RC 22 – May 2016)

The Company finalised (May-June 2016) RCs with 27 bidders for supply of Agriculture Pesticides. Audit observed that 10 out of 27 successful bidders had indulged in collusive bidding as detailed in succeeding paragraphs:

(i) Shri Vinay Garg had participated in the tender while representing as the contact person for six[42] bidders.

(ii) Similarly, Shri Rakesh Singh Thakur represented as the contact person for three bidders viz., M/s Microplex India, Wardha, M/s Microplex Biotech & Agrochem Private Limited, Wardha and Datta Grotech & Equipments, Wardha. Further, the registered addresses, landline/mobile numbers of the first two bidders were also same.

(iii) Shri Abhishek Dudhe had participated in the tender representing as the contact person for three different bidders viz., M/s Om Agro Organics, Yavatmal, M/s Sai Agrotech, Yavatmal and M/s Sugway Agri biotech & Research Foundation, Yavatmal. The RC was finalised with the third firm i.e., M/s Sugway Agri biotech.

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[40] The authorised signatory of M/s Royal Seeds i.e., Mr. Mukesh Choradiya was also the authorised signatory of one of the associated firm of M/s Avani Traders i.e., M/s Unique Associates. The Company had considered (April 2016) M/s Avani Traders and M/s Unique Associates as one firm as discussed in succeeding sub paragraph (i).

[41] Deputy Director (Agriculture), DoA; Assistant Professor (Horticulture), IGKV and DGM (Seed)

[42] Allwin Chemical & Fertilizers Private Limited, Dhar; Allwin Industries, Raipur; Boss Agro Chemicals Private Limited, Raipur; International Biotech Products, Ratlam; Ojas Agro Chemical, Champa and Samridhi Bioculture Private Limited, Bhilai

Despite above clear instances of collusive bidding, the technical committee[43] had qualified the above bidders and the Company procured agriculture pesticides valued ₹ 7.50 crore from them[44] during June 2016 to March 2017.

(d) Dunnage Pallets (RC 30 –February 2015)

The Company invited (1 July 2014) RCO for supply of Dunnage Pallets[45]. Audit observed that all the three bidders[46] who participated in the tender indulged in collusive bidding, as all the three bidders had mentioned the same telephone/fax number and email address. Further, both the successful bidders i.e., Deluxe (a private limited company) and M/s Ashapura (a partnership firm) had the same director/ partner i.e., Shri Lakhamshi Shah and Manilal Shah. Despite this, the technical committee[47] recommended both the firms for RC without recording any justification and the same was approved by the MD. The Company had purchased (July 2015 to March 2017) Dunnage Pallets valued ₹ 11.01 crore (Ashapura – ₹ 5.39 crore and Deluxe – ₹ 5.62 crore) from these ineligible bidders.

(e) Horticulture Hybrid Seed (RC 01 – November 2015/January 2016/ February 2016)

The Company finalised (November 2015 and January/February 2016) RC with 16 bidders for supply of Horticulture Hybrid Seed. Audit observed that two bidders i.e., M/s Beejo Sheetal Seeds Private Limited and M/s Kalash Seeds Private Limited who participated in the tender, had the same address, contact number and fax number. Similarly, two more bidders i.e., M/s West Bengal Hybrid Seeds & Bio-Tech Private Limited and M/s Royal Seeds & Fertilisers Private Limited had the same address, contact number and fax number. Despite this, the technical committee[48] qualified these collusive bidders without recording any reasons and the same was approved by the MD. Accordingly, the Company issued RCs to them and procured the materials amounting to ₹ 4.91 crore during November 2015 to July 2017.

(f) Bullock drawn/ hand operated agriculture implement (RC 12 – November 2012)

The Company finalised (November/December 2012) RCs for supply of bullock drawn/ hand operated agriculture implement with 12 bidders. Audit observed that Shri Pitambar Gupta had participated in the tender representing

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[43] Joint Director (Agriculture), DoA; Additional Director (Horticulture), DoA; Deputy Director (Agriculture), DoA and Professor (Soil Science), IGKV

[44] Allwin Chemical & Fertilizers Private Limited – ₹ 18.52 lakh; Allwin Industries, Raipur – ₹ 70.46 lakh; Boss Agro Chemicals Private Limited – ₹ 15.52 lakh; International Biotech Products, Ratlam – Nil; Ojas Agro Chemicals – ₹ 37.68 lakh; Samridhi Bioculture Private Limited – ₹ 0.68 lakh; Microplex Biotech & Agrochem Private Limited – ₹ 1.37 crore; Microplex India – ₹ 29.24 lakh; Shri Datta Grotech & Equipments – ₹ 0.61 lakh and Sugway Agribiotech & Research – ₹ 4.40 crore

[45] Dunnage pallets are used in the godowns as floor base of seed bags to keep the seeds free from floor moisture.

[46] M/s Hydro Marine Services, Mumbai; M/s Ashapura Recycling System, Mumbai (Ashapura); and M/s Deluxe Recycling Private Limited, Mumbai (Deluxe)

[47] Joint Director (Agriculture), DoA; Deputy Director (Agriculture), DoA; Professor & HOD (Chemical Engineering), IGKV and District Marketing Officer, Markfed

[48] Joint Director (Horticulture), DoA; Deputy Director (Agriculture), DoA; Professor (Horticulture), IGKV and DGM (Seed)

himself as the contact person in three different organisations i.e., M/s Gupta Motors, M/s Agrotech Corporation and M/s Aqua Engineers. Similarly, Shri Parag Kumar Boddum had participated in the tender representing as the contact person in two different organisations i.e., M/s Baliram & Sons and M/s Swastik Agro Industries. Despite this, the technical committee[49] qualified and the Company finalised RCs with them and procured implements worth ₹ 1.71 crore from these bidders during November 2012 to June 2016.

(g) Diesel/ Petrol pump sets (RC 43 – June 2016)

The Company finalised (June 2016) RCs for supply of Diesel/Petrol pump sets with 12 bidders. Audit observed that Shri Pitambar Gupta had participated in the tender with representing in two different organisations i.e., M/s Gupta Motors and M/s Botliboi Limited. Despite this, the technical committee[50] qualified these collusive bidders without recording any reasons and the same was approved by the MD. Accordingly, the Company issued RC and procured materials valued ₹ 37.31 lakh from these ineligible bidders during June 2016 to March 2017.

(h) Agriculture Micronutrients (RC 61 - April 2015 and RC 23 - November 2015)

The Company finalised (1 April 2015) RCs (RC-61) for supply of Agriculture Micronutrients with 17 suppliers. Audit observed that out of 17 bidders with whom RCs were finalised, one bidder had submitted two bids in different names (M/s Microplex India, Wardha and M/s Microplex Biotech & Agrochem Private Limited, Wardha) with the same registered address, landline, mobile numbers and signature. Despite this, the technical committee[51] qualified these ineligible bidders without recording any reasons/justification, and the MD also approved the proposal.

Similarly, the Company again finalised (November 2015) rate contracts (RC-23) with both the ineligible bidders, on the recommendation of the technical committee[52] despite repetitive collusive bidding and procured agriculture micronutrients valued ₹ 23.58 lakh from them during April 2015 to June 2017.

(i) Horticulture/ Forestry/ Flower/ Fruit seeds and planting material (RC 4 –July 2016)

The Company finalised (5 July 2016) RCs with five bidders for supply of Horticulture/Forestry/Flower/Fruit seeds and planting materials. Audit observed that one successful bidder i.e., M/s Unique Associates, Raipur had submitted two bids in different names (M/s Unique Associates and M/s Avani Traders, Raipur) who shared the same registered address. Despite this, without recording reasons, and in violation of tender clauses, the MD instructed (April

49 Joint Director (Agriculture Engineering), DoA; DGM (Seed) and Deputy Manager (Marketing)

50 Additional Director (Agriculture), DoA; Professor (Agriculture Engineering), IGKV; DGM-I (Seed); DGM-II (Seed) and GM (Finance)

51 Joint Director (Agriculture), DoA; Additional Director (Horticulture), DoA; Deputy Director (Agriculture), DoA and Professor (Soil Science), IGKV

52 Joint Director (Horticulture), DoA; Professor (Soil Science), IGKV and DGM (Seed)

2016) to consider both the firm as one firm for finalisation of RC and accordingly RC was finalised with M/s Unique Associates.

The Company finalised 11 RCs with the 29 suppliers who were indulged in collusive bidding and procured materials valued ₹ 36.40 crore from them.

In all the 11 cases mentioned above, though there were evidences of malpractice, the technical committee did not verify the bid documents and credentials of the bidders properly while finalising RCs. Instead of rejecting the collusive bids and blacklisting such bidders, the members of the technical committee qualified them and the same was also approved by the MD. The Company had procured materials valued at ₹ 79.21 crore from these 29 collusive bidders through various RCs during the review period from 2012-13 to 2016-17 as detailed in ***Annexure - 2.1.4***, out of which materials valued at ₹ 36.40 crore was procured under the RCs in which the bidders indulged in collusive bidding.

Accepting the Audit findings during the Exit Conference, the ACS assured (March 2018) that strict action would be taken against all the responsible officials and bidders/suppliers and instructed the MD to take action in a time bound manner in all the cases mentioned above. There was no indication on the action contemplated against the MD who had issued *suo motu* directions in the case of M/s Unique Associates.

Recommendation:

The Company should take action against the firms who indulged in collusive bidding as per the terms and conditions of tender, and also against the members of the technical committee and the MD for providing undue benefit to ineligible firms.

Lack of standard criteria for assessment of reasonability of rates

The Company has no laid down procedure for assessing the reasonability of rates and it has been fixed in ad-hoc manner.

2.1.9.7 Audit observed that there is no laid down procedure in the Company for assessing the reasonability of rates. The financial committee decides counter offer of rates without recording any justification/ analysis. In some cases the Company decides to issue counter offer on the basis of lowest quoted rate or quoted maximum retail price (MRP) reduced by certain percentage or last purchase price increased by certain percentage. In some cases the financial committee simply issues counter offers at lowest quoted rates without any analysis of reasonability of rates.

Significant instances of deficient finalisation of counter offer rates by the financial committee are discussed below:

Finalisation of rate contracts for Soil Testing Lab Equipment without assessing reasonability of rates

2.1.9.8 The Company invited (18 February 2016) tender (RC-20) for supply of soil testing lab equipment for the year 2015-16 onwards. After financial evaluation, the financial committee[53] decided (21 September 2016) to issue counter offer to all the 11 bidders at the lowest rates received. The RCs were

[53] Joint Director (Horticulture), DoA; Deputy Director (Agriculture), DoA; Professor and HoD (Soil Science and Agriculture Chemistry), IGKV and Assistant Director (Finance)

issued (8 December 2016) for 44 lab equipment to four[54] bidders who accepted the counter offer.

Audit noted that there were large variations between quoted lowest and highest rates for almost all items. For instance, the rates of M/s Popular Sciences Appratus Workshop Private Limited (M/s Popular) ranged between 150 *per cent* to 37,129 *per cent* above the counter offer rates. Despite this, M/s Popular accepted the counter offer rates. A main reason for this tendency of quoting higher rates by the bidders is the Company's policy to issue counter offer to all the qualified bidders ignoring the abnormal difference in rates quoted by the bidders. Thus, due to guarantee of receipt of counter offer, the bidders quote higher rates and there is risk of finalisation of RC at higher rate.

The Department stated (December 2017) that the counter offers were issued to all the bidders as per the prevailing practice to ensure availability of more suppliers.

The reply is not acceptable as the prevailing practice of the Company to issue counter offer to all the bidders encourages the tendency to quote higher rates. Here it is also pertinent to mention that after the Audit observation, the financial committee[55] cancelled (May 2017) the RC-77 of tall plants for 2017-18 due to huge variation i.e., 10 times to 500 times in minimum and maximum quoted price.

Recommendation:

In order to get more competitive rates, the Company should re-evaluate the present practice of issuing counter offer to all the bidders.

Finalisation of rate contracts at higher rates resulted in loss of ₹ 1.08 crore

2.1.9.9 The Company finalised the RCs at higher rates as discussed in the following paragraphs:

(a) Zinc EDTA (RC 23/ 61 – April 2015)

The Company had finalised RCs at higher rates in without assessment of reasonability of rates resulting in loss of ₹ 1.08 crore.

The Company invited (October 2014) tender for supply of Chealted Zinc (Zn-EDTA). On opening (19 January 2015) of the price bid, the lowest rate of Zn-EDTA was ₹ 85, ₹ 165 and ₹ 325 for 250 gram, 500 gram and 1 kg packing respectively which was lower than the last purchase price (LPP)[56] of ₹ 106.66, ₹ 195.33 and ₹ 376.19 respectively. Accordingly, the financial committee recommended (4 February 2015) the counter offer rate at the lowest rate found in the tender. However, the DGM (Seeds) proposed[57] (19 February 2015) not to finalise the RC by stating that as the quoted rate for Zn-EDTA was lower than the LPP, the quality of the same may not be ensured, which was accepted by the MD. Accordingly, the Company did not finalise the RC for Zn-EDTA and continued the old RC at higher rate.

[54] Varad Corporation, Raipur; Popular Sciences Appratus Workshops Private Limited, Ambala Cantt; Gennext Lab Technologies Private Limited, Delhi and Aadarsh Enterprises, Jabalpur

[55] Joint Director (Horticulture), DoA; Project in-charge, IGKV; Deputy Forest Officer, Department of Forest; GM (Finance) and DGM (Seed)

[56] The Company had finalised RC for supply of Zn-EDTA in June 2013 with 11 suppliers.

[57] The recommendations of financial committee were submitted for approval of MD through DGM (Seed).

Audit further observed that in the next tender (June 2015), the rate was found to be even lower[58] than the previous tender. This time, the Company accepted the rates and finalised (November 2015) RC ignoring the apprehension of poor quality expressed during the previous tender.

The decision of the Deputy General Manager (Seeds) and the MD to not finalise the RCO 61 (October 2014) on the ground of poor quality even without testing the quality of material lacked justification. Moreover, the issue of quality and specification of materials is assessed by the technical committee and financial bid of only technically qualified bidders is evaluated by the financial committee. Further, in case of poor quality supplied by the RC holder, the Company can reject the material as per tender conditions (clause 2.18-a). The decisions to reject the lowest offer resulted in purchase of Zn-EDTA at higher rates during the period of extension of period of previous RC (March 2015 to November 2015) in the absence of finalisation of new RC and extension of undue financial benefit of ₹ 1.08 crore to the suppliers.

The Department stated (December 2017) that rate found in February 2015 was much lower and quality of Zn-EDTA may be affected due to this. In the subsequent tender the rate was also found lower and after assurance of the quality the RC was finalised.

The reply is not acceptable because the bidder, who quoted the lowest rate, was technically qualified and thus it cannot be assumed that the quality of material would be poor. Further, action could have been taken against suppliers of inferior materials as per the tender condition.

(b) Oil cake and Neem cake (RC25 -January 2016)

The Company issued (January 2016) RC of Oil Cake and Neem Cake to two suppliers[59]. As per RCO documents, the bidders had to quote three rates in the price bids i.e., quoted rate, maximum retail price (MRP) and distributor price of the item for better comparison. In the instant case, the Company finalised the RCs for these items with both the bidders at rates higher than the MRP and after adding VAT and Company's Margin the prices of all the items were between 9.51 *per cent* to 25.79 *per cent* higher than the MRP. This is irregular under the Consumer Goods (Mandatory Printing of Cost of Production and Maximum Retail Price) Act, 2006 which stipulates that the MRP is inclusive of all taxes and a retailer/seller cannot sell at a price above MRP. The Company has purchased the material valued ₹ 36.39 lakh under this RC. This has resulted in extension of undue financial benefit to the suppliers and also loss to the farmers as they had to buy the goods at rates higher than the MRP.

The Management while accepting the Audit observation (raised in February 2016) stated (March 2016 and August 2017) that the RCs were cancelled on 11 March 2016.

The fact remains that though the RCs were cancelled in compliance to Audit observation, no action was taken against the officials of the financial committee[60] responsible for procurement at higher rates so far (July 2018).

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[58] ₹ 59, ₹ 115 and ₹ 225 for 250 gram, 500 gram and 1 kg packing of Zn-EDTA respectively

[59] Disha Bhoomi Biotech Private Limited and Shri Annpurna Agro Industries

[60] Professor (Soil Science), IGKV; GM (Finance) and DGM (Seed)

The Department stated (December 2017) that the bidders did not accept the counter offer rates due to increase in rates of raw materials of quoted items and consequently MRP would also be increased.

The reply seems to be an afterthought because nowhere in the proceedings of financial committee is there any record of the facts now stated by the Department.

Procurement of materials

2.1.10 The Company is responsible for distribution of adequate quantity of certified seeds of various crops to the farmers as per the requirement assessed by the State Agriculture Directorate (SAD). The Company fulfils the demand of SAD by in-house production or through procurement of seeds from outside agencies.

The Company also procures various agricultural implements, pesticides, hybrid vegetable seeds etc., through RCs. After adding its profit margin, the same is then supplied through its District Offices to various departments/ beneficiaries as per the requirements of the concerned Department. The District Offices issue purchase orders to the suppliers having valid RCs for supply of items at specified destination on payment after receipt of funds from the concerned department. After receipt of certificate of satisfactory completion of supply from concerned departments, the District Offices prepares bills for payment to the suppliers and sends the same to Head Office for checking and making payment.

Deficiencies/irregularities observed in the procurement of seeds and other materials are discussed in the succeeding paragraphs.

Undue favour to selected suppliers by District Managers by issuing purchase orders in ad hoc manner

2.1.10.1 During the Special Audit of the Company in April 2013, Audit had pointed out that there was no proper system in the District Offices of the Company regarding issue of purchase orders against requisitions received from the indenting departments. District Managers issue purchase orders to a few selected suppliers in an arbitrary and *ad hoc* manner.

The Company has not fixed any criteria for distribution of supply orders amongst the RC holders.

In response, the Management had assured (April 2013) that the District Managers had been instructed to issue orders to all the registered suppliers. The Department directed (7 September 2013) the Company to take action on certain irregularities pointed out in Special Audit Report, wherein the Department had also endorsed the views of the Audit.

Audit observed, however, that the Department failed to ensure compliance to their orders, as a result of which the irregularities persisted in all District Offices.

Some illustrative instances are given in table - 2.4.

Table-2.4: Illustrative cases of purchase orders placed by District Managers in *ad hoc* manner

Sl. No.	RC No.	Item	No. of RC holders	Total purchase (₹ in crore)	Maximum purchase value from a supplier (₹ in crore)	Name of the suppliers who got the maximum order value
1	RC 26 - May 2014	VA Mico Rhiza	9	2.83	1.79	M/s Aakash Laboratories
2	RC 16 - February/ March 2013	Horticulture, forestry produce	3	9.43	9.12	M/s Lakshya Technocrate Private Ltd.
3	RC 4 - July 2016	Horticulture, forestry, fruit plants and seeds	2	6.08	6.08	M/s Mahamaya Agro
4	RC 12 - June 2016	Bullock drawn hand operated agricultural implements	2	6.00	5.46	M/s Agrotech Corporation
5	RC 25 - January 2016	Oil cake, Neem cake, Rice bran and Bone meal	2	0.38	0.38	M/s Disha Bhoomi Biotech Private Limited

(Source: Data compiled from Company's records)

The Department stated (December 2017) that due to demand of specific brand by the user departments, the purchase order was issued to suppliers of the specific brands. The Department further stated that it is not feasible and practical to place the supply orders to all the suppliers because if the indented quantity is distributed among all the RC holders, the purchased quantity from each will be very less.

The reply is not acceptable and seems to be an afterthought as the Department and the Company had assured the Audit from time to time[61] that the procedure of placement of orders by District Offices would be made more transparent. Further, user departments had not demanded the material of particular brands, and in any case, as per terms and conditions of RC, suppliers are bound to supply the brands specified by the District Offices.

Recommendation:

The Company should ensure that District Offices place purchase order to RC holders in a transparent manner, and appropriate action is taken against employees who failed to follow its orders.

[61] Special Audit Report (May 2013) and Inspection Report of 2015-16 (16 May 2016)

Loss of ₹ 32.14 crore due to lack of proactive marketing strategy for sale of surplus seeds

2.1.10.2 The Company procures[62] seeds as per the requirement intimated by the State Agriculture Directorate (SAD). Further, the Company distributes the seeds to farmers through its Processing Centres and seed marketing cooperative societies. Crop wise details of demand, availability, procurement, distribution and status of surplus seeds for the period from 2012-13 to 2016-17 are given in ***Annexure - 2.1.5*** and summarised in table - 2.5.

(Quantity in quintals)

Table-2.5: Statement showing details of demand, availability, procurement, distribution and surplus seeds

Crop	Demand intimated by the Agriculture Department	Availability			Distribution	Surplus
		Seeds produced in the State	Purchase from outside State	Total availability		
Paddy	34,69,475	33,23,429	1,70,634	34,94,063	31,34,428	3,59,635
Soyabean	3,40,942	1,06,359	1,71,183	2,77,542	2,44,151	33,391
Wheat	3,20,029	2,56,893	51,147	3,08,040	2,72,885	35,155
Gram	2,17,145	1,26,756	1,00,015	2,26,771	1,94,758	32,013
Others	2,27,617	53,001	1,21,474	1,74,475	1,63,384	11,091
Total	**45,75,208**	**38,66,438**	**6,14,453**	**44,80,891**	**40,09,606**	**4,71,285**

(Source: Data compiled from Company's records)

After distribution of seeds, surplus seeds (if any) are auctioned in the *Krishi Upaj Mandis (Mandi).* The auction of surplus seeds every year is essential to minimise the holding cost as the seeds cannot be issued[63] to farmers in succeeding marketing year. The Company had auctioned 2,95,514 quintal paddy[64], soyabean[65], gram[66] and wheat[67] seeds (6.86 *per cent* of total procurement) in the *Mandis* during 2012-13 to 2016-17 at total sale proceeds of ₹ 45.35 crore against the actual value of seeds of ₹ 77.49 crore which resulted in loss of ₹ 32.14 crore.

The Company incurred loss of ₹ 32.14 crore due to lack of proactive marketing strategy for sale of surplus seeds.

Audit observed that the Company has not taken any steps to market these surplus seeds to other seed marketing agencies such as National Seeds Corporation Limited, NAFED, neighbouring State Seed Development Corporations etc., by participating in their tenders at the beginning of sowing season. The issue regarding auction of surplus paddy seed during Kharif 2015 season was reported vide para no. 3.3 of the Report of CAG of India (Public Sector Undertakings) for the year ended 31 March 2016, Government of

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[62] The Company procures seed from farmers of the State at the rates fixed by the State Level Committee of GoCG and if the required seed is not available in the State, it procures seeds from seed marketing agencies of Government of India, other State PSUs and co-operative societies of Madhya Pradesh Beej Mahasangh at the mutually agreed rates.

[63] Except some quantities of revalidated paddy seed which had been distributed in 2012, 2014 and 2015.

[64] Auctioned 2,03,062 quintal (5.81 *per cent* out of total procurement of 34,94,063 quintal)

[65] Auctioned 28,370 quintal (10.22 *per cent* out of total procurement of 2,77,542 quintal)

[66] Auctioned 31,972 quintal (14.10 *per cent* out of total procurement of 2,26,771 quintal)

[67] Auctioned 32,110 quintal (10.42 *per cent* out of total procurement of 3,08,040 quintal)

Chhattisgarh. During discussion (December 2016), the Joint Secretary, Department of Agriculture had stated that with an objective to develop the State as one of the prime seed exporting States in future, the Department has directed the Company to ensure export of surplus seeds to other seed marketing agencies. However, Audit observed that the Department has not issued any instructions to the Company for export of surplus seeds to other seed marketing agencies so far (July 2018).

Here it is pertinent to mention that the prices of seeds are always higher[68] than the prices of food grain and if the Company sold the seeds to the seed marketing agencies, it would definitely get better prices than the auction at *Mandi*. For instance the Company sold (November 2016) 5,125 quintal surplus paddy seeds to M/s Telangana State Seeds Development Corporation, on the basis of purchase request received from it, at the rate of ₹ 2,400 per quintal whereas the Company received average sale proceeds through auction at the rate of ₹ 1,140 per quintal.

The Department accepted (December 2017) the Audit observation.

Recommendation:

The Company should take steps to sell the surplus seeds to other seed marketing agencies to avoid losses.

Irregular purchase of materials worth ₹ 3.90 crore from cancelled RCs/ineligible vendor

2.1.10.3 As mentioned in *paragraph 2.1.9*, the list of approved RC holders is circulated to District Offices who purchase materials from suppliers based on indents received from user departments. Audit noticed three instances where the District Managers had purchased materials through cancelled RCs and in one instance where the District Managers had purchased materials from an ineligible supplier. The total value of such purchases was ₹ 3.90 crore as discussed in table - 2.6.

[68] The prices of seeds were higher than the prices of foodgrains during 2012-17 as it included subsidy/incentive component in addition to minimum support price of the foodgrain.

The Company purchased the materials worth ₹ 3.90 crore from the cancelled RCs/disqualified bidder.

Table - 2.6: Details of purchased made on cancelled RCs/disqualified bidder

RC No.	Name of the item	District Offices where purchase made	Remarks
10 (January 2014)	Fencing iron pole, Barbed wire, RCC pole and Chain link fencing	Bilaspur, Dhamtari, Durg, Jadgalpur, Jashpur, Kanker, Baikunthpur, Rajnandgaon and Kawardha	The RC was cancelled on 15 January 2016 in view of clarification of GoCG that CSIDC and not the Company was authorised to finalise RC for these products under the Chhattisgarh Store Purchase Rules. However, District Managers of the concerned District Offices procured materials valued ₹ 37.62 lakh upto July 2017.
12 (June 2016)	Bullock drawn hand operated agricultural Implements	Balod, Sarguja, Surajpur, Balrampur, Mahasamund and Kanker	The RC was cancelled on 28 October 2016 due to wrong pre-qualification requirements fixed by the Company. The District Managers purchased the materials valued at ₹ 2.55 crore after cancellation of RC during November 2016 to May 2017.
22 (May-June 2016)	Agriculture pesticides	Balod, Jagdalpur, Bilaspur, Champa, Dhamtari and Mahasamund	The District Managers purchased (June 2016 to March 2017) agriculture pesticides valued ₹ 96.74 lakh from M/s Om Agro Organics, Yavatmal whose RC had already expired in May 2016. Further, in the subsequent RC finalised in May 2016, the firm was declared disqualified by the Technical Committee. Hence, purchases made after May 2016 were irregular.

(Source: Data compiled from Company's records)

Thus, District Managers were grossly negligent in placing supply orders even after cancellation of RCs/ on the disqualified bidder, as also the Deputy Manager (Accounts) and GM (Finance) of the Company who failed to verify the bills and therefore, released payments to invalid RC holders.

During the Exit Conference, the ACS instructed the Company to take strict action against the responsible officials.

Recommendation:

The Company should take action against the officials who procured materials from cancelled RCs/disqualified bidder.

Procurement of materials from Special Purpose Vehicles formed under the Public Private Partnership project

2.1.10.4 The BoD of the Company approved (29 March 2012) a Concept Plan to promote integrated agricultural business and agro based processing and manufacturing industrial units in the Chhattisgarh State prepared by the Chhattisgarh Industrial and Technical Consultancy Centre (CITCON). The BoD further approved (3 September 2012) the draft MoU with CITCON and initial work plan and also authorised the Chairman and the MD for further actions in this regard.

As per the concept plan the Company entered (21 December 2012) into a tripartite agreement with CITCON and a private partner M/s Lakshya Natural Foods Private Limited, Raipur (Lakshya Natural) for establishment of PPP project. As per the tripartite agreement:

a) The private partner shall incorporate a Special Purpose Vehicle (SPV) for manufacturing of soya milk and millet processing.

b) The SPV shall pay 75 *per cent* share of annual premium[69] to the Company and remaining 25 *per cent* share to CITCON.

c) The Company would make efforts to facilitate procurement of raw material (agricultural produce) by SPV and provide support for marketing of the products manufactured by it.

d) CITCON shall make efforts to develop entrepreneur traits amongst farmers, act as a catalyst for agri-business and agro-industrial development in the State, provide consultancy for establishment of manufacturing units for above products in PPP mode and prepare the detailed project report of the project on payment of fee basis.

The details of SPVs formed by M/s Lakshya Natural and procurement made by the Company from these SPVs are given in table - 2.7.

Table - 2.7: SPVs formed by the private partner and procurement made

Sl. No.	Name of SPVs	Date of incorporation	Products	Value of purchase order placed made during 2013-17 (₹ in crore)
1	CG Soya Products Private Limited (CG Soya)	5 April 2013	Soya milk	12.02
2	CG Nutrivet Feeds Private Limited (CG Nutrivet)	17 April 2013	Multigrain flour	8.62
3	CG Nutraceutical Foods Private Limited	8 August 2014	Biscuits, Cake	0.94
4	CG Fermented Food Products Private Limited	26 September 2014	Fortified oil, fortified flour	-
5	Healthy Snacks Private Limited	17 November 2014	Crunch, *Upma* and *Halwa*	-
6	Indravati Grains Private Limited	4 January 2017	Fortified pulses, fortified rice	-
Total				**21.58**

(Source: Data compiled from Company's records)

Audit observed the following:

A. Non- achievement of the objective of formation of SPV

As per the concept plan and tripartite agreement, the main objective for formation of SPV was to promote integrated agricultural business and agro based processing and manufacturing industrial units in the State. Audit observed, however, that the SPV, CG Soya had purchased (May 2015 to October 2016) 232 MT Soyabean (out of total purchases of 276 MT soyabean) from traders in Madhya Pradesh instead of Chhattisgarh defeating the very purpose of formation of the SPV. Similarly, two other SPVs viz., CG Nutrivet Feeds and CG Nutraceutical had not installed any equipment for

[69] Annual premium (two *per cent* of annual turnover of SPV) was determined by the highest rate quoted by the winning firm (Lakshya Natural) at the time of selection of consortium partners.

The objective of formation of SPV was not achieved, as the raw materials for the project were purchased from outside the Chhattisgarh.

manufacturing of Cattle Feed and Biscuits respectively and these SPVs supplied the materials by purchasing from traders. The cattle feed was procured from Poshak Feeds, Raipur and biscuit from Sunder Industries, Nagpur on contract manufacturing. Thus, these SPVs neither purchased raw material from the farmers of the Chhattisgarh State nor generated any employment in the State. The GM (Finance), being Director in these SPVs, representing the Company, thus failed to monitor the activities of these SPVs.

The Department accepted (December 2017) the Audit observation.

B. Non-execution of agreement with SPVs

As per tripartite agreement, the SPV shall enter into suitable agreement with the Company, CITCON and Lakshya Natural. However, no such agreement was executed so far (July 2018) with any of the six SPVs. In the absence of the Agreement with SPVs, the Company may not be able to exercise effective control over the activities of the SPVs and take legal action for violation of concept plan and the tripartite agreement as these SPVs are separate legal entities different from the private partner of the consortium.

The Department stated (December 2017) that SPVs prepare the Memorandum of Association (MoA) and Article of Association (AoA), which was signed (April 2013, August 2014, September 2014, November 2014 and January 2017) by the nominated officer of the Company, CITCON and Lakshya Natural.

The reply is not acceptable as the required agreement has not been executed with incorporated SPVs so far. Preparation of MoA and AoA is a statutory requirement for formation of new Company and it is not a substitute of agreement by SPVs with the Company and CITCON.

C. Irregular procurement of materials worth₹ 21.58 crore without inviting tenders

In violation of SPR the Company procured materials valued at ₹ 21.58 crore from SPVs for various Government Departments without inviting tenders.

During 2013-17, CG Soya and CG Nutrivet supplied Soya Milk and Millets (cattle feed) valued at ₹ 5.74 crore and ₹ 8.62 crore respectively to the Company for onward supply to the Government Departments at the rates[70] decided by the consortium. Similarly, another SPV i.e., CG Nutraceutical Foods Private Limited[71] had supplied the biscuits valued of ₹ 94.42 lakh during the year 2016-17 for onward supply to Primary Schools and Anganwadi Kendra of Kondagaon District[72].

Further, the Department of School Education, GoCG announced (25 February 2017) a new scheme called *"Mukhyamantri Amrit Yojna"* (scheme) for weekly supply of flavoured soya milk to the students of Government school on trial basis for two districts viz., Bastar and Kabeerdham from 1 April 2017. The GoCG appointed (7 March 2017) the Company as the nodal agency for supply of flavoured soya milk. Accordingly, the Company placed (22 March

[70] ₹ 46.20 per litre (one litre pack) and ₹ 52.50 per litre (500 ml pack) for soya milk, ₹ 19 per 100 gram packet of biscuits and the price of cattle feed was charged on the basis of Chhattisgarh State Marketing Federation Limited rates (₹ 17,580 to ₹ 24,551 per ton) inclusive of VAT

[71] SPV (Sl. No. 3 of table -2.7) formed by the private partner

[72] The Company offered (November 2016) to supply biscuits to all the districts of the State, however, other districts did not purchase.

2017) orders on CG Soya for monthly supply of 1.20 lakh litre flavoured soya milk at the rate of ₹ 52.50 per litre at a total annual cost of ₹ 6.28 crore[73]. Audit cannot comment about reasonability of rates offered by SPV as the packaging of soya milk was different from the Soya milk available in the open market[74]. Audit observed that Company had placed supply order without inviting any tender or finalising any RCs, as is done in the procurement of other items by the Company, in violation of SPR which stipulates that all Government procurement exceeding ₹ 50,000 should be made by inviting open tenders from public. This has resulted in irregular placement of orders worth ₹ 21.58 crore (₹ 15.30 crore + ₹ 6.28 crore) at the rates arbitrarily decided[75] by the SPVs.

The Department stated (December 2017) that marketing of product of SPV is done by the Company and it need not invite tender for marketing.

The reply is not acceptable because the PPP project of the Company enables the Company to market the products of SPVs but it does not empower the Company to purchase for Government without inviting tenders in violation of SPR.

From the above observations on implementation of PPP project by the Company, it is evident that the Company failed to monitor the activities of the SPVs in accordance with concept plan and tripartite agreement, thereby providing undue favour to private partner by not binding them to procure the raw materials from the farmers of the State and not setting up manufacturing facilities for cattle feed and biscuits in the State. Further, there was undue enrichment of the private partner by procuring materials valued at ₹ 21.58 crore for Government from SPVs without inviting tenders.

Recommendation:

The Company should ensure that the SPVs only purchase raw materials from the farmers of the State and set up the manufacturing units in the State. Further, the procurement of items from SPVs by the Company for Government departments should be made by inviting open tender in accordance with the Stores Purchase Rules of GoCG.

Conclusion

- The functioning of the Company was adversely affected by the acute shortage of manpower during 2012-13 to 2016-17 which ranged between 42 *per cent* to 53 *per cent.* The Company failed to take effective steps to fill the vacant posts despite having permission from the Department.

[73] Monthly cost of ₹ 62.79 lakh per month for 10 months (April 2017 and July 2017 to March 2018)

[74] The soya milk available in the market is of tetra pack (1 litre and 200 ml packing), whereas the Company procuring the soya milk in poly packaging of 500 ml.

[75] ₹ 46.20 per litre (one litre pack) and ₹ 52.50 per litre (500 ml pack) for soya milk, ₹ 19 per 100 gram packet of biscuits and the price of cattle feed was charged on the basis of Chhattisgarh State Marketing Federation Limited rates (₹ 17,580 to ₹ 24,551 per ton) decided by the members of the consortium and tender committee.

- No internal audit was conducted in the Company during 2012-13 to 2015-16 though it was mandatory as per the Companies Act, 2013. The Company did not have any Management Information System relating to finalisation of rate contracts and procurement of materials as no reports/returns were prescribed for submission of information to higher management on above matters.
- The Company had to pay ₹ 3.84 crore towards penal interest during 2012-13 and 2014-15 to 2016-17, due to incorrect estimation of income for payment of advance income tax under the Income Tax Act.
- The Company incurred loss on account of avoidable payment of Income Tax of ₹ 4.27 crore due to disallowance of expenditure on account of non deduction of TDS from the fees paid to Chhattisgarh State Seed Certification Agency.
- The Company finalised 70 Rate Contracts (RCs) for procurement of various materials during 2012-13 to 2016-17, out of which in 51 RCs, the tender terms and conditions were finalised after invitation of tenders in violation of the Chhattisgarh Store Purchase Rules, 2002.
- The Company finalised nine RCs with 27 bidders who did not meet the specified eligibility criteria and 11 RCs with the 29 suppliers who were indulged in collusive bidding resulting in irregular purchase of ₹ 52.96 crore.
- The Company incurred loss of ₹ 32.14 crore on auction of surplus seeds due to lack of proactive marketing strategy for sale of surplus seeds.
- The Company executed a Public Private Partnership (PPP) Project to promote integrated agricultural business and agro based processing industries. The private partner incorporated six Special Purpose Vehicles (SPVs) for manufacturing of specified products. The main objective for formation of SPVs under PPP mode was defeated as these SPVs neither purchased raw material from the farmers of the State nor generated any employment in the State due to non-establishment of own manufacturing plant. Further, the Company procured materials valued at ₹ 21.58 crore from these SPVs for various Government Departments without inviting tenders.

2.2 Audit on construction activities of Chhattisgarh Police Housing Corporation Limited

Introduction

2.2.1 Chhattisgarh Police Housing Corporation Limited (Company) was incorporated in December 2011 as a wholly owned State Government Company under the administrative control of the Home Department (Department), Government of Chhattisgarh (GoCG). The Company commenced operations from February 2012. The main objective of the Company is to undertake construction of all types of police buildings viz., police stations, office buildings and residential quarters, etc., by engaging contractors. Being the Nodal Agency for execution of construction works of the Department, the Company receives construction requirements from Police Headquarters (PHQ), Home Department, GoCG and carries out construction activities viz., award, execution and monitoring of the works and on completion, the works are handed over to PHQ.

The construction activities are funded by Government of India (GoI) and GoCG under various schemes being implemented through PHQ. Therefore, the funds are initially disbursed by GoI/ GoCG to PHQ, who transfers the same to the Company as advance alongwith grant of administrative approval for the works. Out of the funds amounting to ₹ 620.42 crore received by PHQ up to 2016-17, ₹ 532.42 crore was disbursed to the Company and the balance ₹ 88.00 crore was kept by PHQ in non-interest bearing Personal Deposit account (₹ 35.00 crore) and in public account (K-deposit) of GoCG (₹ 53.00 crore) for disbursal to the Company as per requirement. During the first operational year 2011-12, no works were awarded by the Company. Details of works for the period 2012-13 to 2016-17 are given in table - 2.2.1. Out of the 181 works pending completion, 178 works were pending completion for periods ranging from two to 52 months beyond their scheduled date of completion.

Table No. 2.2.1: Year-wise works awarded and physical & financial progress achieved

(₹ in crore)

Year	Status of year-wise works taken up (as on November 2017)					Cumulative expenditure on all works (as on 31 March of respective year)
	Number of works awarded	Value of works awarded	No. of works completed	No. of works pending for completion	Expenditure incurred on works	
2012-13	52	89.77	33	19	78.76	6.28
2013-14	76	186.46	32	44	160.64	46.70
2014-15	98	138.29	32	66	107.40	161.75
2015-16	41	92.07	8	33	48.45	289.10
2016-17	19	40.10	0	19	15.41	384.32
Total	**286**	**546.69**	**105**	**181**	**410.66**	

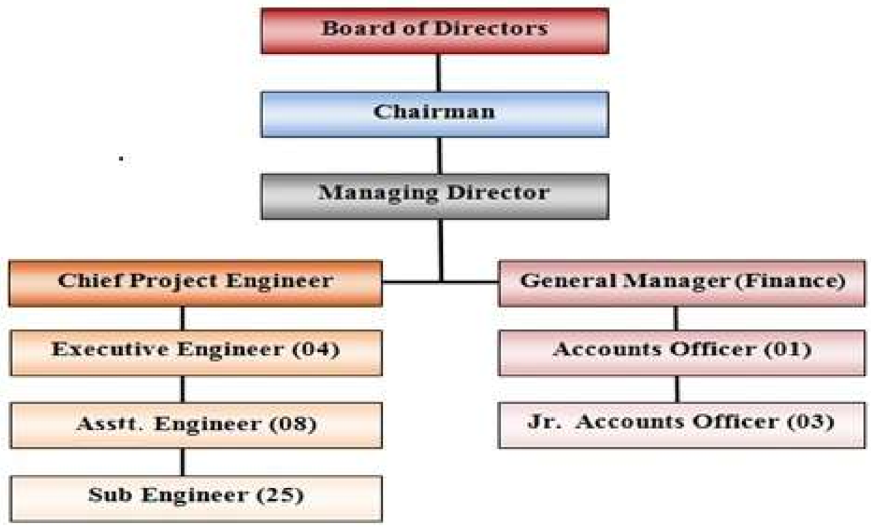
(Source: Data compiled from the Company's records)

As only 105 works (37 *per cent*) out of total 286 works awarded by the Company upto 31 March 2017 were completed and the Company has already spent ₹ 410.66 crore (77 *per cent*) out of total funds of ₹ 532.42 crore received from PHQ, the Company should review the sufficiency of funds for completing the balance works.

Organisational Setup

2.2.2 The Company is under the administrative control of the Home Department, GoCG headed by the Principal Secretary. The management of the Company is vested in a Board of Directors (BoD) comprising five Directors including a Chairman[1] of BoD and a Managing Director (MD) who is the Chief Executive Officer of the Company looking after its day-to-day activities. The organogram of the Company is given in chart - 2.2.1**.**

Chart - 2.2.1: Organogram



Audit Objectives

2.2.3 The audit was conducted to assess whether:

- Standard practices were followed and contractual provisions were adequate to protect the financial interests of the Company;
- Works were awarded ensuring economy and fair competition and executed efficiently in time bound manner;
- The Company has an effective and efficient financial management system, internal control system and monitoring mechanism.

Audit Criteria

2.2.4 The audit criteria have been derived from the following sources:

- Memorandum of association/ Articles of association of the Company, BoD agenda notes and resolutions, Delegation of Powers (DoP) and circulars;
- Orders and instructions issued by GoCG/ GoI;
- GoCG Works Department Manual (WD Manual), Chief Vigilance Commission (CVC) guidelines, and

[1] Holds the rank of Director General of Police and appointed by GoCG.

- The Companies Act, 1956 and 2013, Income Tax Act, relevant provisions of Service Tax (ST).

Scope and Methodology of audit

2.2.5 The audit was conducted from April 2017 to August 2017 to assess the performance of the Company during the period from 2012-13 to 2016-17 with respect to the audit objectives. Correspondence (including reminders) was made with Principal Secretary of the Department for conducting the entry conference. However, due to no response from their end, the objectives, scope and methodology of audit was intimated (July 2017) to the Principal Secretary and MD of the Company. The audit findings were reported (September 2017) to the Company and Department including the proposal for conducting exit conference. In response, the reply of the Department, approved by the Additional Chief Secretary[2] was received (December 2017) which was merely endorsement of the Company's reply. The reply has been duly considered while finalising the audit report. However, there was no response from the Department regarding exit conference.

Audit test checked 86 works contracts (30 *per cent* out of the total 286 works contracts) valued at ₹ 178.85 crore (32.72 *per cent* of the total money value of ₹ 546.69 crore of 286 works contracts) awarded by the Company during the review period (2012-17).

There are seven audit observations[3] on the test checked works, which are of a nature that may reflect similar errors/ omissions in other works being executed by the Company, but not covered in the test audit. The Company therefore may, like to internally examine all the other works being executed by them with a view to ensure that they are being carried out as per requirement and rules.

Audit Findings

The audit findings are discussed in succeeding paragraphs.

Manpower Management

2.2.6 As an initial manpower setup, GoCG sanctioned a total of 109 posts for the Company in July 2011. Later, the sanctioned posts were enhanced (February 2012) to 147 by GoCG. The MD was authorised by BoD to fill all the necessary posts as per the approved set-up. Details of sanctioned strength *vis-a-vis* actual deployment as on 1 April 2012 and 31 March 2017 are given in the table - 2.2.2.

[2] Previously Principal Secretary.
[3] *Paragraphs. - 2.2.9.2 (i) & (ii), 2.2.9.4, 2.2.10.1, 2.2.10.2* and *2.2.10.3 (i) & (ii).*

Table - 2.2.2: Manpower position of the Company						
Name of the Post	1 April 2012			31 March 2017		
	Sanctioned strength	Actual deployment	Shortage	Sanctioned strength	Actual deployment	Shortage
Chairman	01	01	00	01	01	00
Managing Director	01	01	00	01	01	00
General Manager (Finance)	01	00	01	01	01	00
Chief Project Engineer	01	01	00	01	01	00
Project/ Executive Engineer	04	00	04	04	04	00
Accounts Officer	01	00	01	01	00	01
Assistant Engineer	08	02	06	08	08	00
Jr. Accounts Officer	03	00	03	03	01	02
Sub Engineer	20[4]	07	13	25	24	01
Other Staff[5]	107	19	88	107	59	48
Total	**147**	**31**	**116**	**152**	**100**	**52**
(Source: Data compiled from the Company's records)						

Audit observed (June 2017) the following deficiencies in manpower management:

The post of General Manager (GM) (Finance) was not filled up in 2012-13 and 2014-15 and the post of Accounts Officer had never been filled up since inception of the Company. Due to these reasons, adequate monitoring of financial activities was not ensured which led to deficiencies in financial management (discussed in *paragraphs - 2.2.7.1, 2.2.7.2* and *2.2.7.3*). Further, due to shortage of accounting staff, the accounts of the Company were being maintained by an outsourced accounting and financial consultant[6].

Further, against the four sanctioned posts of Project/ Executive Engineer, three posts were vacant up to 2014-15. Similarly, against the 17 sanctioned posts of sub-engineers (civil), only six posts were filled up initially in 2011-12 and the remaining 11 posts were filled up in 2014-15. Delay in filling up of vacancies had resulted in inadequate supervision of works under execution and consequential delay in completion of works {discussed in *paragraph-2.2.10.3(i)* and *(ii)*}. Subsequently, considering the increase in activities of the Company, GoCG sanctioned (August 2015) additional five posts of sub-engineers (civil), out of which, four posts were filled up during the year 2015-16.

Further, there was significant shortage of supporting/ other staff in the Company during the initial period[7] (2012-13 to 2013-14). Later, with the

[4] Including 17 sub-engineer (civil), two sub-engineer (electrical) and one sub-engineer (architect).

[5] Assistant Programmer, Head Clerk, Draftsman, Short Hand Grade I, II & III, Assistant Grade-I, II & III, Assistant Draftsman, Data Entry Operator, Driver, Peon, Chowkidar and Unskilled labour etc.

[6] A qualified chartered accountant.

[7] Against 107 sanctioned posts, only 19 posts were filled up upto 2012-13 and five more posts were filled up during 2013-14.

increase in the activities of the Company, 35 posts of other staff were filled up during the year 2014-15. However, there was no new appointment since then.

Recommendation:

The Company should fill up the vacant posts in a time bound manner to ensure adequate monitoring over the construction activities and financial management.

Financial Management

Financial Position and Working Results

2.2.7 The Company has finalised its accounts upto the year 2016-17. The financial position and working results of the Company are given in the table -2.2.3.

Table - 2.2.3: Financial position and working results

Financial position

(₹ in crore)

Sources of funds:					
Particulars	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**
Share capital	2.00	2.00	2.00	2.00	2.00
Reserves and surplus	4.95	15.35	22.05	28.36	34.08
Current liabilities and provisions[8]	256.55	268.98	231.63	197.84	181.23
Total	**263.50**	**286.33**	**255.68**	**228.20**	**217.31**
Application of funds:					
Fixed assets	0.42	0.45	0.63	0.72	0.84
Other non-current assets	5.91	0.03	0.04	0.08	0.29
Cash and bank balance	255.29	276.98	231.89	226.72	211.24
Short-term loans and advances	1.34	4.79	4.85	0.04	0.04
Other current assets	0.54	4.08	18.27	0.64	4.90
Total	**263.50**	**286.33**	**255.68**	**228.20**	**217.31**

(Source: Data compiled from the Company's records)

[8] Includes provision for taxes, trade payables, provision for employees' benefits, security deposits and closing balance of funds received from PHQ for execution of various projects (i.e., fund received *less* expenditure incurred on projects).

Working results (₹ in crore)					
Particulars	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**
Income					
Supervision charges[9]	0.25	-	-	-	-
Other income (i) Interest from bank (FD)	8.11	16.17	10.51	9.72	9.03
(ii) Establishment grant	-	1.41	2.35	3.83	4.65
(iii) Misc. Income	0.03	0.19	0.07	0.03	0.01
Total	**8.39**	**17.77**	**12.93**	**13.58**	**13.69**
Expenditure					
Employee benefit expense	1.05	1.45	2.01	3.31	4.22
Administrative expenses	0.18	0.45	0.57	0.52	0.44
Depreciation	0.10	0.12	0.18	0.29	0.29
Taxes	2.18	5.36	3.46	3.16	3.01
Total	**3.51**	**7.38**	**6.22**	**7.28**	**7.96**
Net profit	**4.88**	**10.39**	**6.71**	**6.30**	**5.73**
(Source: Data compiled from the Company's records)					

The Company had received establishment grant amounting to ₹ 12.24 crore[10] from GoCG during the year 2013-14 to 2016-17 and incurred an expenditure of ₹ 12.37 crore on establishment during the same period.

Significant observations relating to financial management are discussed in succeeding paragraphs:

Avoidable payment of income tax on interest on funds received from PHQ

2.2.7.1 As stated in earlier *paragraph - 2.2.1*, the Company carries out construction activities for PHQ for which funds are received in lumpsum as advance before the execution of works. This resulted in accumulation of unspent balance of advances ranging from ₹ 148.09 crore to ₹ 250.72 crore during the year 2012-13 to 2016-17 as given in table - 2.2.4.

Table - 2.2.4: Year-wise disbursement of funds and expenditure incurred (₹ in crore)					
Year	**Opening Balance**	**Advance received during the year**	**Funds available during the year**	**Expenditure on constructions during the year**	**Closing Balance**
A	**B**	**C**	**D = B + C**	**E**	**F = (B+C) - E**
2011-12	-	127.98	127.98	-	127.98
2012-13	127.98	125.86	253.84	6.28	247.56
2013-14	247.56	43.58	291.14	40.42	250.72
2014-15	250.72	76.06	326.78	115.05	211.72
2015-16	211.72	91.28	303.00	127.35	175.65
2016-17	175.65	67.66	243.31	95.22	148.09
Total		**532.42**		**384.32**	
(Source: Data compiled from the Company's records)					

[9] The Company recovered supervision charges at the rate of 3.5 *per cent* (5.0 *per cent* for works under Fortified Police Stations Scheme) on the value of works executed during 2012-13. No supervision charges were recovered in subsequent years as GoCG provided establishment grant to meet the establishment expenditure of the Company.

[10] ₹ 1.41 crore (2013-14), ₹ 2.35 crore (2014-15), ₹ 3.83 crore (2015-16) and ₹ 4.65 crore (2016-17).

The Company did not remit ₹ 53.55 crore i.e., interest earned on advances received from PHQ and made avoidable payment of income tax amounting to ₹ 17.52 crore thereon.

Audit observed (July 2017) that during 2012-13 to 2016-17 interest of ₹ 53.55 crore was earned on these unspent balances which were parked in term deposits. The Company accounted for the same as own income instead of crediting the same to the project funds or remitting to PHQ. Consequently, the Company had to make avoidable payment of ₹ 17.52 crore as Income Tax during 2012-13 to 2016-17, as detailed in table - 2.2.5.

Table - 2.2.5: Year-wise details of income and tax paid thereon

(₹ in crore)

Financial Year	As per Annual Report		Total tax paid as per income tax return	Tax on interest earned[11]
	Total Income	Interest income		
2012-13	8.39	8.11	2.49	2.41
2013-14	16.36	16.18	5.83	5.77
2014-15	12.93	10.51	3.51	2.85
2015-16	9.75	9.72	3.19	3.18
2016-17	9.04	9.03	3.31	3.31
Total	**56.47**	**53.55**	**18.33**	**17.52**

(Source: Data compiled from the Company's records)

The Department stated (December 2017) that the Company had treated the interest income as its own income because it had not charged any supervision charges from GoCG for the construction activities carried out on their behalf. Further, as there was no clear instruction on the utilisation of interest income, the same would be adjusted against supervision charges after completion of the projects.

The reply is not acceptable as the Company is getting establishment grant from GoCG each year in lieu of supervision charges. As per the condition for disbursement of grant, the Company cannot claim supervision charges. Therefore, the Company cannot adjust the interest earned on project funds against the supervision charges. Hence, accounting of interest earned on Government funds as its own income and payment of avoidable income tax of ₹ 17.52 crore was not justified.

Recommendations:

1. The Company should credit the interest earned on project funds to the project accounts or remit the same to PHQ to avoid unnecessary payment of income tax.

2. The PHQ should disburse funds to the Company as per actual requirements of the projects instead of disbursing lumpsum amounts.

Non-obtaining of Service Tax registration and non-payment of applicable Service Tax

2.2.7.2 Service Tax (ST) Registration is necessary for depositing ST, filing returns and undertaking various processes being regulated by law relating to ST. Section 69 of the Finance Act, 1994 (Act) stipulates that every person liable to pay ST shall make an application for registration.

As per GoI notification[12] (June 2012), in cases of works contracts, ST is chargeable on service portion of the works, which is 40 *per cent* of the total

[11] Tax paid during the year x Interest income for the year (as per annual report)/ Total income for the year (as per annual report).

[12] No. MoF/ Service Tax/ 24/2012 dated 06 June 2012.

value of the works executed, while the payment of ST is governed by Reverse Charge Mechanism (RCM). According to RCM, 50 *per cent* amount of ST payable on the works would be paid directly by the Company to the Government account, and the balance 50 *per cent* would be paid by the contractors. Further, the works agreements of the Company provide that the ST paid by contractors shall be reimbursed by the Company to them on submission of proof of payments.

The Company failed in timely deposit of Service Tax of ₹ 1.95 crore and created an avoidable liability of penal interest and penalty of ₹ 60.51 lakh.

Audit observed (July 2017) that the construction activities of the Company were exempted from ST up to February 2015. Though, the exemption was withdrawn with effect from 1 March 2015, the Company[13] did not obtain the ST registration and belatedly (October 2015) took up the matter with tax consultant who confirmed (October 2015) that the Company is liable to pay ST. However, instead of acting on the tax consultant's advice, the Company referred the matter belatedly (February 2016) to GoCG who advised (March 2016) the Company to consult a tax consultant. Instead the management referred (March 2016) the matter to the BoD, without disclosing the fact that the matter had already been referred to GoCG. Therefore, BoD instructed (March 2016) to obtain opinion of GoCG. Thereafter, no action was taken on the matter upto November 2016, when, after this was pointed out in audit, the MD obtained (January 2017) ST registration and deposited ₹ 2.27 crore towards ST so far (November 2017). However, due to undue delay in depositing ST by nearly two years, the Company had created an avoidable liability of penal interest of ₹ 39.07 lakh and penalty of ₹ 21.44 lakh on itself as per Section 75 and 76 of the Finance Act, 2014.

The Department's reply (December 2017) did not deny the audit observation.

Recommendation:

The Company should fix responsibility for the avoidable creation of liability due to belated payment of ST.

Parking of surplus funds ignoring the directives of GoCG

2.2.7.3 The Company receives funds under various schemes/ projects for construction works and unutilised funds are invested in bank deposits (discussed in *paragraph - 2.2.7.1*).

The Company parked surplus funds amounting to ₹ 57.22 crore in three ineligible banks ignoring the directives of GoCG.

Audit observed (July 2017) that the Company was maintaining 16 different bank accounts. In this regard, BoD instructed (September 2013) MD to carry out a detailed analysis to assess the requirement of so many bank accounts and to present a note for its consideration. However, for reasons not on record, no such analysis was conducted and the Company Secretary (outsourced) who was responsible for reporting compliance to the BoD failed to do so.

Further, GoCG had notified (April 2013, August 2014, March 2015 and July 2016) list of eligible banks and directed all State owned Public Sector Undertakings (PSUs) to park their surplus funds in these notified banks only. However, the Company had parked surplus funds amounting to ₹ 10.55 crore, ₹ 27.89 crore and ₹ 18.78 crore as of March 2017 in RBL Bank, IndusInd

[13] Junior Account Officer, GM (Finance) and MD.

bank and ING Vysya Bank respectively though these banks were not included in the GoCG notification. These bank accounts were opened by MD who obtained *ex-post facto* approval from BoD[14]. The opening of the bank accounts and the *ex-post facto* approval were unauthorized.

The Department stated (December 2017) that the Company had opened scheme-wise/ work-wise bank accounts and the Government circulars are not directly received by the Company. Hence, the funds were parked in the private banks which were offering higher rate of interest.

The reply is not acceptable, as it does not address the issue of the management ignoring the directive (September 2013) of the BoD. Moreover, the relevant Government circular was available in the Company records seen by Audit. The contention of higher rate of interest offered by the un-notified private banks is also not correct as the rate of interest offered by these banks was not higher than the rates offered by the notified bank[15].

Recommendation:

The Department should take appropriate action against the MD for violating Government orders. The Company should also take appropriate action against the Company Secretary for failing to comply with BoD directives. The Company should assess the actual requirement of bank accounts so as to reduce the same to ensure ease of operation and it should immediately transfer the funds from accounts in ineligible banks to accounts in eligible banks.

Monitoring and Internal Oversight Mechanism

2.2.8. Significant observations on the oversight and internal control mechanism prevalent at the Department and Company level are discussed below:

- As discussed in *paragraph - 2.2.1*, the Company came into existence in December 2011 and works as the State Government's nodal agency for construction of police buildings under the administrative control of Home Department. The Department appoints the BoD members, Chairman and MD; approves the delegation of powers, sanctions the manpower set-up and provides establishment grant and funds for execution of projects. The activities of the Company are being monitored by the Department through PHQ headed by the Director General of Police, who is also Chairman of the Company. However, the role of PHQ was mainly confined to communication of Departmental orders, according administrative approval for the works and release of funds to the Company. Further, as per administrative approval and fund release orders issued by PHQ during 2011-12 to 2016-17, the Company

[14] IndusInd bank account no. 6451 and 4882 were opened on 18.02.2013 and 25.04.2014 while approval of BoD was obtained on 20.09.2013 and 08.09.2014 respectively, ING Vysya bank account no.5200 was opened on 26.06.2013 and approval of BoD was obtained on 08.09.2014 & RBL bank account no. 3520 and 3467 were opened on 26.10.2016 and 01.11.2016 while approval of BoD was obtained on 18.11.2016.

[15] The rate of interest offered by un-notified banks ranged between 5.5 to 7.25 *per cent* whereas rate of interest offered by State Bank of India was ranging between 5.25 to 7.5 *per cent* during 2016-17.

was required to submit monthly reports of physical and financial progress of works to PHQ. However, no such progress reports were submitted by the Company during 2012-13 to 2016-17 and PHQ also did not insist for the same. Thus, PHQ failed to effectively monitor the activities of the Company.

- The Company has not prescribed any format for periodical progress reports for works executed by it. In the absence of prescribed format, the progress reports prepared by the Project Engineer at headquarters of the Company did not contain important details such as date of commencement of work, scheduled date of completion, details of delays, time extension, penalties and payment made to contractor, etc. and the progress reports were not being submitted to higher management at regular intervals and uniformly for all the ongoing works. In the absence of regular submission of the progress reports the progress of works was not being regularly monitored by higher management/ BoD which caused delay in completion of works as discussed in *paragraph - 2.2.10.3 (i)*.

- The Company had no internal audit wing of its own. It has also not prepared any internal audit manual so far (December 2017). Internal audit is conducted by outsourced chartered accountants and is mainly confined to preliminary checking of accounts leaving out scrutiny of tendering process, review of time extension cases, analysis of delay in completion of projects, payment to/ recovery from contractors, payment of statutory dues, etc. Exceptionally, the internal audit reports for the period April 2013 to March 2014 highlighted the important issues like non-preparation of works/ process manual, non-levy of penalties on delayed works and non-adherence to prescribed time limit for extension of time (EoT), etc. In this regard, it was seen that the internal audit reports were submitted to MD, who failed to take follow up/ corrective action. Further, there was no practice/ procedure in the Company to place these reports before BoD.

- The Company maintains records of earnest money deposit (EMD), security deposit (SD), bank guarantee (BG), work orders, mobilisation advance and secured advance, etc., only as soft copy at the Company headquarters. Further, as these are not being maintained in any enterprise resource planning (ERP) system, these are susceptible to unauthorised changes and manipulation of data. It was also observed that the working files for the construction works being maintained under the supervision of Project Engineer (Headquarters) does not bear file identification numbers and page numbers. This indicated lack of adequate supervision over record keeping, leaving chances of unauthorised manipulation.

The Department stated (December 2017) that the SD, mobilisation advance, BG and secured advance registers are being maintained in the soft form, work progress is being reviewed monthly by the higher authorities. The services of experienced chartered accountants are being obtained as internal auditor to ensure proper maintenance of books of account.

The reply is not acceptable as the progress reports of the works were not being submitted to higher management on regular basis. Also, no details of monthly review of progress of works by the higher authorities were found in the records furnished to Audit. Further, the reply confirms that the internal audit conducted by chartered accountants was mainly confined to maintenance of books of account and the core activities of tendering process, delay in completion of projects, recovery of dues from contractors and payment of statutory dues, etc., were not covered.

Recommendations:

1. Progress reports should be prepared containing necessary details of works and should be submitted to higher management and PHQ on regular intervals for effective monitoring.

2. Internal audit should cover all the important activities of the Company.

Non-compliance to standard practices and deficiencies in contractual provisions

2.2.9 Audit observations on the adequacy of contractual provisions and their adherence during the execution of works, are discussed in succeeding paragraphs:

Non-preparation of works manual

2.2.9.1 Since its formation (December 2011), the Company has taken up 286 works valued at ₹ 546.69 crore till March 2017 for execution. However, it has not prepared any works manual so far (December 2017). Nor has the Company adopted the Works Department (WD) Manual which is being used by GoCG departments whose core functions are construction of buildings. Therefore, the execution of works was being regulated by terms of agreements. However, the same were also not adhered to as discussed in *paragraphs - 2.2.9.2, 2.2.10.2* and *2.2.10.3.*

In the absence of the works manual of the Company, the audit adopted WD manual as standard for comparison. The comparative position of provisions in WD Manual *vis-a-vis* status in works contracts of the Company is as given in table - 2.2.6.

Table - 2.2.6: Provisions of WD Manual *vis-a-vis* status in works contract of the Company			
Sl. No.	**Subject**	**Provision as per WD Manual**	**Status in the Company**
1	**Recovery of risk and cost**	As per Vol.-II/ Part-I - Conditions of Contract - Clause 3 (c), if the contractor left the work incomplete/ abandon, the work, the employer has a right to engage another contractor on the risk and cost of the original contractor making him liable to bear all additional costs incurred by the employer for execution of left over works.	As per clause 3, the Project/ Executive Engineer shall forfeit the earnest money and security deposit and further recover/ deduct/ adjust compensation at the rate of 10 *per cent* of the balance value of work left incomplete either from the bill and/or from available security/ performance guarantee or shall be recovered as arrears of land revenue. Thus, the agreement clauses limit the risk and cost liability of the contractors which was disadvantageous for the Company as discussed in *paragraph - 2.2.9.2 (i)*.
2	**Mobilisation advance**	As per Vol.-II/ Part-I para 3.23, mobilisation advance is applicable for contracts valued at rupees one crore or more subject to a maximum limit of five *per cent* of the contract value or ₹ 10 lakh whichever is less. This advance shall bear interest at the rate of 14 *per cent* per annum.	As per clause 11 (A) mobilisation advance is applicable for all contracts irrespective of value subject to a maximum limit of five *per cent* of the contract value without any monetary ceiling. This advance shall be interest free. The agreement clause was not in the financial interest of the Company as discussed in *paragraph - 2.2.9.3*.
3	**Award of works on single tender basis**	As per Vol.-II/ Part-II (Appendix 4.09 to para 4.078), the Single Tender system may be adopted in the case of small orders or when the articles required are of a proprietary character and competition is not considered necessary. In addition to the above, Public Works Department (PWD), GoCG instructed (28 January 2014) that single tender received on first call should not be opened.	The Company has not adopted any uniform procedure for awarding of works on single tender basis. The instances of award of works on single tender basis are discussed in *paragraph - 2.2.9.4*.
4	**Preparation of periodical progress reports**	As per Vol.-II/ Part-I, Appendix 1.28 to Para 1.129, the sub-engineers are required to prepare and submit periodical progress reports in the prescribed format.	The Company has not yet prescribed/ adopted any uniform/ standard format for periodical progress reports as discussed in *paragraph - 2.2.8*.

Recommendation:

The Company should immediately prepare its own works manual in line with the WD manual to regulate its construction activities.

Non-inclusion of suitable risk and cost clause in the agreements and non-recovery of compensation as per contractual provisions

2.2.9.2 (i) Audit observed (July 2017) that Company officials[16] did not ensure inclusion of risk and cost clause in any of the works contracts awarded during the review period despite the fact that this is a standard clause in works contracts and also prescribed in the WD manual as detailed in table 2.2.6. Further, there is no provision in the work contracts for blacklisting of defaulting contractors.

In seven[17] out of the 86 test checked cases it was seen that the works were terminated due to non/ poor execution by the contractors while in three out of these seven cases the works were re-awarded at higher cost as detailed in table -2.2.7. The remaining four cases are discussed in *paragraph - 2.2.9.2 (ii)*.

Table - 2.2.7: Details of works terminated due to non-execution

(₹ in crore)

Sl. No.	Name of the work	Name of the firm	Contract Value	Scheduled date of completion	Date of termination of contract	Value of work executed on the date of termination	Name of the firm re-awarded	Value of re-awarded work	Amount of risk and cost	Reasons for termination
1	Police Station Building, (PSB), Pakhnar	M/s Lambda Eastern Telecom., Gurgaon	1.49	07.03.14	08.12.14	Nil	M/s GRP Construction., Raipur	2.09	0.60	Execution of work was not started by the contractor even after granting of extension of time by the Company.
2	PSB, Bhopal-patnam	-do-	1.70	07.03.14	08.12.14	Nil	-do-	2.09	0.39	
3	PSB, Farsegarh	-do-	1.61	01.05.14	08.12.14	Nil	-do-	2.23	0.62	
Total			**4.80**						**1.61**	

(Source: Data compiled from the Company's records)

The Company incurred loss of ₹ 1.10 crore due to non-inclusion of risk and cost clause in agreements.

The works mentioned in the above table were scheduled to be completed by March/ May 2014. However, the contractor did not commence the execution of any of these works till the scheduled date of completion. The concerned Assistant Engineer/ Project Engineer did not initiate timely action for the termination of the contracts even after non-achievement of stipulated milestone[18] as required under clause 2 of the agreement, for reasons not on record. Later, all the three contracts were terminated (December 2014) by Chief Project Engineer and re-awarded (January 2015) at higher rates than the rates awarded on previous occasion with total extra cost of ₹ 1.61 crore. However, as per clause 3 in the agreements, the Company was entitled to recover ₹ 51.35 lakh[19] only (including EMD[20] of

[16] Chief Project Engineer and MD.

[17] Excluding eight cases where the contracts were closed/ terminated due to demise of the contractor, hence penal provisions of the agreement were not applicable.

[18] 30 *per cent* of the work should have been completed within half period/ extended period of contract.

[19] ₹ 48.00 lakh being 10 *per cent* of the value of work left incomplete *plus* ₹ 3.35 lakh being EMD held by the Company.

[20] As per clause 3.2.1 of the tender EMD is to be submitted by the contractor at the time of submission of bids at the rate of 0.75 *per cent* of the estimated cost of work for tenders valued up to ₹ 2.00 crore and at the rate of 0.50 *per cent* of the estimated cost of work for tenders valued more than ₹ 2.00 crore which is also in line with WD Manual.

₹ 3.35 lakh[21]) from the original contractor. Hence, due to non-inclusion of suitable risk and cost clause in the agreements the balance extra cost of ₹ 1.10 crore (₹ 1.61 crore – ₹ 0.51 crore) had to be borne by the Company.

Further, against the recoverable amount of ₹ 51.35 lakh, the Company could recover only ₹ 3.35 lakh by way of forfeiture of EMD and balance amount of ₹ 48.00 lakh remained unrecovered (December 2017) despite lapse of more than three years from the termination of these contracts due to failure of Assistant Engineer/ Project Engineer in taking action as per terms of the agreement i.e., initiating process for recovery of the amount as arrears of land revenue while reason for the same were not found on record.

Accepting the audit observation, the Department stated (December 2017) that notice for the recovery of ₹ 48.00 lakh has been served (September 2017) on the contractor.

Non-recovery of compensation as per contractual provisions

2.2.9.2 (ii) In respect of cases mentioned in table - 2.2.8, it was observed that the contracts were terminated due to slow progress of the works. However, compensation amounting to ₹ 55.70 lakh[22] as per the agreement clause 3 had not been recovered from the contractors due to inaction of Company officials[23]. They also failed to forfeit EMD and SD amounting to ₹ 16.84 lakh[24] available with the Company against these works.

Table - 2.2.8: Details of works terminated due to poor-execution

(₹ in crore)

Sl. No.	Name of the work	Name of the firm	Contract Value	Scheduled date of completion	Date of termination of contract	Value of work executed on the date of termination	Name of the firm re-awarded	Value of re-awarded work	Reasons for termination
1	Police Station Building, Pushpal	M/s R. Gangaiya	2.00	21.10.15	04.10.16	0.93	M/s Deepak Singh Chouhan	0.90	Works were stopped by the contractor even after granting of extension of time by the Company.
2	Police Station Building, Phoolbagdi	-do-	2.00	21.10.15	04.10.16	0.79	M/s S.K. Construction	1.04	
3	Administrative Building, Sukma	-do-	3.51	25.05.15	08.04.16	1.32	M/s Ram Sharan Singh	1.94	
4	Police Station Building,, Usoor	M/s Anil Majumdar	2.00	21.10.15	10.08.16	0.90	M/s Shanti Vijay Construction	0.88	
Total			**9.51**			**3.94**		**4.76**	

(Source: Data compiled from the Company's records)

21 As per clause 3 of the agreements, SD was also to be forfeited. However, in the absence of any progress achieved in these cases, no bills were paid and no SD was deducted as the same was to be deducted at the rate of five *per cent* of the value of works executed.

22 10 *per cent* of value of balance work, left incomplete i.e., ₹ 5.57 crore.

23 Assistant Engineer, Project Engineer and Chief Project Engineer.

24 EMD ₹ 4.29 lakh and SD ₹ 12.55 lakh.

The Department/ Company have not replied to the audit observation till date (July 2018).

Recommendation:

The Company should incorporate a suitable clause for recovery at risk and cost in the agreements, and ensure timely recovery of penalty and compensation from defaulting contractors.

Grant of interest free mobilisation advances to contractors

The Company granted interest free mobilisation advances of ₹ 2.62 crore which resulted in interest loss of ₹ 42.84 lakh.

2.2.9.3 Audit observed (May 2017) that in deviation from the WD manual, (as detailed in table-2.2.6) the Company granted interest free mobilisation advance amounting to ₹ 2.62 crore in 32 works contracts during 2012-13 to 2016-17. This resulted in loss of interest amounting to ₹ 42.84 lakh to the Company. Further, out of ₹ 2.62 crore granted as interest free mobilisation advance, excess advances of ₹ 48.42 lakh were given in 12 contracts over and above ₹ 10 lakh per contract.

The Department stated (December 2017) that mobilisation advances were given as per the terms of the agreement.

The fact remains that the existing clause of the agreement for granting interest free mobilisation advances was not in line with the provision of WD Manual and thus did not safeguard the financial interest of the Company.

Recommendation:

The Company should modify its agreement clause in line with Works Department manual with respect to grant of mobilisation advance.

Award of works on single tenders basis

The Company awarded works valued at ₹ 30.23 crore on single tender basis ignoring stipulated rules.

2.2.9.4 Audit observed (July 2017) that in nine out of 86 test checked works valued at ₹ 30.23 crore {detailed in ***Annexure - 2.2.1 (a)***} the contracts were awarded[25], by the MD on single tender basis on first call of tenders i.e., without ensuring adequate competition, for reasons not on record. Further, contrary to the same, in other four cases as detailed in ***Annexure - 2.2.1 (b)*** pertaining to the works at same/ nearby locations, the single bid received on first call of tenders was rejected[26] by the MD on the grounds of inadequate competition. Thus, absence of own works manual/ guidelines as discussed in *paragraph - 2.2.9.1,* permitted the Company to engage in arbitrariness and adhocism in awarding of the works contracts.

The Department stated (December 2017) that in four out of nine cases awarded on single tender basis, the rates accepted by the Company were lower than the rates accepted by PWD in those locations[27] while the percentage of works awarded on single tender basis was nominal.

The reply regarding award of works at lower rates than the PWD awarded rates is not acceptable as the rates were higher than the Company's own awarded rates at the same/ nearby locations during that period. Further, the

[25] Awarded during the year 2012-13 to 2014-15.
[26] Rejected during the year 2012-13 and 2013-14.
[27] Bilaspur, Durg, Jagdalpur and Kanker.

percentage of works awarded on single tender basis was 18.34 *per cent*[28] of the total value of 86 test checked works which is not nominal. Also in tendering transparency is the primary criteria which needs to be scrupulously followed. The reply does not explain the reason for awarding contracts on single bid basis on first call, while in other cases the single bid received on first call was rejected.

Recommendation:

The Company should ensure adequate competition while awarding the works and ensure compliance to applicable rules and regulations.

Award, Execution and Monitoring of works

2.2.10 As stated in the preceding paragraph award, execution and monitoring of works are the core activities of the Company. The significant observations in this regard are discussed in succeeding paragraphs.

Award of works avoiding approval of competent authorities

2.2.10.1 As per Delegation of Powers (DoP) of the Company approved (July 2011) by GoCG, MD may accord technical sanction, approval of Notice Inviting Tender (NIT) and accept tenders for works valued upto ₹ 5.00 crore. Further, DoP empowers the Chairman to accord aforementioned approvals to the works valued more than ₹ 5.00 crore and upto ₹ 7.50 crore (₹ 10 crore w.e.f. April 2013) whereas works valued more than ₹ 7.50 crore (₹ 10 crore w.e.f. April 2013) are to be approved by BoD.

The Company awarded works valued ₹ 46.80 crore avoiding approvals of competent authorities.

Audit observed (July 2017) that PHQ accorded administrative approval for five different works as given in the table 2.2.9 below**.** As per DoP the technical sanction and approval of BoD in four cases and Chairman in one case was required for award of these works. However, in none of these cases the required technical sanction and approval of the competent authority for award of the work was obtained and these were awarded by MD by splitting up in parts.

[28] i.e., Value of works awarded on single tender basis (₹ 30.23 crore) X 100/ Total value of test checked 86 cases (₹ 164.84 crore).

Table - 2.2.9: Statement showing details of works awarded by splitting up

(₹ in crore)

Sl. No.	Work originally sanctioned by the PHQ	Amount as per Administrative Approval	Approval required as per DoP ------------- 'actually given by'	Works after split	Administrative value of the split work	Name of contractor	Value of work order	Rates awarded/ (prevailing rates) in % above SOR	Price above the prevailing rates
1	12 NGO[29] & 78 HC[30]/ C[31] Qtrs.[32] at 11 Bn.[33], Janjgir-Champa	8.34	BoD ------------- 'Technical Sanction by CPE and award by MD'	12 NGO & 14 HC/ C Qtrs.	2.69	M/s Vikas Const. Co.	2.60	4.90 / (0.00)	0.12
				32 HC/ C Qtrs.	2.83	-do-	2.71	4.90/ (0.00)	0.13
				32 HC/ C Qtrs.	2.82	M/s Bishambhar Dayal	2.82	11.80/ (0.00)	0.30
2	12 NGO & 64 HC/C Qtrs., Kanker	7.11	Chairman ------------- 'Technical Sanction by CPE and award by MD'	32 HC/ C Qtrs.	2.83	M/s Rakesh Vaidya	2.95	14.21/ (9.19)	0.07
				12 NGO Qtrs.	1.45	-do-	1.52	14.25/ (9.19)	0.13
				32 HC/ C Qtrs.	2.83	M/s Vinayak Enterprises	2.83	14.50/ (9.19)	0.14
3	18 NGO & 72 HC/ C Qtrs., Gariyabandh	8.54	BoD ------------- 'Technical Sanction by CPE and award by MD'	8 HC/ C & 18 NGO Qtrs.	2.89	M/s Kishor Jaiswal	2.89	17.99/ (9.99)	0.22
				32 HC/ C, Qtrs.	2.83	-do-	2.82	17.99/ (9.99)	0.21
				32 HC/ C Qtrs.	2.82	-do-	2.82	17.99/ (9.99)	0.21
4	24 NGO & 96 HC/ C Qtrs., Durg	11.96	BoD ------------- 'Technical Sanction and award by MD'	24 NGO & 32 HC/ C Qtrs.	6.02	M/s UMSC Ltd.	5.79	9.18/ (7.99)	0.06
				64 HC/ C Qtrs.	5.94	-do-	5.91	9.18/ (7.99)	0.06
5	48 NGO & 96 HC/ C Qtrs., Raipur	11.30	BoD ------------- 'Technical Sanction by MD for 48 NGO' and 'by Chairman' for 96 HC/C' while 'award by MD'	48 NGO Qtrs.	4.36	M/s Manoj Agrawal	4.35	7.01/ (3.00)	0.16
				96 HC/ C Qtrs.	6.94	-do-	6.79	7.01/ (3.00)	0.25
	Total	**47.25**			**47.25**		**46.80**		**2.06**

(Source: Data compiled from the Company's records)

Audit observed that the technical sanction to the aforementioned works was accorded by CPE/ MD and works were awarded by MD. However, as the

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[29] Non-Gazetted Officer (NGO).

[30] Head Constables (HC).

[31] Constables (C).

[32] Quarters (Qtrs).

[33] Battalion (Bn).

amount of administrative approval for each of the work was more than ₹ 5.00 crore, CPE/ MD was not competent for granting technical sanction or according approval to work orders. Further, in two cases (Sl. No. 4 and 5 of table-2.2.9) out of the above, MD was not competent to award the works even after splitting up. Therefore, in all the cases DoP provisions were violated, with no justification on record.

The Department stated (December 2017) that (i) initially tenders were invited without split; however, due to lack of competition/ no response, tenders were re-invited by splitting in parts with due technical sanction; (ii) in all the cases tenders were awarded by the competent authority at the prevailing rates; and (iii) the approval of BoD for the subjected cases was being sought for.

However, the verification of replies revealed that (i) contrary to the reply, in two out of five cases (Sl. No. 4 and 5 of the table) tenders were never called without splitting up. In case of Sl. No. 2, 3 and 4, the works were awarded on single tender basis. Hence, the purpose of ensuring competition, as claimed by the Department, was not achieved. Further, the technical sanction of the competent authority as per the DoP was not obtained in any of these cases. Hence, the reply is not correct; (ii) in all the cases, awarded rates were higher (by 1.19 to eight *per cent*) than the prevailing rates[34] in nearby areas (as given in table 2.2.9) which resulted in additional cost of ₹ 2.06 crore to the Company; and (iii) the reply confirms that the due approval from the competent authority was not obtained.

Recommendations:

1. The Company should ensure strict adherence to Delegation of Powers (DoP) to ensure that due approval of the competent authority is obtained at every stage of award and execution of works.

2. GoCG may investigate the cases of award of works without obtaining approval of competent authority.

Non-recovery of secured advances

2.2.10.2 The standard agreement conditions provide for sanction of advances by Project Engineer on the security of materials brought to site.

The Company failed to recover secured advances of ₹ 1.11 crore against terminated contracts.

Audit observed (July 2017) that secured advances amounting to ₹ 1.00 crore against five works[35] were pending unrecovered (December 2017) from the contractor M/s JBS constructions, Pune (JBS), whose sole proprietor died (May 2016) and the contract was closed (May 2016) as per the terms of the agreement. However, even after lapse of more than one and half years, the Project Engineer and Chief Project Engineer (CPE) had not taken any action to recover the same as per clause 4 of the agreement such as, seizure/ disposal of material brought to site and tools/ plants/ stores etc., to recover the advances

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[34] Rate at which the other similar works were awarded by the Company/PWD in the same/ nearby locations during the same period/ range of period.

[35] Construction of (i)16 NGO & 32 HC/C Qtrs. at 15 Bn., Bijapur (₹ 38.22 lakh), (ii) 08 NGO & 36 HC/C Qtrs. at Police Line, Bijapur (₹ 35.81 lakh), (iii) 16 NGO & 32 HC/ C Qtrs. at Narayanpur (₹ 11.33 lakh), (iv) 32 HC Qtrs. at 5th Bn. Jagdalpur (₹ 6.93 lakh) and (v) Police Station Building at Kirandul (₹ 8.13 lakh). The amount of secured advance pending against the works is given in bracket.

while reasons for the same were not found on record. Further, the status of availability of material at site against the security of which the advances were given was not furnished to Audit, despite repeated requests.

Similarly, secured advance amounting to ₹ 10.31 lakh in respect of M/s R. Gangaiya were pending unrecovered (December 2017) against two works[36] and the contracts were terminated (October 2016) due to abnormal delay in execution of work by the contractor (***Annexure - 2.2.2***). However, action for recovery of the same as per clause 4 of the agreement has not been taken by the Project Engineer and CPE for reasons not on record.

The above cases indicated lack of adequate system of monitoring the recovery of secured advances from the contractors causing loss to the Company.

The Department stated (December 2017) that the advances were given as per the terms of contracts and recovery is being initiated from the contractors.

The reply is not acceptable as the Company failed to recover advances amounting to ₹ 1.11 crore despite lapse of 15 months from the date of termination. Further, the reply does not address the reason for not initiating any action for seizure and disposal of material at site by the Project Engineers and CPE under clause 4 of the agreement.

Recommendation:

The Company should take timely action to recover secured advances given to contractors and should establish a system to monitor the recoveries.

Delayed/ poor execution of awarded works

2.2.10.3 As per clause 2 of the agreement, time is essence of the contract. However, it was observed that there have been lapses by the Company and the contractors in ensuring timely completion of works. Out of total 86 tests checked works (valued ₹ 178.85 crore), 49 works (valued at ₹ 117.45 crore) were pending for completion beyond their scheduled date of completion for the period ranging from eight to 45 months and remaining 37 works (valued at ₹ 61.40 crore) were completed with delay ranging from two to 20 months beyond their scheduled date of completion (November 2017). Thus, none of the 86 test checked works was completed in time. The main reasons for delay were delay in finalisation/clearance of sites and providing layout/ drawings etc., by the PHQ/Company and delay in execution of works by the contractors as discussed in subsequent paragraphs.

Blockage of funds on incomplete works

2.2.10.3 (i) Clause 2 of the agreement provided that till half of the contract period allowed for completion of any particular work, atleast 30 *per cent* of the total volume of work should be completed. In case of non-achievement of this milestone, the contract shall stand terminated after due notice to the contractor.

[36] Construction of Police Station Buildings at (i) Pushpal (₹ 6.72 lakh) and (ii) Phoolbagdi (₹ 3.59 lakh). The amount of secured advance pending against the works is given in bracket.

Audit observed that in 33 (valued at ₹ 92.08 crore) out of the 49 works which were in progress (November 2017), the milestone of atleast 30 *per cent* progress of the work till half of the contract period was not achieved. Out of these, in nine works (Sl. No. 1 to 9 of ***Annexure - 2.2.2***) the milestone was not achieved due to slow execution of works by the contractors and the Company officials[37] did not initiate any action for the termination of these works while reasons for the same were not found on record. In 11 works (Sl. No. 10 to 20 of ***Annexure - 2.2.2***) the milestone could not be achieved due to delay in finalisation/ clearance of site, drawings and layout etc. by the PHQ/Company.

Further, against seven works (Sl. No. 21 to 27 of ***Annexure - 2.2.2***) there was slow/no progress and eventual stoppage of works by the contractors. However, the concerned Assistant Engineers and Project Engineers did not initiate timely action for termination of the contracts even after non-achievement of stipulated milestone as per the agreement and the same were terminated belatedly after lapse of seven to 12 months beyond their scheduled date of completion while reasons for the same were not found on record. In case of other eight works[38] (Sl. No. 28 to 35 of ***Annexure - 2.2.2***) the contracts were closed due to demise of the contractor as per the terms of contract. It was further seen that there was abnormal delay on the part of the Company officials in re-award of the terminated/closed works for the period ranging from 13 to 19 months while reasons for the same were not found on record.

Delay in completion of construction works resulted in blockage of Company's funds of ₹ 29.32 crore.

The above delays in completion of works had resulted in non-achieving of envisaged purpose of the works i.e., providing security/ defence to the State and welfare/ benefit to the police personnel, and avoidable blockage of funds amounting to ₹ 29.32 crore[39] on partially executed works for the period upto 45 months (November 2017).

The Department stated (December 2017) that the works were re-awarded through re-tendering after allowing adequate chance to the legal heir of deceased contractor to execute balance works, on their request.

The reply is not acceptable as the agreement (clause 37) does not provide to give any chance to the legal heir of the deceased contractor for execution of balance work and Indian Contract Act (section 37) stipulates that if a sole proprietor (i.e., the contractor) dies, the contract cannot be enforced either by his representative or by the engager (i.e., the Company). Therefore, the delay in re-award of work on this ground was not justified.

Non/short recovery of penalty for delay in completion of works

2.2.10.3 (ii) As per clause 2 of the agreement, if the contractor fails to complete the work in time, the Project Engineer shall levy an amount equal to 0.5 *per cent* of the value of work as compensation for each week of delay with the maximum ceiling of six *per cent* of value of the work. Further, as per clause 5, if the contractor desires an EoT for completion of work, he must give the complete details in writing to Project Engineer, positively within 15 days of occurrence of such hindrance (s) and if he fails even within 30 days, it shall

[37] Assistant Engineers, Project Engineers and Chief Project Engineer.
[38] Including two works in which the milestone was achieved.
[39] Expenditure incurred on delayed works upto their respective scheduled date for completion.

be deemed that the contractor does not desire EoT and he has waived/ceased to hold his right to claim EoT for such cause of hindrance.

The Company did not recover ₹ 1.89 crore towards applicable penalty from contractors for delay in completion of works.

Audit observed (July 2017) that out of the 37 works completed with delays, (discussed in *paragraph - 2.2.10.3*) in 15 cases the delays were due to reasons attributable to the contractors including six works (valued at ₹ 18.44 crore) executed in normal areas (seven to 18 months delay) and remaining nine works (valued at ₹ 14.04 crore) executed in naxal affected areas[40] (seven to 20 months delay)**.** In each of these cases the Company officials[41] had granted EoTs on two or more than two occasions. However, the terms of agreement were not adhered to while granting EoTs, levying penalties for delays and recovering the same. This has resulted in non/ short levy/ recovery of penalty amounting to ₹ 1.89 crore (detailed in ***Annexure - 2.2.3***) mainly due to the following lapses:

- On 18 occasions EoTs were granted, even multiple times on the same grounds, without levy of penalty accepting common reasons for delay such as rains, hilly area, labour problem, non-availability of materials and naxal problem, etc. ignoring that these hindrances were part and parcel of the execution of construction works in concerned areas and was already known to the contractors at the time of submitting their bids. Also, the Company has already considered the higher rates (14.25 to 61 *per cent* above estimated cost) in naxal affected areas and accepted the bids, as compared to rates accepted in normal areas (i.e., 0.50 to 18.49 *per cent* above estimated cost). Therefore, grant of EoT without levy of penalty on such grounds lacked justification.

- In six cases it was seen that initially MD approved EoT based on recommendation of Project Engineer/ CPE as per clause 2 i.e., with levy of penalty at the rate of 0.5 *per cent* per week of delay, however later, the final bills of the contractors were approved by him without recovery of applicable penalty or by withholding/ deducting a nominal amount of ₹ 3.14 lakh against the actual amount of ₹ 34.66 lakh of penalty recoverable as per contractual provisions. This has resulted in violation of clause 2 of the agreement which stipulated that the decision taken by MD with respect to grant of EoT will be final, binding and conclusive and he has no right to change either the rate of compensation or reduce or condone the period of delay. Further, in one case it was seen that the MD imposed the penalty of ₹ 11.80 lakh as per clause 2 and withheld ₹ 1.97 lakh, however, CPE cleared the final bill without levy of any penalty and accordingly released the amount of penalty withheld.

- Sub engineers/ Assistant Engineers of the Company were required to forward the time extension requests of the contractors in the prescribed format/ application mentioning cost of work executed and payment made in original/ extended period, action plan for execution of balance work, cost of balance work to be executed, documents in support of reasons furnished for EoT and point-wise remarks of Sub engineers/ Assistant Engineers on the reasons furnished by the contractor for EoT. However, these details were not found filled up in the format/ application on 27 occasions, leaving the chances

[40] Kanker, Sukma, Kuknar, Kutru, Ghotiya, Aundhi, Bayanar, Dantewada and Dornapal.
[41] Assistant Engineers, Project Engineers, Chief Project Engineer and MD.

for bias in decision making in respect of grant of EoT. Further, the Project Engineer/ CPE recommended the EoT without obtaining the missing details.

- On 30 occasions, EoTs were granted on belated requests of contractors beyond the prescribed time limit of 30 days stipulated in the agreement.

The Department stated (December 2017) that the penalty was not recovered from the contractors as the reasons furnished by the contractors for delay in completion of works were accepted and EoTs were granted without levy of penalty. In several cases applications for EoTs could not be received in time. However, in cases where the contractors were found responsible the penalty was recovered.

The reply confirms that application for EoTs were not received in time. However, the reply is not acceptable to the extent (i) it does not address the reason for granting EoT on the contractors' requests received beyond the period stipulated by clause 5 of the agreements; (ii) EoTs were granted, even multiple times for the same reasons, ignoring the loss to the Company on account of interest on blocked funds and non-achieving of envisaged benefits of the works; (iii) penalties were initially levied and subsequently withdrawn, which is not permissible as per clause 2 of the agreements. Moreover, in 15 cases penalty amounting to ₹ 3.14 lakh only had been recovered, against the applicable penalty of ₹ 1.92 crore.

Recommendation:

The Company should ensure that terms of the agreement are invariably adhered to while levying/ recovering penalties and ensure timely completion of works.

Conclusion

- There was lack of adequate manpower, internal control and monitoring mechanism in the Company which caused delay in completion of works.
- The Company accounted the interest income of ₹ 53.55 crore on funds received from PHQ for execution of schemes/ projects as its own income instead of crediting the same to the project funds resulting in avoidable payment of income tax of ₹ 17.52 crore.
- The Company failed to ensure timely payment of Service Tax amounting to ₹ 1.95 crore and created an avoidable liability of ₹ 60.51 lakh towards penal interest and penalty.
- The Company failed to prepare its own works manual and also failed to adhere Works Department (WD) Manual of Government of Chhattisgarh, as a result its financial interests were not safeguarded.
- The Company did not include suitable risk and cost clause in the agreements for recovery of extra cost incurred on execution of works left incomplete by the contractors which resulted in avoidable extra cost of ₹ 1.10 crore. The Company also failed to recover compensation of ₹ 1.04 crore from the defaulting contractors as per the terms of contract.

- The Company failed to monitor the recovery of secured advances granted to the contractors resulting in non-recovery of ₹ 1.11 crore.
- Execution of works was delayed due to slow progress and stoppage of works by the Contractors and delay in taking action for termination/ re-award of delayed/ abandoned works by the Company. This resulted in non-achieving of envisaged purpose of works besides blockage of funds amounting to ₹ 29.32 crore for the period ranging upto 45 months.
- The Company did not recover penalty of ₹ 1.89 crore from the contractors for delay as per the terms and conditions of the contracts.

CHAPTER-3

3. Compliance Audit Observations

This chapter includes three paragraphs based on test check of transaction of State PSUs.

Chhattisgarh State Beverages Corporation Limited

3.1 Loss due to payment of additional duty from own margin

The Company paid additional duty from its margin instead of recovering the same from the retailers resulting in loss of ₹ 8.53 crore.

The Chhattisgarh State Beverages Corporation Limited (Company) is the sole licensed wholesale agent under the *Chhattisgarh Videshi Madira Niyam 1996* (*Videshi Madira Niyam*) to procure, store and sell Foreign Liquor[1] (FL) in Chhattisgarh. Every financial year, the Company procures different brands of FL from the suppliers at the landing price[2] and after adding its margin[3] of 10 *per cent* on landing price, the same is then sold to the retailers having permit of the State Excise Department.

The Government of Chhattisgarh (GoCG), in order to increase its tax revenue, imposed (31 March 2016) additional duty on FL at the rate of one *per cent* of the total sales amount with effect from 1 April 2016. Audit observed (February 2017) that instead of adding this additional duty to the sale price[4], the Board of Directors (BoD) decided (18 March 2016) to absorb the additional cost from the Company's own margin and accordingly, the Company paid additional duty amounting to ₹ 8.53 crore on FL sold during the year 2016-17 from its margin. The margin is the major source of income of the Company[5] from which its administrative and establishment expenses are met. Therefore, decision of Company to pay the additional duty from its own margin was not in the financial interest of the Company which resulted in loss of ₹ 8.53 crore during 2016-17

The Administrative Department {Commercial Tax (Excise) Department} stated (July 2017) that as per the State Government order one *per cent* additional duty was paid by the Company from its margin with the approval of BoD. It was further stated that the retail price was fixed by the Excise Department.

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[1] Indian made foreign liquor, foreign made foreign liquor and beer.

[2] The price at which the Company receive the stock of FL at its godowns.

[3] The Company fixed its margin with approval of Board of Directors.

[4] Excise Department fixes the retail price after obtaining the price from the Company. Had the Company included the additional duty in their sale price conveyed to the Excise Department this would have automatically passed on to the retailers lessening the burden on the Company.

[5] The Company had not received any financial support from GoCG so far. The Company's surplus/reserves as at 31 March 2017 was ₹ 65.40 crore. Further, profit of the Company came down from ₹ 6.08 crore in 2015-16 to ₹ 3.07 crore in 2016-17 mainly due to payment of additional duty from its own margin.

The reply is not acceptable as the notification of the State Government was for levy of additional duty and it did not stipulate that the same should be paid from the margin of the Company. Further, it may be mentioned that the Excise Department fixes the retail price after obtaining the sale price of the Company and adding therein duty, surcharge, license fee and profit of the retailer. Had the Company included the additional duty in their sale price conveyed to the Excise Department, this would have been automatically passed on to the final consumers by way of higher retail price lessening the burden on the Company. Here it is pertinent to note that in the subsequent year 2017-18, the Company had increased its margin by one *per cent* (to 11 *per cent*) to compensate for the payment of additional duty and value added tax and consequently, the sale price of the Company and retail prices of FL were increased accordingly in 2017-18.

Chhattisgarh Medical Services Corporation Limited and Chhattisgarh State Civil Supplies Corporation Limited

3.2 Avoidable payment of interest

CMSCL and CSCSCL unnecessarily paid penal interest of ₹ 1.17 crore to Income Tax authorities due to failure to correctly estimate current income for the financial year and non-submission of IT Return on time.

The Income Tax Act, 1961 requires assessees to pay advance tax on estimated current income for the financial year in four advance installments, at the prescribed rates, failing which, penal interest is payable at the rate of one *per cent* per month of delay. Similar penalty provisions also apply when the annual return on income is filed late.

Scrutiny of records (July/October 2016 and April 2017) of Chhattisgarh Medical Services Corporation Limited (CMSCL) and Chhattisgarh State Civil Supplies Corporation Limited (CSCSCL) revealed that the Finance Wing[6] of both the companies failed to remit advance tax in full, as required under the Income Tax Act. Against total tax liability of ₹ 2.22 crore and ₹ 2.66 crore for 2014-15 and 2015-16[7], CMSCL paid advance tax of ₹ 96.88 lakh (44 *per cent* of required tax amount) and ₹ 93.33 lakh (35 *per cent* of required tax amount) respectively. Audit observed that the Company failed to correctly estimate its income for each quarter during 2014-15 and 2015-16 even when the Company had the mechanism to prepare quarterly provisional accounts for the purpose of estimation of income chargeable to tax.

Similarly, CSCSCL, against total tax liability of ₹ 47.50 lakh, ₹ 82.13 lakh and ₹ 91.11 lakh for the year 2013-14, 2014-15 and 2015-16, had paid no advance tax for 2013-14 and 2014-15 while it paid advance tax of ₹ 30.90

[6] Headed by General Manager (Finance) of CMSCL and General Manager (Finance) of CSCSCL.

[7] The amount of penal interest paid by the CMSCL in 2013-14 and in 2016-17 were not material.

lakh (34 *per cent* of required tax amount) for 2015-16[8]. Audit observed that the failure to pay advance tax in 2013-14 and 2014-15 and short remittance of advance tax in 2015-16 was due to failure of the Company to assess its estimated income on quarterly basis for paying advance tax and delay in finalisation of the accounts for respective years[9]. The delay in finalisation of accounts also resulted in delayed filing of income tax returns for the years 2013-14, 2014-15 and 2015-16 by 18 months, 17 months and 11 months respectively. Consequently, both the companies unnecessarily paid penal interest of ₹ 1.17 crore[10].

The Administrative Department (Health, Family Welfare and Medical Education Department) of CMSCL stated (December 2017) that the major part of profit of CMSCL comes from sale of drugs which was dependent on demand by user department/agencies and the same could not be predicted before receipt of indents for supply from the users. Hence, it was not possible to calculate budgeted profit and CMSCL assumed lump sum profit for the payment of advance tax. The Administrative Department further stated that previously for 2013-14 CMSCL paid excess income tax of ₹ 13.56 lakh due to over estimation of advance tax which was also objected by audit.

The reply is not acceptable as income from sales of drugs, which was major part of profit of CMSCL, could have been predicted on the basis of sales data of the past months available with the Company to ensure adequate payment of advance income tax. Moreover, though the Company had a mechanism to prepare quarterly accounts for the purpose of estimation of income chargeable to tax, the Company failed to correctly assess its income. Further, despite Audit objection regarding excess payment of income tax for 2013-14 due to over estimation of income, CMSCL failed to assess its estimated income correctly in subsequent years 2014-15 and 2015-16 as well.

The Administrative Department (Food, Civil Supplies and Consumer Protection Department) of CSCSCL stated (January 2018) that accounts for the years 2013-14 and 2014-15 were finalised after a delay of two years, by which time, the due date for payment of advance tax for 2013-14 and 2014-15 was over. Hence, advance tax could not be paid. It was also stated that CSCSCL did not pay advance tax as it was incurring loss prior to 2013-14.

The reply is not acceptable as delay in finalisation of accounts continued from financial year 2007-08 which indicates that no concrete efforts were made by CSCSCL to clear arrear accounts in a time bound manner to avoid penal interest. The reply regarding loss prior to the 2013-14, is also not acceptable as CSCSCL was required to assess its income and tax liability on quarterly basis for payment of advance tax for 2013-14 and 2014-15 as per provisions of the Income Tax Act, which, CSCSCL failed to do.

[8] During 2010-11 to 2012-13, CSCSCL had no income chargeable to tax as it had incurred losses. The penal interest paid by the CSCSCL in 2016-17 was not material.

[9] Accounts for the years 2013-14, 2014-15 and 2015-16 were finalised in March 2016, March 2017 and September 2017 respectively.

[10] CMSCL – ₹ 35.66 lakh and CSCSCL – ₹ 81.52 lakh.

Chhattisgarh Road Development Corporation Limited

3.3 Loss of interest income due to lack of proactive financial management

The Company did not avail of auto sweep facility in its bank accounts leading to loss of ₹ 1.90 crore by way of interest.

Chhattisgarh Road Development Corporation Limited (Company) is engaged in the business of construction, repair and maintenance of roads, highways, subways, bridges and other infrastructure facilities in Chhattisgarh.

The Company was operating three current accounts, one each in HDFC bank, Axis bank and Allahabad bank as on 31 March 2017. Banks had been offering value added service facilitating its customer to invest their surplus fund in current account in a profitable manner through auto sweep facility. The auto sweep account facility enables the bank customer to maintain a particular minimum balance opted by him in the current bank account and the amount exceeding the same would be automatically converted into fixed deposits (FDs) on which interest is paid at prevailing rate applicable on FDs.

Audit observed (May 2017) that out of the above three current accounts, the Company failed to avail auto sweep facility in the accounts with HDFC bank and Axis bank. During the period from October 2015[11] to June 2017, in each month, the Company had retained minimum funds ranging from ₹ 20.54 lakh to ₹ 100 crore in these accounts, forgoing interest income of ₹ 1.90 crore.

The Administrative Department (Public Works Department) stated (December 2017) that after receipt of funds from GoCG for construction works in December 2016, the Company had invited interest rates of different banks. As the process involved investment of Government funds, the Company had to follow the guidelines issued by the Directorate of Institutional Finance, GoCG. As soon as the process got completed and the Company got the approved rates of banks for investments in March 2017, the surplus funds were invested in Fixed Deposits (FDs) and thereafter, there was no loss of interest. The Department further stated that the auto sweep facility has since been obtained (June/July 2017) by the Company in both the current accounts with HDFC bank and Axis bank.

The reply is not relevant as Audit has not objected to investment of surplus funds in FDs of various eligible banks[12] as per GoCG guidelines mentioned in the reply. Audit had rather, objected to the Company not obtaining the auto-sweep facility in its two current bank accounts for which no

[11] HDFC bank account was opened in October 2015 and Axis bank account was opened in February 2017.

[12] The Directorate of Institutional Finance, GoCG issues list of eligible banks from time to time for investment of surplus funds by State Government corporations, bodies, boards and undertakings.

approval/guidelines from Government were required. The Company obtained auto sweep facility w.e.f. June 2017 only after this was pointed out by Audit. Had the Company availed of the same since opening of current accounts, loss of ₹ 1.90 crore could have been avoided.

Raipur	**(BIJAY KUMAR MOHANTY)**
The: 26 November 2018	**Principal Accountant General (Audit),**
	Chhattisgarh

Countersigned

New Delhi	**(RAJIV MEHRISHI)**
The: 27 November 2018	**Comptroller and Auditor General of India**

Annexure - 1.1

Paid-up Capital, Loans outstanding and Guarantees of PSUs as on 31 March 2017

(Referred to in paragraphs 1.1 and 1.5)

(₹ in crore)

Sl. No.	Sector and Name of the Company	Equity[$]				Outstanding Loans[#]				Guarantee[@]
		State Govern-ment	Central Govern-ment	Others[£]	Total	State Gover-nment	Central Governm-ent	Others[©]	Total	
1	2	3 (a)	3 (b)	3 (c)	3 (d)	4 (a)	4 (b)	4 (c)	4 (d)	5
A.WORKING GOVERNMENT COMPANIES										
AGRICULTURE AND ALLIED										
1	Chhattisgarh Rajya BeejEvam Krishi Vikas Nigam Limited	0.50	-	-	0.50	-	-	-	-	-
2	Chhattisgarh Rajya Van Vikas Nigam Limited	25.73	0.92	-	26.65	-	-	-	-	-
Sector wise total		**26.23**	**0.92**	-	**27.15**	-	-	-	-	-
FINANCE										
3	Chhattisgarh Nishakt Jan Vitt Avam Vikas Nigam	5.00	-	-	5.00	-	-	35.49	35.49	32.50
Sector wise total		**5.00**	**-**	**-**	**5.00**	**-**	**-**	**35.49**	**35.49**	**32.50**
INFRASTRUCTURE										
4	Chhattisgarh Infrastructure Development Corporation Limited	4.20	-	-	4.20	1.71	-	-	1.71	-
5	Chhattisgarh State Industrial Development Corporation Limited	1.60	-	-	1.60	-	-	0.09	0.09	-
6	Chhattisgarh Road Development Corporation Limited	4.90	-	-	4.90	-	-	-	-	-
7	Raipur Smart City Limited	-	-	0.10	0.10	-	-	-	-	-
Sector wise total		**10.70**	**-**	**0.10**	**10.80**	**1.71**	**-**	**0.09**	**1.80**	**-**

Sl. No.	Sector and Name of the Company	Equity$				Outstanding Loans#				Guarantee@
		State Govern-ment	Central Govern-ment	Others£	Total	State Gover-nment	Central Governm-ent	Others ©	Total	
1	2	3 (a)	3 (b)	3 (c)	3 (d)	4 (a)	4 (b)	4 (c)	4 (d)	5
MINING										
8	Chhattisgarh Mineral Development Corporation Limited	1.00	-	-	1.00	-	-	81.05	81.05	-
9	Kerwa Coal Limited	-	-	1.00	1.00	-	-	9.49	9.49	-
Sector wise total		**1.00**	**-**	**1.00**	**2.00**	**-**	**-**	**90.54**	**90.54**	**-**
POWER										
10	Chhattisgarh State Power Distribution Company Limited	-	-	2,326.36	2,326.36	86.35	-	756.90	843.25	2,955.00
11	Chhattisgarh State Power Generation Company Limited	-	-	2,287.74	2,287.74	50.33	-	9,287.02	9,337.35	-
12	Chhattisgarh State Power Holding Company Limited	6,593.69	-	-	6,593.69	-	-	-	-	429.30
13	Chhattisgarh State Power Trading Company Limited	-	-	0.05	0.05	-	-	-	-	-
14	Chhattisgarh State Power Transmission Company Limited	-	-	810.76	810.76	15.69	-	1,243.94	1,259.63	-
Sector wise total		**6,593.69**	-	**5,424.91**	**12,018.60**	**152.37**	-	**11,287.86**	**11,440.23**	**3,384.30**
SERVICES										
15	Chhattisgarh State Beverages Corporation Limited	0.15	-	-	0.15	-	-	-	-	-
16	Chhattisgarh State Civil Supplies Corporation Limited	4.43	-	-	4.43	-	-	-	-	-
17	Chhattisgarh Medical Services Corporation Limited	3.45	-	-	3.45	-	-	-	-	-
18	Chhattisgarh Police Housing Corporation Limited	2.00	-	-	2.00	-	-	-	-	-
19	Chhattisgarh Railway Corporation Limited	4.00	-	-	4.00	-	-	-	-	-
Sector wise total		**14.03**	-	-	**14.03**	**-**	-	-	-	-

Sl. No.	Sector and Name of the Company	Equity$				Outstanding Loans#				Guarantee@
		State Govern-ment	Central Govern-ment	Others£	Total	State Gover-nment	Central Governm-ent	Others©	Total	
1	2	3 (a)	3 (b)	3 (c)	3 (d)	4 (a)	4 (b)	4 (c)	4 (d)	5
Total A (All sector wise working Government companies)		**6,650.65**	**0.92**	**5,426.01**	**12,077.58**	**154.08**	**-**	**11,413.98**	**11,568.06**	**3,416.80**
B.WORKING STATUTORY CORPORATION										
SERVICES										
1	Chhattisgarh State Warehousing Corporation	2.02	-	2.02	4.04	173.15	-	-	173.15	-
Total B (Working Statutory Corporation)		**2.02**	-	**2.02**	**4.04**	**173.15**	-	-	**173.15**	**-**
Total (A + B)		**6,652.67**	**0.92**	**5,428.03**	**12,081.62**	**327.23**	**-**	**11,413.98**	**11,741.21**	**3,416.80**
C.NON-WORKING GOVERNMENT COMPANIES										
MINING										
1	Chhattisgarh Sondiha Coal Company Limited	-	-	21.94	21.94	-	-	-	-	-
2	CSPGCL AEL Parsa Collieries Limited*	-	-	0.16	0.16	-	-	1.76	1.76	-
3	CMDC ICPL Coal Limited	-	-	82.60	82.60	-	-	231.71	231.71	-
Total C(Sector wise non-working Government companies)		**-**	**-**	**104.70**	**104.70**	**-**	**-**	**233.47**	**233.47**	-
Grand Total (A+B+C)		**6,652.67**	**0.92**	**5,532.73**	**12,186.32**	**327.23**	**-**	**11,647.45**	**11,974.68**	**3,416.80**
(Source: Data compiled from the annual accounts of the PSUs)										

$Includes share application money pending allotment.

#There was no default in payment of interest due and repayment of loans by the State PSUs.

@Noguarantee fees was charged by the State Government from the PSUs. Further, no guarantee was invoked by lenders against any State PSU so far.

£ Includes Equity Capital of holding Company. Sl. no. A12 is holding Company of Sl.nos. A10, A11, A13 and A14. Sl. no. A8 is holding Company of Sl.nos. A9,C1 and C3.

© Includes financial institutions (PFC, REC etc.) and PSUs.

* The Company is a Joint Venture of Sl. no.A11.

Annexure - 1.2

Summarised financial position and working results of PSUs (accounts of which are not in arrears for more than three years)as on 31 December 2017

(Referred to inparagraph 1.1)

(₹ in crore)

Sl. No.	Name of PSUs	Year of finalised accounts	Net Profit/ Loss	Turnover
1	2	3	4	5
A. Profit making companies				
Working companies				
1	Chhattisgarh Rajya BeejEvam Krishi Vikas Nigam Limited	2015-16	16.75	441.99
2	Chhattisgarh Rajya Van Vikas Nigam Limited	2016-17	8.75	57.63
3	Chhattisgarh Nishakt Jan Vitt Avam Vikas Nigam	2015-16	0.54	2.42
4	Kerwa Coal Limited	2016-17	0.09	0.43
5	Chhattisgarh State Power Generation Company Limited	2015-16	32.11	4,187.79
6	Chhattisgarh State Power Holding Company Limited	2015-16	0.28	0.39
7	Chhattisgarh State Power Transmission Company Limited	2015-16	35.75	800.89
8	Chhattisgarh State Beverages Corporation Limited	2016-17	3.07	849.17
9	Chhattisgarh State Civil Supplies Corporation Limited	2015-16	1.13	6,323.54
10	Chhattisgarh Medical Services Corporation Limited	2015-16	5.39	113.11
11	Chhattisgarh Police Housing Corporation Limited	2016-17	5.73	9.04
12	Chhattisgarh State Warehousing Corporation	2016-17	32.79	120.54
Total			**142.38**	**12,906.94**

Sl. No.	Name of PSUs	Year of finalised accounts	Net Profit/ Loss	Turnover
1	**2**	**3**	**4**	**5**
Non-working companies		**-**	**-**	**-**
Total (Profit making companies)			**142.38**	**12,906.94**
B. Loss making companies				
Working companies				
1	Chhattisgarh Road Development Corporation Limited	2016-17	(-) 0.07	0.48
2	Chhattisgarh Mineral Development Corporation Limited	2015-16	(-) 1.50	9.56
3	Chhattisgarh State Power Distribution Company Limited	2015-16	(-) 540.64	10,177.65
4	Chhattisgarh State Power Trading Company Limited	2015-16	(-) 2.16	0.00*
5	Chhattisgarh Railway Corporation Limited	2016-17	(-) 0.47	0.04
Total			**(-) 544.84**	**10,187.73**
Non-working companies		-	**-**	**-**
1	Chhattisgarh Sondiha Coal Company Limited	2016-17	(-) 0.00**	-
2	CSPGCL AEL Parsa Collieries Limited	2016-17	(-) 0.00***	-
Total (Loss making companies)			**(-) 544.84**	**10,187.73**
C. No profit no loss making Companies				
Working companies		-	-	-
Non-working companies				
1	CMDC ICPL Coal Limited	2016-17	-	-
Total (No profit no loss making Companies)			-	-
Grand Total			**(-) 402.46**	**23,094.67**
(Source: Data compiled from the annual accounts of the PSUs)				

* Turnover of Chhattisgarh State Power Trading Company Limited was ₹ 53,299.
**Chhattisgarh Sondiha Coal Company Limited incurred Net Loss of ₹ 69,754 and its Turnover was Nil.
***CSPGCL AEL Parsa Collieries Limited incurred Net Loss of₹ 62,503 and its Turnover was Nil.

Annexure – 1.3
Arrears of accounts of working and non-working PSUs as on 31 December 2017

(Referred to inparagraph 1.8)

Sl. No.	Name of the PSU	Year(s) for which accounts are in arrears	Number of accounts in arrears
1	**2**	**3**	**4**
A. Working companies			
1 Year			
1	Chhattisgarh Rajya BeejEvam Krishi Vikas Nigam Limited	2016-17	1
2	Chhattisgarh Nishakt Jan Vitt Avam Vikas Nigam	2016-17	1
3	Chhattisgarh Mineral Development Corporation Limited	2016-17	1
4	Raipur Smart City Limited	2016-17	1
5	Chhattisgarh State Power Distribution Company Limited	2016-17	1
6	Chhattisgarh State Power Generation Company Limited	2016-17	1
7	Chhattisgarh State Power Holding Company Limited	2016-17	1
8	Chhattisgarh State Power Trading Company Limited	2016-17	1
9	Chhattisgarh State Power Transmission Company Limited	2016-17	1
10	Chhattisgarh State Civil Supplies Corporation Limited	2016-17	1
11	Chhattisgarh Medical Services Corporation Limited	2016-17	1
Total			**11**
2 to 5 Years			
1	Chhattisgarh State Industrial Development Corporation Limited	2013-14 to 2016-17	4
2	Chhattisgarh Infrastructure Development Corporation Limited	2012-13 to 2016-17	5
Total			**9**
Total (A)			**20**
B. Non-working companies			
-	-	-	-
Total (B)			**-**
Grand Total (A +B)			**20**
(Source: Data compiled by the Audit)			

Annexure – 1.4 (a)
Directors on the Board of working PSUs of Chhattisgarh, whose accounts are in arrears
(Referred to in paragraph 1.8)

Sl. No.	Name of the Company	Period	Names of Directors on the Board	Designation and Post held	Name of Managing Director	Whether holding additional charges of administrative Department
PSUs whose accounts were in arrears for one year						
1	Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited	2016-17	Shri Shyam Bais	Chairman, CGRBEKVNL	Shri Alok Jagatnarayan Awasthi	No
			Shri Ajay Singh	Additional Chief Secretary, Agriculture and Agricultural products Department, GoCG		
			Shri Narendra Pandey	Director, Horticulture & Forestry, GoCG		
			Shri Manohar Sai Kerkatta	Director, Agriculture Department, GoCG		
			Dr. J.S. Urkurkar	Research Services, IGKVV, Raipur CG		
			Shri R. K. Kashyap	Managing Director, Chhattisgarh Rajya Beej Certification Institution, Raipur		
			Shri Alok Jagatnarayan Awasthi	Managing Director, CGRBEKVNL		
			Ms. Vrinda Suprabhat Tambe	Independent Woman Director		
2	Chhattisgarh Nishakt Jan Vitt Avam Vikas Nigam	2016-17	Shri Dinesh Sriwas	Chairman, CGNJVAVN	Shri B.L. Dhruw	No
			Shri P.P. Soti	Director, CGNJVAVN		
			Shri B.L. Dhruw	Managing Director		
			Shri Vivek Agrawal	Director		
3	Raipur Smart City Limited	2016-17	Shri Rohit Yadav	Chairman	Shri Rajat Bansal	No
			Shri Om Prakash Choudhary	Director		
			Shri Sanjeev Shukla	Director		
			Shri Rajat Bansal	Managing Director		
			Shri Sunil Pal	Nominee Director		
4	Chhattisgarh Mineral Development Corporation Limited	2016-17	Shri Shiv Ratan Sharma	Chairman, CMDC	Smt Reena Babasaheb Kangale	Director Geology and Mining
			Shri Subodh Kumar Singh	Secretary, Mineral Resources Department, GoCG		
			Smt Reena Babasaheb Kangale	Managing Director, CMDC		

Sl. No.	Name of the Company	Period	Names of Directors on the Board	Designation and Post held	Name of Managing Director	Whether holding additional charges of administrative Department
			Shri A.K. Singh	Deputy Secretary, Finance Department, GoCG		
5	Chhattisgarh State Power Distribution Company Limited	2016-17	Shri Shivraj Singh	Chairman	Shri Ankit Anand	No
			Shri N. Baijendra Kumar	Additional Chief Secretary, Energy Department, GoCG		
			Shri Amitabh Jain	Principal Secretary, Finance Department, GoCG		
			Shri Ankit Anand	Managing Director		
			Shri S.B. Agrawal	Managing Director, CSPGCL		
			Shri A. K. Garg	Managing Director, CSPHCL		
			Shri G.C. Mukharjee	Director (Commercial & Regulatory Affairs)		
			Shri H.R. Narware	Director (Operation & Maintenance)		
6	Chhattisgarh State Power Generation Company Limited	2016-17	Shri Shiv Raj Singh	Chairman	Shri S. B. Agrawal	No
			Shri N. Baijendra Kumar	Additional Chief Secretary, Energy Department, GoCG		
			Shri Amitabh Jain	Principal Secretary, Finance Department, GoCG		
			Shri S.B. Agrawal	Managing Director		
			Shri Ankit Anand	Managing Director, CSPDCL		
			Shri A. K. Garg	Managing Director, CSPHCL		
			Shri O.C. Kapila	Director (O&M)		
7	Chhattisgarh State Power Holding Company Limited	2016-17	Shri Shivraj Singh	Chairman	Shri A. K. Garg	No
			Shri N. Baijendra Kumar	Additional Chief Secretary, Energy Department, GoCG		
			Shri Amitabh Jain	Principal Secretary, Finance Department, GoCG		
			Shri Ankit Anand	Managing Director, CSPDCL		
			Shri S. B. Agrawal	Managing Director, CSPGCL		
			Shri A.K. Garg	Managing Director		
8	Chhattisgarh State Power	2016-17	Shri Shiv Raj Singh	Chairman	Shri Subodh Kumar Singh	No

Sl. No.	Name of the Company	Period	Names of Directors on the Board	Designation and Post held	Name of Managing Director	Whether holding additional charges of administrative Department
	Trading Company Limited		Shri N. Baijendra Kumar	Additional Chief Secretary, Energy Department, GoCG		
			Shri Amitabh Jain	Principal Secretary, Finance Department, GoCG		
			Shri Subodh Kumar Singh	Managing Director		
			Shri A. K. Garg	Director (F&C)		
			Shri Ankit Anand	Managing Director, CSPDCL		
			Shri S. B. Agrawal	Managing Director, CSPGCL		
9	Chhattisgarh State Power Transmission Company Limited	2016-17	Shri Shivraj Singh	Chairman	Shri Vijay Singh	No
			Shri N. Baijendra Kumar	Additional Chief Secretary, Energy Department, GoCG		
			Shri Amitabh Jain	Principal Secretary, Finance Department, GoCG		
			Shri Vijay Singh	Managing Director		
10	Chhattisgarh State Civil Supplies Corporation Limited	2016-17	Sushri Lata Usendi	Chairman	Shri Sunil Jain	No
			Smt Richa Sharma	Secretary, Food, Civil Supplies and Consumer Protection Department, GoCG		
			Shri Anup Shrivastav	Secretary, Agriculture Department, GoCG		
			Shri Kamal Preet Singh	Special Secretary, Finance Department, GoCG		
			Shri Sunil Jain	Managing Director		
11	Chhattisgarh Medical Services Corporation Limited	2016-17	Shri Subrat Sahoo	Principal Secretary , Health and Family welfare Department,GoCG	Shri V. Ramarao	No
			Dr. G.S. Badesha	Director		
			Shri V. Ramarao	Managing Director		
PSUs whose accounts were in arrears from two to five years						
12	Chhattisgarh Infrastructure Development Corporation Limited	2016-17	Shri Vivek Kumar Dhand	Chairman, Chief Secretary, GoCG	Shri V. K. Chablani	No
			Shri B. V. R. Subhramanyam	Principal Secretary, Transport Department, GoCG		
			Shri Amitabh Jain	Principal Secretary, Finance Department,		

Sl. No.	Name of the Company	Period	Names of Directors on the Board	Designation and Post held	Name of Managing Director	Whether holding additional charges of administrative Department
				GoCG		
			Shri Ravi Shankar Sharma	Principal Secretary, Vidhi aur Vidhai Kary Vibhag, GoCG		
			Shri Vikas Sheel	Secretary, General Administrative Department, GoCG		
			Shri Subodh Kumar Singh	Secretary, Public Works and Mineral Resources Department, GoCG		
			Shri Kamal Preet Singh	Director of Institutional Finance		
			Shri V.K. Chablani	Managing Director, CIDC		
13	Chhattisgarh State Industrial Development Corporation Limited	2016-17	Shri Chhagan Lal Mundra	Chairman	Shri Sunil Mishra	No
			Shri Subodh Kumar Singh	Secretary to Chief Minister and Commerce and Industries Department, GoCG		
			Shri Kartikeya Goyal	Director, Directorate of Industries		
			Shri Brham Singh	Deputy General Manager, State Bank of India, Regional Office, CG		
			Shri Sunil Mishra	Managing Director, CSIDC		
(Source: Data compiled by the Audit)						

Annexure-1.4 (b)
Names of officers who are directors of more than one PSU whose accounts are in arrears
(Referred to in paragraph 1.8)

Sl. No.	Name and post held	Name of PSUs
1	Shri Amitabh Jain Principal Secretary, Finance Department, GoCG	Chhattisgarh Infrastructure Development Corporation Limited
		Chhattisgarh State Power Distribution Company Limited
		Chhattisgarh State Power Generation Company Limited
		Chhattisgarh State Power Holding Company Limited
		Chhattisgarh State Power Trading Company Limited
		Chhattisgarh State Power Transmission Company Limited
2	Shri Subodh Kumar Singh Secretary to Chief Minister and Commerce and Industry Department, GoCG	Chhattisgarh Infrastructure Development Corporation Limited
		Chhattisgarh State Industrial Development Corporation Limited
		Chhattisgarh Mineral Development Corporation Limited
		Chhattisgarh State Power Trading Company Limited
3	Shri Kamal Preet Singh Special Secretary, Finance Department, GoCG and Director, Directorate of Institution Finance	Chhattisgarh Infrastructure Development Corporation Limited
		Chhattisgarh State Civil Supplies Corporation Limited
4	Shri Shivraj Singh Retd Chief Secretary, GoCG	Chhattisgarh State Power Distribution Company Limited
		Chhattisgarh State Power Generation Company Limited
		Chhattisgarh State Power Holding Company Limited
		Chhattisgarh State Power Trading Company Limited
		Chhattisgarh State Power Transmission Company Limited
5	Shri Ankit Anand Managing Director, CSPDCL	Chhattisgarh State Power Distribution Company Limited
		Chhattisgarh State Power Generation Company Limited
		Chhattisgarh State Power Holding Company Limited
		Chhattisgarh State Power Trading Company Limited
6	Shri A. K. Garg MD, CSPHCL	Chhattisgarh State Power Distribution Company Limited
		Chhattisgarh State Power Generation Company Limited
		Chhattisgarh State Power Trading Company Limited
7	Shri N. Baijendra Kumar Additional Chief Secretary, Energy Department, GoCG	Chhattisgarh State Power Distribution Company Limited
		Chhattisgarh State Power Generation Company Limited
		Chhattisgarh State Power Trading Company Limited
		Chhattisgarh State Power Transmission Company Limited
8	Shri S. B. Agrawal MD,CSPGCL	Chhattisgarh State Power Distribution Company Limited
		Chhattisgarh State Power Generation Company Limited
		Chhattisgarh State Power Trading Company Limited
(Source: Data compiled by the Audit)		

Annexure-1.5

Equity, Loans, Grants and Guarantees made by the State Government in PSUs whose accounts were in arrears as on 31December 2017

(Referred to inparagraph 1.9)

(₹ in crore)

Sl. No.	Name of the PSU	Paid up Capital	Year upto which accounts finalised	Period of accounts pending finalisation	Equity, Loan, Grants and Guarantee by the State Government during the years for which accounts are in arrears					
					Equity	Loans	Capital Grant	Others$	Guarantee	Total
1	2	3	4	5	6	7	8	9	10	11
A. Working Government companies										
1 Year										
1	Chhattisgarh Rajya BeejEvam Krishi Vikas Nigam Limited	0.50	2015-16	2016-17	-	-	-	24.39	-	24.39
2	Chhattisgarh Nishakt Jan Vitt Avam Vikas Nigam	5.00	2015-16	2016-17	-	-	-	0.40	-	0.40
3	Chhattisgarh Mineral Development Corporation Limited	1.00	2015-16	2016-17	-	-	-	-	-	-
4	Raipur Smart City Limited	0.10	-	2016-17#	-	-	-	-	-	-
5	Chhattisgarh State Power Distribution Company Limited	2,326.36	2015-16	2016-17	-	-	558.84	824.88	2,955.00	4,338.72
6	Chhattisgarh State Power Generation Company Limited	2,287.74	2015-16	2016-17	-	-	-	-	-	-
7	Chhattisgarh State Power Holding Company Limited	6,103.69	2015-16	2016-17	490.00	-	-	-	429.30	919.30
8	Chhattisgarh State Power Trading Company Limited	0.05	2015-16	2016-17	-	-	-	-	-	-
9	Chhattisgarh State Power Transmission Company Limited	810.76	2015-16	2016-17	-	-	-	-	-	-
10	Chhattisgarh State Civil Supplies Corporation Limited	4.43	2015-16	2016-17	-	-	-	2,104.82	-	2,104.82
11	Chhattisgarh Medical Services Corporation Limited	3.45	2015-16	2016-17	-	-	3.91	-	-	3.91

Sl. No.	Name of the PSU	Paid up Capital	Year upto which accounts finalised	Period of accounts pending finalisation	Equity, Loan, Grants and Guarantee by the State Government during the years for which accounts are in arrears					
					Equity	Loans	Capital Grant	Others$	Guarantee	Total
1	2	3	4	5	6	7	8	9	10	11
Sub Total					**490.00**	**-**	**562.75**	**2,954.49**	**3,384.30**	**7,391.54**
2 to 5 Years										
12	Chhattisgarh Infrastructure Development Corporation Limited	4.20	2011-12	2012-13 to2015-16	-	-	-	3.20		3.20
				2016-17	-	-	-	5.50	26.00	31.50
13	Chhattisgarh State Industrial Development Corporation Limited	1.60	2012-13	2013-14 to 2015-16	-	-	-	155.97	-	155.97
				2016-17	-	-	8.07	116.89	-	124.96
Sub-Total					-	-	**8.07**	**281.56**	**26.00**	**315.63**
Total (A)					**490.00**	**-**	**570.82**	**3,236.05**	**3,410.30**	**7,707.17**
B. Non-working companies										
-		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (B)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A + B)					**490.00**	**-**	**570.82**	**3,236.05**	**3,410.30**	**7,707.17**
(Source: Data compiled on the basis of information furnished by the PSUs and Finance Department, GoCG)										

$Includes subsidy and revenue grant (Chhattisgarh Rajya BeejEvam Krishi Vikas Nigam Limited, Chhattisgarh Nishakt Jan Vitt Avam Vikas Nigam, Chhattisgarh State Power Distribution Company Limited, Chhattisgarh State Civil Supplies Corporation Limited, Chhattisgarh Infrastructure Development Corporation Limited and Chhattisgarh State Industrial Development Corporation Limited).

The Company was incorporated on 16 September 2016.

Annexure- 1.6

Summarised financial position and working results of Government companies and Statutory Corporation (accounts of which are not in arrears for more than three years) as per their latest finalised financial statements

(Referred to inparagraph 1.10)

(Figures in column no. 4 to 9 are ₹ in crore)

Sl. No.	Name of the Company/Corporation	Year of finalised accounts	Net Profit/ loss before dividend, interest and tax	Net Profit/Loss after tax and dividend	Turnover	Investment[€]	Shareholder funds[¥]	Capital employed[#]	Return on Capital employed[$] (4/9) (ROCE) (in %)	Return on Investment[@] (4/7) (ROI) (in %)	Return on Equity[µ] (5/8) (ROE) (in %)
1	2	3	4	5	6	7	8	9	10	11	12
2014-15											
A.Profit making companies/Corporation											
1	Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited	2014-15	40.59	26.03	429.56	129.29	129.29	129.29	31.39	31.39	20.13
2	Chhattisgarh Rajya Van Vikas Nigam Limited	2014-15	60.91	26.1	352.83	188.39	194.47	197.54	30.83	32.33	13.42
3	Chhattisgarh Nishakt Jan Vitt Avam Vikas Nigam	2014-15	2.94	1.21	1.04	49.68	15.07	49.68	5.92	5.92	8.03
4	Chhattisgarh Mineral Development Corporation Limited	2014-15	4.51	2.26	11.77	14.97	14.97	14.97	30.13	30.13	15.10
5	Chhattisgarh State Power Generation Company Limited	2014-15	889.81	354.15	3,577.79	10,549.76	1,612.34	10,549.76	8.43	8.43	21.96
6	Chhattisgarh State Power Holding Company Limited	2014-15	2.15	1.08	1.59	60,132.76	60,132.76	60,132.76	0.00	0.00	0.00

Sl. No.	Name of the Company/Corporation	Year of finalised accounts	Net Profit/ loss before dividend, interest and tax	Net Profit/Loss after tax and dividend	Turnover	Investment[€]	Shareholder funds[¥]	Capital employed[#]	Return on Capital employed[$] (4/9) (ROCE) (in %)	Return on Investment[@] (4/7) (ROI) (in %)	Return on Equity[µ] (5/8) (ROE) (in %)
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
7	Chhattisgarh State Beverages Corporation Limited	2014-15	18.31	10.73	836.55	56.4	56.4	56.4	32.46	32.46	19.02
8	Chhattisgarh State Civil Supplies Corporation Limited	2014-15	13.16	1.6	7,519.36	1,144.17	(-) 208.44	1,144.17	1.15	1.15	-
9	Chhattisgarh Medical Services Corporation Limited	2014-15	6.93	4.52	95.22	201.32	8.65	201.32	3.44	3.44	52.25
10	Chhattisgarh Police Housing Corporation Limited	2014-15	10.17	6.71	12.93	37.11	24.05	37.11	27.41	27.41	27.90
11	Chhattisgarh State Warehousing Corporation	2014-15	57.02	43.51	101.29	262.53	180.18	262.53	21.72	21.72	24.15
Total (A)			**1,106.50**	**477.9**	**12,939.93**	**72,766.38**	**62,368.18***	**72,775.53**	**1.52**	**1.52**	**0.77**
B. Loss making companies/Corporation											
12	Chhattisgarh State Power Distribution Company Limited	2014-15	(-)1,324.73	(-) 1,554.14	8,411.14	(-)1,799.26	(-)3,245.04	(-)1,799.26	-	-	-
13	Chhattisgarh State Power Transmission Company Limited	2014-15	100.75	(-) 40.32	785.9	2,025.66	822.27	2,025.66	4.97	4.97	(-)4.90

Sl. No.	Name of the Company/Corporation	Year of finalised accounts	Net Profit/ loss before dividend, interest and tax	Net Profit/Loss after tax and dividend	Turnover	Investment[€]	Shareholder funds[¥]	Capital employed[#]	Return on Capital employed[$] (4/9) (ROCE) (in %)	Return on Investment[@] (4/7) (ROI) (in %)	Return on Equity[µ] (5/8) (ROE) (in %)
1	2	3	4	5	6	7	8	9	10	11	12
14	Chhattisgarh State Power Trading Company Limited	2014-15	(-)1.74	(-) 1.74	0.3	(-)2.87	(-)2.87	(-)2.87	-	-	-
Total (B)			**(-) 1,225.72**	**(-) 1,596.20**	**9,197.34**	**2,025.66***	**822.27***	**2,025.66***	**(-) 60.51**	**(-) 60.51**	**(-) 194.12**
C.Government Company/Corporation- No Profit No Loss											
-	-	-	-	-	-	-	-	-	-	-	-
Total (C)			**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A + B + C)			**(-)119.22**	**(-)1,118.30**	**22,137.27**	**74,792.04**	**63,190.45**	**74,801.19**	**(-) 0.16**	**(-) 0.16**	**(-) 1.77**
2015-16											
A.Profit making companies/Corporation											
1	Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited	2015-16	26.98	16.75	441.99	146.04	146.04	146.04	18.47	18.47	11.47
2	Chhattisgarh Rajya Van Vikas Nigam Limited	2015-16	43.61	37.52	61.51	228.66	224.63	228.66	19.07	19.07	16.70
3	Chhattisgarh Nishakt Jan Vitt Avam Vikas Nigam	2015-16	2.03	0.54	2.42	51.1	15.61	51.1	3.97	3.97	3.46
4	Chhattisgarh State Power Generation Company Limited	2015-16	484.59	32.11	4,187.79	10,904.66	1,600.85	10,904.66	4.44	4.44	2.01
5	Chhattisgarh State Power Holding Company Limited	2015-16	0.41	0.28	0.39	6,144.47	6,144.47	6,144.47	0.06	0.06	0.04

Sl. No.	Name of the Company/Corporation	Year of finalised accounts	Net Profit/ loss before dividend, interest and tax	Net Profit/Loss after tax and dividend	Turnover	Investment€	Shareholder funds¥	Capital employed#	Return on Capital employed$ (4/9) (ROCE) (in %)	Return on Investment@ (4/7) (ROI) (in %)	Return on Equityµ (5/8) (ROE) (in %)
1	2	3	4	5	6	7	8	9	10	11	12
6	Chhattisgarh State Power Transmission Company Limited	2015-16	196.27	35.75	800.89	2,101.96	858.02	2,101.96	9.34	9.34	4.17
7	Chhattisgarh State Beverages Corporation Limited	2015-16	12.58	6.08	836.56	62.48	62.48	62.48	20.13	20.13	9.73
8	Chhattisgarh State Civil Supplies Corporation Limited	2015-16	169.74	1.13	6,323.54	1,032.72	(-) 207.31	1,032.72	16.44	16.44	-
9	Chhattisgarh Medical Services Corporation Limited	2015-16	8.05	5.39	113.11	250.79	14.04	250.79	3.21	3.21	38.39
10	Chhattisgarh Police Housing Corporation Limited	2015-16	9.46	6.3	9.75	53.6	30.36	53.60	17.65	17.65	20.75
11	Chhattisgarh State Warehousing Corporation	2015-16	118.69	55.68	11	336.09	226.79	336.09	35.31	35.31	24.55
Total (A)			**1,072.41**	**197.53**	**12,788.95**	**21,312.58**	**9,323.29***	**21,312.56**	**5.03**	**5.03**	**2.12**
B. Loss making companies/Corporation											
12	Chhattisgarh Road Development Corporation Limited	2015-16	(-) 0.08	(-) 0.08	0.5	4.74	4.57	4.74	(-) 1.69	(-) 1.69	(-) 1.75

Sl. No.	Name of the Company/Corporation	Year of finalised accounts	Net Profit/ loss before dividend, interest and tax	Net Profit/Loss after tax and dividend	Turnover	Investment€	Shareholder funds¥	Capital employed#	Return on Capital employed$ (4/9) (ROCE) (in %)	Return on Investment@ (4/7) (ROI) (in %)	Return on Equityµ (5/8) (ROE) (in %)
1	2	3	4	5	6	7	8	9	10	11	12
13	Chhattisgarh Mineral Development Corporation Limited	2015-16	(-) 1.51	(-) 1.50	9.56	94.52	13.47	94.52	(-) 1.60	(-) 1.60	(-) 11.14
14	Kerwa Coal Limited	2015-16	(-)0.0036	0	0.01	1	1	1	(-) 0.36	(-) 0.36	-
15	Chhattisgarh State Power Distribution Company Limited	2015-16	(-)245.90	(-) 540.64	1,01,521.35	(-) 3,028.80	(-) 3,785.69	(-) 3,028.80	-	-	-
16	Chhattisgarh State Power Trading Company Limited	2015-16	(-) 2.16	(-) 2.16	0.01	(-) 5.03	(-) 5.03	(-) 5.03	-	-	-
Total (B)			**(-) 249.65**	**(-) 544.38**	**1,01,531.43**	**100.26***	**19.04***	**100.26***	**(-) 249**	**(-) 249**	**(-) 2,859.14**
C. Government Company/Corporation- No Profit No Loss											
-	-	-	-	-	-	-	-	-	-	-	-
Total (C)			**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A + B + C)			**822.26**	**(-) 346.85**	**1,14,320.38**	**21,412.84**	**9,342.33**	**21,412.82**	**3.84**	**3.84**	**(-)3.71**
2016-17											
A.Profit making companies/Corporation											
1	Chhattisgarh Rajya Van Vikas Nigam Limited	2016-17	12.6	7.88	57.63	233.39	233.39	233.39	5.40	5.40	3.38
2	Kerwa Coal Limited	2016-17	0.13	0.09	0.43	10.58	1.09	10.58	1.23	1.23	8.26
3	Chhattisgarh State Beverages Corporation Limited	2016-17	4.64	4.64	3.07	65.55	65.54	65.55	7.08	7.08	7.08

Sl. No.	Name of the Company/Corporation	Year of finalised accounts	Net Profit/ loss before dividend, interest and tax	Net Profit/Loss after tax and dividend	Turnover	Investment€	Shareholder funds¥	Capital employed#	Return on Capital employed$ (4/9) (ROCE) (in %)	Return on Investment@ (4/7) (ROI) (in %)	Return on Equityµ (5/8) (ROE) (in %)
1	2	3	4	5	6	7	8	9	10	11	12
4	Chhattisgarh Police Housing Corporation Limited	2016-17	8.73	5.73	9.02	36.08	36.08	36.08	24.20	24.20	15.88
5	Chhattisgarh State Warehousing Corporation	2016-17	143.04	32.79	120.54	346.84	173.69	346.84	41.24	41.24	18.88
Total (A)			**169.14**	**51.13**	**190.69**	**692.44**	**509.79**	**692.44**	**24.43**	**24.43**	**10.03**
B.Loss making companies/Corporation											
6	Chhattisgarh Road Development Corporation Limited	2016-17	(-) 0.08	(-) 0.07	0.48	4.5	4.5	4.5	(-) 1.78	(-) 1.78	(-) 1.56
7	Chhattisgarh Railway Corporation Limited	2016-17	(-) 0.52	(-) 0.47	0.04	3.53	3.53	3.53	(-) 14.73	(-) 14.73	(-) 13.31
Total (B)			**(-) 0.60**	**(-) 0.54**	**0.52**	**8.03**	**8.03**	**8.03**	**(-) 7.47**	**(-) 7.47**	**(-) 6.72**
C.Government Company/Corporation - NO PROFIT NO LOSS											
-	-	-	-	-	-	-	-	-	-	-	-
Total (C)			**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)			**168.54**	**50.59**	**191.21**	**700.47**	**517.82**	**700.47**	**24.06**	**24.06**	**9.77**
(Source: Data compiled on the basis of information furnished by the PSUs)											

€Investment = (Paid up capital +Free Reserve +Long term loan)
¥Shareholders fund = (Paid up capital +Free Reserve & surplus –accumulated loss - deferred revenue expenditure).
Capital employed = Shareholders fund + Long term Borrowings.
$ Return on Capital employed = (Net profit/loss before dividend, interest and tax) /Capital Employed.
@Return on Investment (RoI) = (Net Profit before dividend, tax and interest) / Investment. Where Investment = Paid-up Capital + Free reserve + Long term Loans
µReturn on Equity (RoE) = (Net profit after tax - Preference dividend) / Shareholders' Fund.
* The total does not include negative figures.

Annexure - 1.7

State PSUs existing as on 1 November 2000 and their equity and loans as on that date

(Referred to inparagraph 1.20)

(₹ in crore)

Sl. No.	Name of the PSUs	Equity	Loans
1	Madhya Pradesh State Industries Corporation Limited	15.12	22.70
2	Madhya Pradesh Laghu Udyog Nigam Limited	2.68	-
3	Madhya Pradesh State Mining Corporation Limited	2.20	-
4	Madhya Pradesh State Industrial Development Corporation Limited	81.09	434.48
5	Madhya Pradesh State Agro Industries Development Corporation Limited.	3.30	1.97
6	Madhya Pradesh State Civil Supplies Corporation Limited	12.00	3.67
7	Madhya Pradesh State Textile Corporation Limited	6.86	60.04
8	Madhya Pradesh Rajya Van Vikas Limited	16.36	93.09
9	Madhya Pradesh State Tourism Development Corporation Limited	23.47	-
10	Madhya Pradesh Police Housing Corporation Limited	6.00	24.67
11	Madhya Pradesh Leather Development Corporation Limited	1.54	0.04
12	Madhya Pradesh Hastshilp Avam Hathkargha Vikas Nigam Limited	1.06	4.63
13	Madhya Pradesh Urja Vikas Nigam Limited	0.69	-
14	Madhya Pradesh State Electronics Development Corporation Limited	21.91	-
15	Madhya Pradesh Pichhra Varg Tatha Alpsankhyak Vitta Avam Vikas Nigam	4.43	22.42
16	Madhya Pradesh Adivasi Vitta Avam Vikas Nigam	15.77	30.49
17	Madhya Pradesh Export Corporation Limited	0.80	-
18	The Provident Investment Company Limited	0.49	-
19	Madhya Pradesh Film Development Corporation Limited	1.04	-
20	Optel Telecommunications Limited	23.98	31.75
21	Madhya Pradesh Audyogik Kendra Vikas Nigam (Bhopal) Limited	1.35	-
22	Madhya Pradesh Audyogik Kendra Vikas Nigam (Indore) Limited	1.65	-
23	Madhya Pradesh Audyogik Kendra Vikas Nigam (Raipur) Limited	1.60	-
24	Madhya Pradesh Audyogik Kendra Vikas Nigam (Jabalpur) Limited	1.33	2.90
25	Madhya Pradesh Audyogik Kendra Vikas Nigam (Gwalior) Limited	0.75	-
26	Madhya Pradesh Audyogik Kendra Vikas Nigam (Rewa) Limited	0.80	1.71
27	Madhya Pradesh Agro Pesticides Limited	0.16	0.27
28	Madhya Pradesh Agro Oils and Cattlefeed Limited	0.09	0.09

(Source: The seventh schedule of the Madhya Pradesh Reorganisation Act, 2000 and CAG Audit Report (Commercial) of Madhya Pradesh for the year ended 31 March 2001)

Annexure - 1.8
Implementation of UDAY scheme by CSPDCL
(Referred to in paragraph 1.21)

Parameter	Target period as per MoU	Target	Achievement
Financial turnaround			
Takeover of loans of DISCOM by GoCG by conversion into equity/grant (₹ in crore)	2015-16	576.50	870.12 (achieved)
	2016-17	288.25	Achieved in the previous year
Reduction of AT&C loss[1] (in *per cent*)	2016-17	18.93	19.34 (not achieved)
	2017-18 (to be reduced to 15 *per cent* by 2018-19)	18	18.83 (not achieved)
Elimination of ACS–ARR gap[2] (upto ₹per unit)	2016-17	1.21	(-) 0.29 (achieved)
	2017-18	0.34	(-) 0.03 (achieved)
Tariff revision in time	Timely filing of tariff petition		Filed on 03.12.2016 whereas target was 30.11.16.
Billing efficiency (in *per cent)*	2016-17	80.78	81.44 (achieved)
	2017-18	81.74	81.91 (achieved)
Collection efficiency (in *per cent*)	2016-17	99.66	99.04 (not achieved)
	2017-18	99.66	99.09 (not achieved)
Operational turnaround			
Distribution transformers metering (rural) (in nos.)	2017-18	84,757	30,945 (not achieved)
Feeder metering (in nos.)	2016-17	674	115 (not achieved)
Rural Feeder Audit (in nos.)	2016-17	2,790	379 (not achieved)
Feeder segregation (in nos.)	2017-18	1,439	551 (not achieved)
Smart metering above 200 KWH (in *per cent*)	2017-18	60	Nil (no progress)
Electricity access to unconnected households (nos. in lakh)	2017-18	6.40	7.14 (achieved)
Distribution of LEDs under UJALA scheme (nos. incrore)	2016-17	0.50	1.02 (achieved)
(Source: Data compiled from the Company's records)			

[1] Aggregate Technical and Commercial (AT&C) loss is the sum total of technical and commercial loss and shortage due to non-realisation of billed amount.
[2] Average Cost of Supply (ACS) – Average Revenue Realisation (ARR) gap.

Annexure - 2.1.1

Financial position and working results of CRBEKVNL

(Referred to in paragraph 2.1.8.1)

(₹ in crore)

Financial position				
Particulars	**2012-13 (Audited)**	**2013-14 (Audited)**	**2014-15 (Audited)**	**2015-16 (Audited)**
A. Liabilities				
Share Capital	0.50	0.50	0.50	0.50
Reserves and surplus	87.20	102.82	128.79	145.54
Secured loan	0.00	0.00	0.00	0.00
Unsecured loan	0.00	0.00	0.00	0.00
Current liabilities and provision	316.87	257.05	287.17	333.99
Total	**404.57**	**360.37**	**416.46**	**480.03**
B. Assets				
Fixed Assets Gross block	11.69	15.56	13.74	21.08
Less : Depreciation	2.86	3.76	5.50	7.49
Net Block	**8.83**	**11.80**	**8.24**	**13.59**
Investment	0.00	0.00	0.00	0.00
Inventories	41.37	39.45	37.08	46.10
Sundry Debtors	109.06	139.21	150.89	185.95
Cash and Bank	127.15	71.18	68.01	61.48
Deferred Tax Assets	0.86	0.53	0.78	0.91
Loans and Advances	116.72	97.83	132.76	162.28
Other current assets and deposits	0.58	0.37	18.70	9.72
Total	**404.57**	**360.37**	**416.46**	**480.03**
Capital Employed	87.70	103.32	129.29	146.04
Profit before dividend, interest and tax	42.62	24.55	40.59	26.98
Percentage return on capital employed	48.60	23.76	31.39	18.47
Net Worth	**87.70**	**103.32**	**129.29**	**146.04**

(₹ in crore)

Working results				
Particulars	**2012-13 (Audited)**	**2013-14 (Audited)**	**2014-15 (Audited)**	**2015-16 (Audited)**
Income				
Sales	472.89	536.50	425.80	440.42
Bank Interest	4.26	3.66	3.77	1.57
Variation in Stock	2.45	-2.00	-2.28	9.04
Total	**479.60**	**538.16**	**427.29**	**451.03**
Expenditure				
Cost of material consumed	0.69	0.94	1.02	1.13
Purchase of Stock in Trade	389.93	464.52	336.04	351.59
Direct Expenses	30.32	29.99	27.29	44.64
Payment to employees	12.22	13.50	16.44	18.47
Administrative and other expenses	4.08	3.98	4.22	6.22
Depreciation	0.63	0.90	1.72	1.99
Total	**437.87**	**513.83**	**386.73**	**424.04**
Net Profit	**41.73**	**24.33**	**40.56**	**26.99**
(Source: Annual accounts of CRBEKVNL for the respective years)				

Annexure - 2.1.2
Abnormal time taken in finalisation of rate contracts
(Referred to in paragraph 2.1.9.4)

Sl. No.	RC. No.	Title/name of RC	Date of publishing of NIT in news paper	Date of finalisation of tender document	Time taken for finalisat-ion of RCO docum-ents after NIT	Due date of submission of tender	Date of opening technical bid	Date of evaluation of technical bid	Time taken for evaluate-on of technical bid from date of opening	Date of opening financial bid	Date of evaluation of Financial Bid	Time taken for evaluation of financial bid from date of opening	Date of issue of counter offer	Date of issue of RC	Time taken for finalis-ation of tender (Day)
1	2	3	4	5	6 (5-4)	7	8	9	10 (9-8)	11	12	13 (12-11)	14	15	16 (15-4)
1	4	Horticulture/ forestry/ herbal/ flower plants/ fruit plants & seeds	20-Mar-12	17-Apr-12	28	25-Apr-12	4-May-12	19-Jul-12	76	26-Jul-12	22-Aug-12	27	22-Aug-12	22-Aug-12	155
2	16	Horticulture produce (fruit vegetable, flower and medicine/ forest product processing and training equipment	20-Mar-12	20-Jun-12	92	4-Jul-12	4-Jul-12	13-Jul-12	9	6-Aug-12	29-Dec-12	145	16-Jan-13	21-Feb-13	338
3	31	Portable vermi compost bed	20-Mar-12	1-May-12	42	25-May-12	25-Jun-12	6-Jul-12	11	23-Jul-12	16-Aug-12	24	12-Oct-12	7-Dec-12	262
4	34	Horticulture tools	20-Mar-12	17-May-12	58	30-May-12	30-May-12	13-Jul-12	44	4-Aug-12	22-Sep-12	49	6-Nov-12	24-Sep-13	553
5	10	Barbed wire, rcc fencing pole	20-Mar-12	7-Apr-12	18	27-Apr-12	28-Apr-12	5-Jul-12	68	23-Jul-12	4-Aug-12	12	4-Oct-12	17-Oct-12	211
6	12(II)	Bullock drawn/ hand operated agriculture implements	20-Mar-12	7-Apr-12	18	8-May-12	9-May-12	14-Jun-12	36	25-Jun-12	25-Jul-12	30	9-Nov-12	9-Nov-12	234
7	22	Agriculture pesticide (chemical)/bio pesticide (bio)	20-Mar-12	7-May-12	48	22-Jun-12	22-Jun-12	28-Jul-12	36	1-Oct-12	16-May-13	227	2-Jul-13	7-Aug-13	505
8	1	Horticulture hybrid seed	20-Mar-12	9-Apr-12	20	20-Apr-12	3-May-12	27-Jan-13	269	30-Jan-13	7-Jul-14	523	17-Jul-14	10-Mar-15	1085
9	9	Plant protection equipment	29-May-12	20-Jun-12	22	5-Jul-12	6-Jul-12	3-Aug-12	28	5-Sep-12	29-Oct-12	54	27-Dec-12	9-Nov-12	164
10	39	Plate form type electronic weighing machine	29-May-12	14-Jun-12	16	22-Jun-12	23-Jun-12	13-Jul-12	20	4-Aug-12	22-Sep-12	49	12-Oct-12	20-Oct-12	144
11	2	Tissue culture plants	9-Aug-12	9-Aug-12	0	14-Aug-12	20-Nov-12	30-Nov-12	10	23-Jan-13	4-Feb-13	12	25-Feb-13	28-Feb-13	203
12	26	V.A. micorhiza	9-Aug-12	21-Jun-12	-	20-Sep-12	12-Oct-12	28-Dec-12	77	11-Jan-13	28-Jan-13	17	20-Feb-13	1-Mar-13	204

Sl. No.	RC. No.	Title/name of RC	Date of publishing of NIT in news paper	Date of finalisation of tender document	Time taken for finalisation of RCO documents after NIT	Due date of submission of tender	Date of opening technical bid	Date of evaluation of technical bid	Time taken for evaluate-on of technical bid from date of opening	Date of opening financial bid	Date of evaluation of Financial Bid	Time taken for evaluation of financial bid from date of opening	Date of issue of counter offer	Date of issue of RC	Time taken for finalis-ation of tender (Day)
1	2	3	4	5	6 (5-4)	7	8	9	10 (9-8)	11	12	13 (12-11)	14	15	16 (15-4)
		(biofertilizer fungi based)													
13	15(II)	Tractor trolly, water tanker, jeep trolley, power tiller trolley, kerosin tanker, grain storage, steel trunk and tree guard	9-Aug-12	9-Aug-12	0	7-Sep-12	6-Oct-12	27-Dec-12	82	5-Jan-13	15-Feb-13	41	7-Mar-13	22-Mar-13	225
14	3	Horticulture vegetable certified seed (potato, coriander) hybrid sunflower, maize	6-Oct-12	6-Oct-12	0	21-Oct-12	31-Oct-12	5-Nov-12	5	8-Nov-12	26-Nov-12	18	27-Nov-12	5-Dec-12	60
15	53	Hybrid paddy seed (notified and non notified)	17-Jan-13	16-Jan-13	-	6-Feb-13	6-Feb-13	11-Apr-13	64	17-Apr-13	18-Apr-13	1	3-May-13	28-Jun-13	162
16	60	Plant growth regulator	11-Apr-13	7-May-13	26	8-May-13	8-May-13	1-Jun-13	24	3-Jun-13	17-Jun-13	14	18-Jun-13	11-Jul-13	91
17	55	Weedicides (post emergence and pre emergence.)	11-Apr-13	2-May-13	21	3-May-13	4-May-13	18-Jun-13	45	3-Jun-13	6-Jun-13	3	3-Sep-13	5-Jul-13	85
18	24	Vermi culture (live earth worms)	22-Apr-13	17-May-13	25	31-May-13	1-Jul-13	24-Jul-13	23	27-Jul-13	26-Aug-13	30	2-Sep-13	3-Sep-13	134
19	28	Polythene bag, hdpe bag, budding tape	23-Apr-13	23-Apr-13	0	16-May-13	17-May-13	25-Jun-13	39	4-Jul-13	12-Jul-13	8	22-Aug-13	6-Feb-14	289
20	29-32	Green house, poly house, net house, root trainer and mist propagation chamber	22-Apr-13	17-May-13	25	6-Jun-13	17-May-13	31-Aug-13	106	18-Sep-13	30-Jun-14	285	8-Jul-14	28-Aug-14	493
21	46	Pump set accessories	22-Apr-13	17-May-13	25	23-May-13	24-May-13	12-Aug-13	80	7-Nov-13	26-Jun-14	231	9-Jul-14	8-Aug-14	473
22	61	Zinc sulphate 21% magnesium sulphate 30.5%	12-Jul-13	27-Jul-13	15	29-Jul-13	29-Jul-13	8-Aug-13	10	16-Aug-13	27-Aug-13	11	3-Sep-13	4-Mar-14	235
23	49	Raw material - lignite, calcite (calcium	12-Jul-13	12-Jul-13	0	6-Aug-13	7-Aug-13	7-Sep-13	31	13-Sep-13	13-Sep-13	0	3-Oct-13	3-Oct-13	83

Sl. No.	RC. No.	Title/name of RC	Date of publishing of NIT in news paper	Date of finalisation of tender document	Time taken for finalisat-ion of RCO docum-ents after NIT	Due date of submission of tender	Date of opening technical bid	Date of evaluation of technical bid	Time taken for evaluate-on of technical bid from date of opening	Date of opening financial bid	Date of evaluation of Financial Bid	Time taken for evaluation of financial bid from date of opening	Date of issue of counter offer	Date of issue of RC	Time taken for finalis-ation of tender (Day)
1	2	3	4	5	6 (5-4)	7	8	9	10 (9-8)	11	12	13 (12-11)	14	15	16 (15-4)
		carbonate)													
24	10	Fencing pole - iron/ rcc, barbed wire & chain link fencing	12-Jul-13	22-Jul-13	10	22-Aug-13	24-Aug-13	13-Sep-13	20	27-Nov-13	11-Dec-13	14	2-Jan-14	2-Jan-14	174
25	51-52	Packing material	7-Aug-13	1-Aug-13	-	23-Aug-13	24-Aug-13	7-Sep-13	14	19-Sep-13	24-Sep-13	5	25-Sep-13	3-Oct-13	57
26	26	V.A myco rhiza	25-Sep-13	24-Dec-13	90	30-Dec-13	7-Feb-14	24-Feb-14	17	5-Mar-14	2-Apr-14	28	26-May-14	26-May-14	243
27	27	Vermi compost/city compost press mud	1-Jul-14	2-Aug-14	32	30-Aug-14	3-Sep-14	18-Nov-14	76	22-Nov-14	10-Dec-14	18	11-Dec-14	10-Feb-15	224
28	54	Hybrid maize/sunflower seed	1-Jul-14	22-Aug-14	52	16-Sep-14	13-Apr-15	2-May-15	19	2-May-15	14-May-15	12	14-May-15	28-May-15	331
29	53	Hybrid paddy seed	1-Jul-14	16-Sep-14	77	30-Sep-14	8-Oct-14	29-Jan-15	113	8-Feb-15	4-Mar-15	24	4-Mar-15	10-Mar-15	252
30	49	Raw material - lignite, calcite (calcium carbonate)	1-Jul-14	7-Jul-14	6	26-Jul-14	23-Aug-14	3-Sep-14	11	10-Oct-14	17-Nov-14	38	12-Jan-15	12-Jan-15	195
31	34	Horticulture tools & tool kit	1-Jul-14	25-Aug-14	55	22-Sep-14	17-Oct-14	2-Dec-14	46	29-Jan-15	5-Feb-15	7	3-Jul-15	3-Jul-15	367
32	30	Plastic dunnage pallets (isi mark)	1-Jul-14	15-Dec-14	167	29-Dec-14	21-Jan-15	23-Jan-15	2	27-Jan-15	19-Feb-15	23	26-Feb-15	28-Feb-15	242
33	58	Lime/gypsum for agriculture use	23-Jul-14	24-Jul-14	1	11-Aug-14	22-Aug-14	1-Sep-14	10	14-Oct-14	17-Oct-14	3	29-Oct-14	5-Dec-14	135
34	61	Zinc sulphate, magnesium sulphate	25-Sep-14	25-Sep-14	0	29-Oct-14	31-Oct-14	12-Jan-15	73	19-Jan-15	21-Jan-15	2	27-Feb-15	1-Apr-15	188
35	2	Tissue culture plant (banana & sugar cane)	27-Sep-14	24-Nov-14	58	2-Feb-15	13-Feb-15	5-May-15	81	5-May-15	14-May-15	9	16-May-15	11-Jun-15	257
36	24	Vermi culture (live earth worms)	27-Sep-14	8-Dec-14	72	9-Apr-15	10-Apr-15	25-May-15	45	1-Jun-15	17-Jun-15	16	22-Jun-15	22-Jul-15	298
37	55	Weedicides (post emergence & pre emergence.) Cereals,	27-Sep-14	6-Apr-15	191	28-Apr-15	6-May-15	7-Jul-15	62	12-Aug-15	30-Sep-15	49	2-Sep-15	23-Oct-15	391

Sl. No.	RC. No.	Title/name of RC	Date of publishing of NIT in news paper	Date of finalisation of tender document	Time taken for finalisat-ion of RCO docum-ents after NIT	Due date of submission of tender	Date of opening technical bid	Date of evaluation of technical bid	Time taken for evaluate-on of technical bid from date of opening	Date of opening financial bid	Date of evaluation of Financial Bid	Time taken for evaluation of financial bid from date of opening	Date of issue of counter offer	Date of issue of RC	Time taken for finalis-ation of tender (Day)
1	2	3	4	5	6 (5-4)	7	8	9	10 (9-8)	11	12	13 (12-11)	14	15	16 (15-4)
		pulses, oil seeds & vegetables													
38	19	Seed grading machine	27-Sep-14	11-Dec-14	75	27-Oct-14	3-Feb-15	3-Feb-15	0	6-Feb-15	19-Feb-15	13	12-Mar-15	17-Apr-15	202
39	22	Agriculture pesticide (chemical)/ bio pesticide (bio)	27-Sep-14	22-Sep-15	360	28-Oct-15	26-Nov-15	13-Jan-16	48	19-Jan-16	11-Apr-16	83	28-Apr-16	17-May-16	598
40	51-52	Corrugated box/ packing materials	1-Oct-14	14-Oct-14	13	20-Oct-14	18-Nov-14	29-Nov-14	11	22-Dec-14	8-Jan-15	17	9-Jan-15	19-Feb-15	141
41	32	Mulching sheet	3-Feb-15	9-Mar-15	34	20-Apr-15	8-May-15	25-May-15	17	1-Jun-15	5-Jun-15	4	22-Jun-15	25-Jul-15	172
42	33	Pond lining	3-Feb-15	12-Mar-15	37	23-Mar-15	8-May-15	21-May-15	13	1-Jun-15	17-Jun-15	16	22-Jun-15	15-Jul-15	162
43	25	Oil cake, neem cake, rice bran & bone meal	3-Feb-15	16-Mar-15	41	10-Jun-15	15-Jun-15	17-Jul-15	32	31-Jul-15	1-Oct-15	62	6-Oct-15	14-Jan-16	345
44	31	Portable vermi compost bed(isi mark)	19-Jun-15	20-May-15	-	3-Jul-15	7-Aug-15	29-Sep-15	53	8-Oct-15	12-Oct-15	4	13-Oct-15	3-Nov-15	137
45	4	Horticulture forestry/herbal/ flower/fruit plant & seed	19-Jun-15	16-Jul-15	27	7-Oct-15	29-Apr-16	23-May-16	24	25-May-16	28-Jun-16	34	30-Jun-16	5-Jul-16	382
46	68	Thirum	17-Mar-15	18-Mar-15	1	7-Apr-15	22-Apr-15	6-May-15	14	7-May-15	20-Jul-15	74	24-Jul-15	29-Jul-15	134
47	56	Certified seed (potato, coriander)	19-Jun-15	14-Jul-15	25	17-Jul-15	11-Aug-15	7-Nov-15	88	9-Nov-15	16-Nov-15	7	18-Nov-15	23-Nov-15	157
48	26	VA myco rhiza	19-Jun-15	4-Jul-15	15	18-Aug-15	28-Aug-15	22-Sep-15	25	20-Oct-15	28-Oct-15	8	28-Oct-15	30-Oct-15	133
49	60	Plant growth regulator	27-Sep-14	6-Apr-15	191	19-May-15	29-May-15	10-Jun-15	12	6-Jul-15	19-Aug-15	44	10-Nov-15	19-Nov-15	418
50	46	Pump set accessories	19-Jun-15	4-Aug-15	46	28-Aug-15	26-Sep-15	16-Oct-15	20	27-Oct-15	7-Nov-15	11	20-Nov-15	2-Jan-16	197
51	23	Agriculture micronutrient	19-Jun-15	4-Jul-15	15	14-Aug-15	28-Aug-15	22-Sep-15	25	27-Oct-15	31-Oct-15	4	3-Nov-15	4-Nov-15	138
52	21	Soil testing kit	19-Jun-15	4-Jul-15	15	31-Jul-15	23-Sep-15	6-Oct-15	13	28-Oct-15	2-Nov-15	5	23-Nov-15	8-Jan-16	203
53	1	Horticulture hybrid vegetable seed	30-Jul-15	15-Jul-15	-	18-Aug-15	20-Aug-15	26-Oct-15	67	29-Oct-15	3-Nov-15	5	15-Jan-16	23-Jan-16	177

Sl. No.	RC. No.	Title/name of RC	Date of publishing of NIT in news paper	Date of finalisation of tender document	Time taken for finalisat-ion of RCO docum-ents after NIT	Due date of submission of tender	Date of opening technical bid	Date of evaluation of technical bid	Time taken for evaluate-on of technical bid from date of opening	Date of opening financial bid	Date of evaluation of Financial Bid	Time taken for evaluation of financial bid from date of opening	Date of issue of counter offer	Date of issue of RC	Time taken for finalis-ation of tender (Day)
1	2	3	4	5	6 (5-4)	7	8	9	10 (9-8)	11	12	13 (12-11)	14	15	16 (15-4)
54	43	Petrol/diesel engine pump sets	14-Sep-15	23-Sep-15	9	15-Oct-15	28-Oct-15	23-Dec-15	56	15-Jan-16	7-Apr-16	83	22-Apr-16	28-Jun-16	288
55	5	Tractor, power tiller, power weeder	15-Sep-15	23-Sep-15	8	19-Oct-15	10-Nov-15	4-Jan-16	55	18-Jan-16	30-Aug-16	225	3-Oct-16	2-Dec-16	444
56	8	Tractor operated/power operated reaper, thresher, rotavator, paddy transplanter	15-Sep-15	15-Sep-15	0	17-Oct-15	15-Oct-15	26-Nov-15	42	7-Jan-16	16-Feb-16	40	5-Apr-16	3-May-16	231
57	9	Plant protection equipment and light trap	15-Sep-15	15-Sep-15	0	14-Oct-15	29-Oct-15	4-Dec-15	36	16-Feb-16	8-Mar-16	21	18-May-16	27-May-16	255
58	44	Electric monoblock pumps	15-Sep-15	24-Sep-15	9	14-Oct-15	16-Nov-15	4-Jan-16	49	9-Feb-16	7-Apr-16	58	22-Apr-16	4-Jul-16	293
59	12	Bullock drawn hand operated agricultural implements	15-Sep-15	15-Sep-15	0	15-Oct-15	3-Nov-15	27-Nov-15	24	20-Jan-16	8-Jun-16	140	15-Jun-16	28-Jun-16	287
60	62	Sbt & dwt bag	31-Dec-15	10-Dec-15	-	21-Jan-16	9-Feb-16	9-Mar-16	29	10-Mar-16	14-Mar-16	4	14-Mar-16	22-Mar-16	82
61	11	Horticulture vegetable grow kits	17-Aug-16	14-Sep-16	28	12-Jun-16	6-Dec-16	6-Jan-17	31	17-Jan-17	15-Feb-17	29	29-May-17	19-Jun-17	306
62	32	Mulching sheet	1-Dec-16	3-Jan-17	33	26-Dec-16	16-Jan-17	17-Feb-17	32	28-Mar-17	30-Mar-17	2	21-Apr-17	9-May-17	159
63	33	Pond lining	1-Dec-16	1-Dec-16	0	4-Jan-17	5-Jan-17	2-Mar-17	56	20-Mar-17	30-Mar-17	10	21-Apr-17	12-Jun-17	193
64	24	Vermi culture (live earth worms)	1-Dec-16	8-Dec-16	7	5-Jan-17	20-Feb-17	2-Mar-17	10	28-Mar-17	30-Mar-17	2	21-Apr-17	1-Jun-17	182
65	20	Soil testing lab equipment	19-Feb-16	15-Jan-16	-	8-Mar-16	14-Mar-16	4-Aug-16	143	12-Aug-16	24-Aug-16	12	3-Oct-16	8-Dec-16	293
66	25	Oil cake, neem cake, bone meal& rice bran	25-Jun-16	15-Jul-16	20	18-Jul-16	29-Aug-16	19-Sep-16	21	19-Dec-16	23-Jan-17	35	25-Jan-17	28-Jan-17	217
67	53	Hybrid paddy seed (notified)	25-Jun-16	21-Jul-16	26	21-Jul-16	19-Mar-16	3-Nov-16	229	7-Jan-17	31-Jan-17	24	17-May-17	5-Jun-17	345

Sl. No.	RC. No.	Title/name of RC	Date of publishing of NIT in news paper	Date of finalisation of tender document	Time taken for finalisat-ion of RCO docum-ents after NIT	Due date of submission of tender	Date of opening technical bid	Date of evaluation of technical bid	Time taken for evaluate-on of technical bid from date of opening	Date of opening financial bid	Date of evaluation of Financial Bid	Time taken for evaluation of financial bid from date of opening	Date of issue of counter offer	Date of issue of RC	Time taken for finalis-ation of tender (Day)
1	**2**	**3**	**4**	**5**	**6 (5-4)**	**7**	**8**	**9**	**10 (9-8)**	**11**	**12**	**13 (12-11)**	**14**	**15**	**16 (15-4)**
68	62	Horticulture vegetable seed (arbi, ginger, turmeric)	25-Jun-16	24-Jun-16	-	25-Jul-16	1-Jul-16	20-Oct-16	111	30-Nov-16	7-Dec-16	7	2-Jan-17	30-Jan-17	219
69	4(II)	Horticulture forestry plants and seeds	30-Jun-16	29-Jun-16	-	7-Jul-16	30-Jun-16	8-Jul-16	8	8-Jul-16	8-Jul-16	0	8-Jul-16	11-Jul-16	11
70	27	Vermi compost/city compost and press mud	30-Jun-16	4-Aug-16	35	14-Aug-16	16-Aug-16	16-Dec-16	122	8-Feb-17	9-Feb-17	1	16-Feb-17	25-Feb-17	240
(Source: Data compiled from Company's records)															

Annexure - 2.1.3

Details of documents submitted (online) by the bidders for technical evaluation/qualification

(Referred to in paragraph 2.1.9.5(b))

Sl. No.	Particulars	Name of bidders										Remarks
		Tropical Agro System (India) Limited, Raipur	Aakash Laboratories, Raipur	Pruthvi Fertilisers Private Limited, Anand	Prabhat Fertiliser & Chemical Works, Karnal	Indore Biotech Inputs & Research Private Limited, Indore	Cadila Pharmaceuticals Limited, Ahmadabad	Allwin Industries, Raipur	SRT Agro Science Private Limited, Durg	Om Agro Organics, Yavatmal	Abhinand Krushi Upchar Private Limited, Ahmadabad	
		1	2	3	4	5	6	7	8	9	10	
1	The bidder should have valid PAN No.	**Not uploaded**	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Not furnished by firm 1
2	The bidder should have valid TIN no.	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Furnished by all the firms
3	The bidder must have minimum total turnover of ₹ 20 lakh during last three years.	**Not uploaded**	Uploaded	Uploaded	**Not uploaded**	Uploaded	Uploaded	**Not uploaded**	**Not uploaded**	Uploaded	**Not uploaded**	Not furnished by five firms i.e., firm no. 1,4,7,8 and 10
4	Audited Balance sheets for last three years alongwith ITR	Uploaded	**Not uploaded**	Uploaded	Uploaded	Uploaded	**Not uploaded**	Uploaded	Uploaded	Uploaded	Uploaded	Not furnished by two firms i.e., firm no. 2 and 6
5	Bidders may be a company registered under the Companies Act, 1956 or a Partnership Firm registered under Partnership Act, 1932 or a Proprietorship Firm of co-operative firm registered under Co-operative Act.	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Furnished by all the firms
6	The bidder must have valid production license of respective state.	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Furnished by all the firms

Sl. No.	Particulars	Name of bidders										Remarks
		Tropical Agro System (India) Limited, Raipur	Aakash Laboratories, Raipur	Pruthvi Fertilisers Private Limited, Anand	Prabhat Fertiliser & Chemical Works, Karnal	Indore Biotech Inputs & Research Private Limited, Indore	Cadila Pharmaceuticals Limited, Ahmadabad	Allwin Industries, Raipur	SRT Agro Science Private Limited, Durg	Om Agro Organics, Yavatmal	Abhinand Krushi Upchar Private Limited, Ahmadabad	
		1	2	3	4	5	6	7	8	9	10	
7	The bidder must submit a notarised Declaration regarding non blacklisting/ debarring	Uploaded	Uploaded	**Not uploaded**	Uploaded	Uploaded	Uploaded	**Not uploaded**	Uploaded	Uploaded	Uploaded	Not furnished by two firms i.e., firm no. 3 and 7
8	Pre contract integrity pact	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	**Not uploaded**	Uploaded	**Not uploaded**	Uploaded	Not furnished by two firms i.e., firm no. 7 and 9
9	Product supplied should not be older than 90 days from the date of Production	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Furnished by all the firms
10	Sales tax clearance certificate of the unit.	**Not uploaded**	Uploaded	**Not uploaded**	Uploaded	Uploaded	**Not uploaded**	Uploaded	**Not uploaded**	**Not uploaded**	**Not uploaded**	Not furnished by six firms i.e., firm no. 1,3, 6, 8, 9 and 10
11	Supplier shall submit the notarized copy of dealers price list with MRP.	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	**Not uploaded**	Uploaded	Uploaded	**Not uploaded**	Uploaded	Not furnished by two firms i.e., firm no. 6 and 9
12	Sale permission of Directorate of Agricultural Department Chhattisgarh State for quoted item.	**Not uploaded**	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Uploaded	Not furnished by firm no. 1
Result of technical evaluation by the Technical Committee		**Rejected**	**Qualified**	**Qualified**	**Qualified**	**Qualified**	**Qualified**	**Qualified**	**Qualified**	**Qualified**	**Qualified**	
(Source: Data compiled from Company's records)												

Annexure - 2.1.4
Total purchase from collusive bidders during the years 2012-13 to 2016-17
(Referred to in paragraph 2.1.9.6)

Sl. No.	Name of collusive bidders	RC in which collusive bidding happened	Period of RC	Member of technical committee who qualified the collusive bidders	Purchase made under RC with collusive bidders (₹ in crore)	No. of RCs finalised with collusive bidders during 2012-17	Items for which RC was finalised with bidder during 2012-17	Amount of purchase from collusive bidders during 2012-17 (₹ in crore)
1	2	3	4	5	6	7	8	9
1	M/s Shriram Fertilisers and Chemicals, Raipur	RC-53 of May 2013 and May 2015	10 May 2013 to 27 May 2015 and 28 May 2015 to 5 June 2017	1. Joint Director, Agriculture, Department of Agriculture (DoA); Scientist (Breeder), IGKV; Manager, HO and Deputy General Manager (Seed) 2. Joint Director, Agriculture, DoA; Professor (Breeder, Plant Breading), IGKV and Assistant Manager	1.99	8	Hybrid Maize & Sunflower, Weedicide, Plant Growth Regulator, Zink Sulphate, Agriculture Micronutrient, Hybrid Paddy Seed,	5.67
2	M/s Shriram Bioseed Genetics, Raipur				6.55	3	Hybrid Maize & Sunflower, Horiticulture Hybrid Vegetable Seeds	6.55
3	M/s Avani Traders	RC-56 of November 2015 RC-4 of July 2016	23 November 2015 to 31 March 2018 5 July 2016 to 10 July 2017	1. Deputy Director (Agriculture), DoA; Assistant Professor (Horticulture), DoA and Deputy General Manager (Seed) 2. Joint Director, (Horticulture & Farms), DoA; Deputy Director, Agriculture, DoA; Professor (Medicine & Forestry), IGKV; Assistant Professor (Flower), IGKV and Deputy General Manager (Seed).	1.90	2	Horticulture Vegetable Seeds and certified seed	3.10
4	M/s Royal Seed & Fertilizers Private Limited	RC-56 of November 2015	23 November 2015 to 31 March 2018	Deputy Director, Agriculture, DoA; Assistant Professor (Horticulture) and Deputy General Manager (Seed)	0	1	Horticulture Vegetable Seeds and certified seed	0.96
5	M/s Laukik Seeds and Fertilizers LLP, Raipur				0.22	1	Horticulture Vegetable Seeds and certified seed	0.22

Sl. No.	Name of collusive bidders	RC in which collusive bidding happened	Period of RC	Member of technical committee who qualified the collusive bidders	Purchase made under RC with collusive bidders (₹ in crore)	No. of RCs finalised with collusive bidders during 2012-17	Items for which RC was finalised with bidder during 2012-17	Amount of purchase from collusive bidders during 2012-17 (₹ in crore)
6	Allwin Chemical & Fertilizers Private Limited, Dhar	RC-22 of May 2016	17 May 2016 to 16 November 2017	Joint Director (Agriculture) DoA; Additional Director (Horticulture), DoA; Deputy Director (Agriculture), DoA; Professor (Soil Science), IGKV	0.19	1	Agriculture Pesticide	0.19
7	Allwin Industries, Raipur				0.69	6	Agriculture Micronutrient, V.A. Mycoriza, Weedicide, Plant Growth Regulator	1.09
8	Boss Agro Chemicals Private Limited, Raipur				0.16	2	Weedicide, Agriculture Pesticide	0.21
9	International Biotech Products, Ratlam				0	2	Agriculture Micronutrient, Agriculture Pesticide	0
10	Ojas Agro Chemical, Champa				0.38	1	Agriculture Pesticide	0.38
11	Samridhi Bioculture Private Limited, Bhilai				0.01	2	Agriculture Pesticide	0.01
12	Datta Grotech & Equipments				0.01	1	Agriculture Pesticide	0.10
13	M/s Sugway Agribiotech & Research Foundation, Yavatma				4.40	1	Agriculture Pesticide	4.40
14	M/s Om Agro Organics, Yavtmal				0	8	Agriculture Pesticide, V.A. Mycoriza, Zink Sulphate, Agriculture Micronutrient, Borax	6.54
15	M/s Sai Agrotech, Yavatmal				0	4	Zink Sulphate, Plant Protection Equipment and Light Trap, Bullock Drawn Hand Operated Agriculture Implements	0.77
16	M/s Microplex India, Wardha	RC-22 of May 2016 RC-61 of April 2015	17 May 2016 to 16 November 2017 1 April 2015 to 31 March 2018	1. Additional Director (Horticulture), DoA; Joint Director (Agriculture), DoA; Professor (Soil Science), IGKV and Deputy Director	0.52	5	Agriculture Pesticide, Agriculture Micronutrient, Zink Sulphate	0.57

Sl. No.	Name of collusive bidders	RC in which collusive bidding happened	Period of RC	Member of technical committee who qualified the collusive bidders	Purchase made under RC with collusive bidders (₹ in crore)	No. of RCs finalised with collusive bidders during 2012-17	Items for which RC was finalised with bidder during 2012-17	Amount of purchase from collusive bidders during 2012-17 (₹ in crore)
17	M/s Microplex Biotech & Agrochem Private Limited, Wardha	RC-23 of November 2015	4 November 2015 to 12 June 2017	(Agriculture), DoA 2. Deputy Director (Agriculture), DoA; Professor (Soil Science), IGKV; Joint Director, (Agriculture), DoA and Additional Director, (Horticulture), DoA 3. Joint Director (Horticulture), DoA; Professor (Soil Science), IGKV and Deputy General Manager (Seed)	1.37	6	Agriculture Pesticide, Agriculture Micronutrient, Zink Sulphate, V.A. Mycoriza, Borax	1.37
18	M/s Ashapura Recycling System, Mumbai	RC-30 of February 2015	28 February 2015 to 31 March 2018	Joint Director, (Agriculture) DoA; Deputy Director (Agriculture) DoA; Professor & HOD (Chemical Engineering), IGKV and District Marketing Officer, Markfed	5.39	1	Recycled Polythene Cellulose Composite Dunnage Pallets	5.39
19	M/s Deluxe Recycling Private Limited, Mumbai				5.61	1	Recycled Polythene Cellulose Composite Dunnage Pallets	5.61
20	M/s Beejo Sheetal Seeds Private Limited	RC-1 of November 2015/ January 2016/ February 2016	23 January 2016 to 19 January 2017	Joint Director (Horticulture), DoA; Deputy Director (Agriculture), DoA; Professor (Horticulture), IGKV and Deputy General Manager (Seed)	4.25	2	Horticulture Hybrid Vegetable Seeds	12.25
21	M/s Kalash Seeds Private Limited				0	1	Horticulture Hybrid Vegetable Seeds	0
22	M/s West Bengal Hybrid Seeds & Bio-Tech Private Limited				0.64	1	Horticulture Hybrid Vegetable Seeds	4.33
23	M/s Gupta Motors,	RC-12 of November 2012 RC-43 of June 2016	30 November 2012 to 28 June 2016 28 June 2016 to 27 June 2017	1. Joint Director (Agriculture Engineering), DoA; Deputy General Manager (Seed) and Deputy Manager (Marketing) 2. Additional Director (Agriculture), DoA; Professor (Agriculture Engineering) IGKV; General Manager (Finance); Deputy General Manager I (Seed) and Deputy	0.08	5	Plant Protection Equipment and Light Trap, Pump Set Accessories, Petrol/Diesel Engine Pumpsets, Electric Monoblock Pump	5.38
24	M/s Agrotech Corporation, Raipur				0.38	5	Horticulture Produce, Horticulture Tools and kits, Pump Set Accessories,	9.37

Sl. No.	Name of collusive bidders	RC in which collusive bidding happened	Period of RC	Member of technical committee who qualified the collusive bidders	Purchase made under RC with collusive bidders (₹ in crore)	No. of RCs finalised with collusive bidders during 2012-17	Items for which RC was finalised with bidder during 2012-17	Amount of purchase from collusive bidders during 2012-17 (₹ in crore)
				General Manger II (Seed)				
25	M/s Aqua Engineers	RC-12 of November 2012 RC-34 of January 2013	30 November 2012 to 28 June 2016 3 July 2015 to 14 December 2017	1. Joint Director (Agriculture Engineering), DoA; Deputy General Manager (Seed) and Deputy Manager 2. Joint Director (Horticulture), DoA; Training Superintendent, ITI, Mana; Deputy General Manager (Seed)	0.68	3	Light Trap, Bullock drawn/ hand operated agriculture implements, Horticulture tool kit	1.03
26	M/s Baliram & Sons	RC-12 of November 2012	30 November 2012 to 28 June 2016	Joint Director (Agriculture Engineering) DoA; Deputy General Manager (Seed) and Deputy Manager	0.38	1	Bullock Drawn Hand Operated Agriculture Implements	1.46
27	M/s Swastik Agro Industries				0.31	1	Bullock Drawn Hand Operated Agriculture Implements	0.39
28	M/s Botliboi Limited.	RC-43 of June 2016	28 June 2016 to 27 June 2017	Additional Director, (Agriculture) DoA; Professor (Agriculture Engineering) IGKV; General Manager (Finance); Deputy General Manager I (Seed) and Deputy General Manger II (Seed)	0.29	1	Petro/ Diesel Engine Pump sets	0
29	M/s Unique Associates, Raipur	RC-4 of July 2016	5 July 2016 to 10 July 2017	Joint Director (Horticulture & Farms), DoA; Deputy Director (Agriculture), DoA; Professor (Medicine & Forestry), IGKV; Assistant Professor (Flower), IGKV and Deputy General Manager (Seed)	0	1	Horticulture/Forestry/Herbal /Fruit/Flower/Planting Seeds	1.87
Total					**36.40**			**79.21**

(Source: Data compiled from Company's records)

Annexure - 2.1.5

Details of Demand, distribution and surplus of seeds during the period from 2012-13 to 2016-17

(Referred to in paragraph 2.1.10.2)

(in Qtl.)

Crop	Demand intimated by the Agriculture Department	Availability			Distribution	Surplus
		Seeds produced in the state	Purchase from outside state	Total availability		
Paddy						
Kharif 2012	5,54,400	5,58,726	16,893	5,75,619	4,93,389	82,230
Kharif 2013	6,33,156	6,35,842	1,996	6,37,838	5,84,854	52,984
Kharif 2014	6,60,962	5,95,314	8,420	6,03,734	5,70,890	32,844
Kharif 2015	6,33,525	6,65,755	24,523	6,90,278	5,46,796	1,43,482
Kharif 2016	9,87,432	8,67,792	1,18,802	9,86,594	9,38,499	48,095
Total	**34,69,475**	**33,23,429**	**1,70,634**	**34,94,063**	**31,34,428**	**3,59,635**
Soyabean						
Kharif 2012	86,100	38,161	37,734	75,895	75,893	2
Kharif 2013	86,323	54,136	34,711	88,847	73,732	15,115
Kharif 2014	77,695	13,598	28,109	41,707	36,467	5,240
Kharif 2015	44,495	0	38,781	38,781	31,147	7,634
Kharif 2016	46,329	464	31,848	32,312	26,912	5,400
Total	**3,40,942**	**1,06,359**	**1,71,183**	**2,77,542**	**2,44,151**	**33,391**
Others						
Kharif 2012	22,500	5,600	10,756	16,356	13,702	2,654
Kharif 2013	26,861	4,176	32,703	36,879	34,341	2,538
Kharif 2014	27,379	5,625	30,662	36,287	33,852	2,435
Kharif 2015	25,888	4,106	12,158	16,264	15,397	867
Kharif 2016	31,740	3,474	10,603	14,077	13,029	1,048
Total	**1,34,368**	**22,981**	**96,882**	**1,19,863**	**1,10,321**	**9,542**
Wheat						
Rabi 2012-13	75,472	73,939	0	73,939	45,908	28,031
Rabi 2013-14	73,260	47,433	7,876	55,309	50,232	5,077
Rabi 2014-15	51,051	38,566	12,499	51,065	49,189	1,876
Rabi 2015-16	57,846	61,258	9,012	70,270	70,270	0
Rabi 2016-17	62,400	35,697	21,760	57,457	57,286	171
Total	**3,20,029**	**2,56,893**	**51,147**	**3,08,040**	**2,72,885**	**35,155**
Gram						
Rabi 2012-13	46,992	17,407	26,403	43,810	43,115	695
Rabi 2013-14	53,147	33,141	20,021	53,162	40,553	12,609
Rabi 2014-15	38,860	41,258	6,361	47,619	29,623	17,996
Rabi 2015-16	36,656	23,989	25,953	49,942	49,428	514
Rabi 2016-17	41,490	10,961	21,277	32,238	32,039	199
Total	**2,17,145**	**1,26,756**	**1,00,015**	**2,26,771**	**1,94,758**	**32,013**

Crop	Demand intimated by the Agriculture Department	Availability			Distribution	Surplus
		Seeds produced in the state	Purchase from outside state	Total availability		
Others						
Rabi 2012-13	7,841	855	1,828	2,683	2,338	345
Rabi 2013-14	10,593	1,054	4,521	5,575	4,989	586
Rabi 2014-15	18,597	10,775	2,847	13,622	13,373	249
Rabi 2015-16	22,108	6,792	7,327	14,119	13,900	219
Rabi 2016-17	34,110	10,544	8,069	18,613	18,463	150
Total	**93,249**	**30,020**	**24,592**	**54,612**	**53,063**	**1,549**
Grand total	**45,75,208**	**38,66,438**	**6,14,453**	**44,80,891**	**40,09,606**	**4,71,285**
(Source: Data compiled from Company's records)						

Annexure - 2.2.1 (a)
Works awarded on single tender basis on first occasion
(*Referred to in paragraph 2.2.9.4)*

Sl. No.	Name of the work	Location	Date of Work Order	Work order Value (₹ in lakh)	Name of the contractor (M/s)	Rate quoted above SOR (in %)	Rate finalised after negotiation above SOR (in %)
1	Constn. of Police Station	Balod	17.11.14	39.70	Maa Bhawani Ent., Raipur	18.99	18.94
2	24 NGO + 32 HC/C Qtrs.	Durg	03.10.13	579.22	Utkal Manuf., Bhubaneshwar	9.18	9.18 (no negotiation)
3	64 HC/C Qtrs.	Durg	03.10.13	590.54	-do-	9.18	9.18 (no negotiation)
4	12 NGO + 72 HC/C Qtrs.	Bilaspur	03.10.13	820.68	-do-	15.66	14.40
5	12 NGO & 14 HC/C Qtrs.	Janjgir-champa	04.02.13	259.96	Vikas Const. Co., Bilaspur	4.91	4.90
6	32 HC/C Qtrs.	Janjgir-champa	04.02.13	270.68	-do-	4.91	4.90
7	Constn. of STF hub (Group-I)	Jagdalpur	23.08.14	211.00	JBS Const., Pune	17.80	17.50
8	Constn. of STF hub (Group-II)	Jagdalpur	23.08.14	172.41	-do-	17.80	17.80 (no negotiation)
9	Constn. of co-ordn. centre	Kanker	16.09.14	79.17	Shri Vinayak Ent., Gorakhpur	23.00	19.99
Total				**3,023.36**			
(Source: Data compiled from Company's records)							

Annexure - 2.2.1 (b)
Cases where single bids were rejected on first occasion
(Referred to in paragraph 2.2.9.4)

Sl. No.	Name of the work	Location	Name of the bidder (M/s)	Date of rejection	Work order Value (₹ in lakh)
1	24 NGO + 100 HC/C Qtrs.	Jagdalpur	Utkal Manuf., Bhubaneshwar	26.06.13	942.75
2	3 Nos. Hostel CTJW Hostel	Kanker	-do-	24.07.13	545.45
3	Construction of Administrative building	Kondagaon	Rakesh Kumar Vaidya, Dhamtari	02.08.13	316.19
4	Construction of Police Station, Gaindatola	Rajnandgon	Lambda Eastern Telecom., Gudgaon	31.05.12	142.07
(Source: Data compiled from Company's records)					

Annexure - 2.2.2
Blockage of funds due to delay in completion of works
{Referred to in paragraphs 2.2.10.2 and 2.2.10.3 (i)}

Sl. No.	Name of the work	Location	Date of work order	Value of work order ₹ in lakh	Schedule date of completion	Half period for 30 *per cent* mile-stone	Progress up to half period ₹ in lakh/ (in per cent)	Progress up to scheduled date for completion ₹ in lakh/ (in per cent)	Progress up to November 2017 ₹ in lakh/ (in per cent)	Delay from scheduled date to November 2017 (in months)
A.	**List of works with slow progress by the contractors**									
1	02 Barrack & 02 Toilet Block	Bagnadi	03-10-14	28.60	02-04-15	01-01-15	3.37 (11.80)	9.15 (32.00)	9.15 (32.00)	32
2	IED Building	CTJW Callege Kanker	08-07-15	220.72	07-10-16	21-02-16	0.00 (0.00)	0.00 (0.00)	32.76 (14.84)	14
3	48 HC/C qtrs	Mana Raipur	06-09-13	450.40	05-03-15	05-06-14	30.85 (6.85)	221.90 (49.27)	389.48 (86.48)	33
4	12+72 NGO & HC/C qtrs	Bilaspur	03-10-13	820.68	02-04-15	03-07-14	183.89 (22.41)	521.22 (63.51)	734.17 (89.46)	32
5	16 NGO & 16 HC/C qtrs	Koria/ Baikunthpur	14-05-15	261.12	13-11-16	12-02-16	27.70 (10.61)	76.28 (29.21)	103.17 (39.51)	13
6	STF Hub	Bijapur	22-10-14	172.41	21-01-16	07-06-15	14.90 (8.64)	30.01 (17.40)	38.72 (22.46)	23
7	Police Station	Dornapal	12-08-13	196.68	11-08-14	10-02-14	40.32 (20.50)	62.16 (31.60)	156.61 (79.63)	40
8	Police Station	Gaindatola	08-03-13	142.07	07-03-14	06-09-13	10.53 (7.41)	27.00 (19.01)	115.49 (81.30)	45
9	Police Station	Bedre	22-10-14	200.00	21-10-15	22-04-15	37.73 (18.87)	49.43 (24.71)	127.34 (63.67)	26
B.	**List of works delayed due to delay in finalisation/clearance of site/layout etc. by PHQ/ Company**									
10	8 HC/C & 18 NGO qtrs	Gariyaband	19-03-13	288.98	18-09-14	18-12-13	43.38 (15.01)	84.82 (29.35)	159.42 (55.17)	39

Sl. No.	Name of the work	Location	Date of work order	Value of work order ₹ in lakh	Schedule date of completion	Half period for 30 *per cent* mile-stone	Progress up to half period ₹ in lakh/ (in per cent)	Progress up to scheduled date for completion ₹ in lakh/ (in per cent)	Progress up to November 2017 ₹ in lakh/ (in per cent)	Delay from scheduled date to November 2017 (in months)
11	12 NGO & 96 HC/C qtrs	Dantewada	30-05-13	993.24	29-11-14	28-02-14	150.27 (15.13)	330.72 (33.30)	535.34 (53.90)	37
12	24 NGO & 32 HC/C qtrs	Durg	03-10-13	579.22	02-04-15	03-07-14	44.25 (7.64)	314.58 (54.31)	442.50 (76.40)	32
13	48 HC/C qtrs	4th BN CAF Mana	03-10-13	445.44	02-04-15	03-07-14	71.50 (16.05)	276.07 (61.98)	308.51 (69.26)	32
14	3 Nos. Hostel	CTJW College Kanker	17-12-13	525.00	16-06-15	16-09-14	102.20 (19.47)	147.58 (28.11)	457.73 (87.19)	30
15	Double Storey Barrack	Madded	03-10-13	28.81	02-07-14	16-02-14	0.00 (0.00)	0.00 (0.00)	24.23 (84.11)	42
16	02 Barrack & 02 Toilet Block	Aundhi	20-03-15	28.60	19-09-15	19-06-15	0.00 (0.00)	21.88 (76.50)	21.88 (76.50)	27
17	Police Station	Basana	09-07-15	43.09	08-07-16	07-01-16	0.00 (0.00)	21.67 (50.28)	21.67 (50.28)	17
18	96 HC/C qtrs	Raipur	25-03-15	634.46	24-09-16	24-12-15	0.00 (0.00)	11.19 (1.76)	247.13 (38.95)	14
19	Police Station	Pakhanjur	08-03-13	148.83	07-03-14	06-09-13	0.00 (0.00)	10.14 (6.82)	116.29 (78.13)	45
20	Police Station	Madded	08-03-13	170.36	07-03-14	06-09-13	0.00 (0.00)	0.00 (0.00)	141.87 (83.28)	45
C.	**List of works terminated due to non/ poor execution by the contractors**									
21	Administrative Building	Sukma	26-02-14	350.62	25-05-15	10-10-14	63.52 (18.12)	125.72 (35.86)	132.33 (37.74)	31
22	Police Station	Pushpal	22-10-14	200.00	21-10-15	22-04-15	56.31 (28.16)	65.91 (32.96)	95.11 (47.55)	26
23	Police Station	Usoor	22-10-14	200.00	21-10-15	22-04-15	57.78 (28.89)	71.88 (35.94)	95.10 (47.55)	26

Sl. No.	Name of the work	Location	Date of work order	Value of work order ₹ in lakh	Schedule date of completion	Half period for 30 *per cent* mile-stone	Progress up to half period ₹ in lakh/ (in per cent)	Progress up to scheduled date for completion ₹ in lakh/ (in per cent)	Progress up to November 2017 ₹ in lakh/ (in per cent)	Delay from scheduled date to November 2017 (in months)
24	Police Station	Phoolbagdi	22-10-14	200.00	21-10-15	22-04-15	55.89 (27.95)	78.66 (39.33)	82.25 (41.12)	26
25	Police Station	Bhopal-pattanam	08-03-13	170.35	07-03-14	06-09-13	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	45
26	Police Station	Farsegarh	02-11-12	161.44	01-05-14	01-08-13	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	44
27	Police Station	Pakhnar	08-03-13	148.93	07-03-14	06-09-13	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	45
D.	**List of works re-awarded with delay**									
28	08 NGO & 36 HC/C qtrs	Bijapur	01-06-15	289.53	30-11-16	01-03-16	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	12
29	16 NGO & 32 HC/C qtrs	15 BN Bijapur	01-06-15	376.80	30-11-16	01-03-16	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	12
30	(01NGO+01CONS)	Kirandul	23-08-14	38.76	22-05-15	06-01-15	0.00 (0.00)	16.04 (41.38)	20.39 (52.61)	31
31	Police Station	Kirandul	23-08-14	98.18	22-08-15	21-02-15	0.00 (0.00)	43.65 (44.46)	51.79 (52.75)	28
32	16 NGO & 32 HC/C qtrs	Narayanpur	01-06-15	374.69	30-11-16	01-03-16	0.00 (0.00)	36.93 (9.86)	48.27 (12.88)	12
33	32HC/C qtrs	5 BN. Jagdalpur	06-02-15	219.65	05-05-16	21-09-15	56.75 (25.83)	56.75 (25.83)	63.68 (28.99)	19
34	STF Hub Gr-I	Jagdalpur	23-08-14	211.00	22-11-15	08-04-15	90.90 (43.08)	113.26 (53.68)	116.82 (55.36)	25
35	STF Hub Gr-II	Jagdalpur	23-08-14	172.00	22-11-15	08-04-15	65.77 (38.24)	106.91 (62.16)	106.91 (62.16)	25

(Source: Data compiled from Company's records)

Annexure - 2.2.3

Short levy/recovery of penalty for delay in completion of works

{Referred to in paragraph 2.2.10.3 (ii)}

(₹ in lakh)

Sl. No.	Name of the work	Name of the contractor/ Work order no. & date	Contract Value	Due date for comple-tion/ period	Actual date of comple-tion	Period of EoT granted	Date of EoT application	Reason for EoT, furnished by the contractor	Audit remarks	Short levy of Penalty			
										Rate of penalty as per clause 2 (in %)	To be recove-red	Actua-lly recove-red / with held	Short/ not recove-red
1	12 NGO + 48 HC/C quarter, STF Baghera, Durg	M/s Jagatpal Singh, Durg/ 1633 dated 03.10. 13	561.47	02.04.15 (18 months)	30.09.16	(3rd) 01.03.16 to 30.09.16 (215 days)	17.08.16	1. Delay in providing drawing and design (3 months) site selection, 2. labour problem, 3.heavy rain, 4.non-availa-bility of sand, etc.	EoT was granted under clause-5. However, as the contractor did not apply for EoT within the prescribed time limit of 30 days, the application for EoT should have not been considered. Further, previous two EoTs were granted on the basis of same reasons furnished by the contractor.	06	33.69	0.00	33.69
2	12 NGO+ 48 HC/C quarter, Rajnandgaon	M/s Jagatpal Singh, Durg/ 1631 dated 03.10. 13	582.99	02.04. 15 (18 months)	12.03.16	(1st) 03.04.15 to 31.12. 15 (273 days)	Not applied by the contractor while EoT by serving a notice	-	EoT was granted under clause-5. However, as the contractor did not apply for EoT within the prescribed time limit of 30 days, the application for EoT should have not been considered.	06	34.98	0.00	34.98

									Further, the progress of work was very poor i.e., only 10.81 *per cent* progress was achieved against required milestone of 30 *per cent* till half period of the contract.				
3	12 NGO and 48 HC/C 8th Bn. Rajnandgaon	M/s Jagatpal Singh, Durg/ 1629 dated 03.10. 13	582.99	02.04. 15 (18 months)	29.06.16	(1^{st}) 03.04.15 to 31.12. 15 (273 days)	Not applied by the contractor while EoT was granted by serving a notice.	-	EoT was granted under clause-5. However, as the contractor did not apply for EoT within the prescribed time limit of 30 days, the application for EoT should have not been considered. Further, the progress of work was very poor i.e., only 46.39 *per cent* up to schedule date and 68.34 *per cent* work could be completed by him upto extended period.	06	34.98	0.00	34.98

						(3rd) 01.04.16 to 30.06. 16 (91 days)	09.05.16	1.Delay in providing drawing and design (3 months), site selection (5 months), 2.labour problem, 3.heavy rain, non-availability of sand, etc.	EoT was granted under clause-5. However, as the contractor did not apply for EoT within the prescribed time limit of 30 days, the application for EoT should have not been considered.				
4	PS Building, Akaltara	M/s Bishambhar Dayal Agrawal, Jashpur/ 342 dated 26.02.14	39.70	26.11. 14 (09 months)	03.02.16	(1st) 26.11.14 to 15.06. 15 (202 days)	16.02.15	1. Delay in site selection (four months). 2. Election. 3. Black soil	EoT was granted under clause-5. However, as the contractor did not apply for EoT within the prescribed time limit of 30 days, the application for EoT should have not been considered.	06	2.38	0.20	2.18
						(2nd) 16.06. 15 to 28.02. 16 (258 days)	13.01. 16	1. Black soil 2.Labour problem 3.Shortage of sand	The EoT was given by MD with levy of penalty as per clause 2. However, against the applicable penalty of ₹ 2.38 lakh only ₹ 0.20 lakh was withheld and violated the provisions of clause 2.				

5	PS Building, Amleshwar, Durg	M/s P.S. Construction, Raipur/ 710 dated 05.12. 14	37.24	04.09. 15 (09 months)	28.11.16	(2nd) 01.04. 16 to 30.06. 16 (91 days)	10.06.16	No reason specified in the application.	EoT was given with penalty as per clause 2 by the MD however, against the applicable amount of ₹ 2.23 lakh penalty amounting to ₹ 0.19 lakh only was withheld and violated the provisions of clause 2.	06	2.23	0.35	1.88
						(3rd) 01.07.2016 to 28.11.2016 (152 days)	26.09.16	None availability of material					
6	PS Building, Bilaigarh	M/s S.S. Construction, Raipur/ 798 dated 12.06. 13	39.70	11.03. 14 (09 months including rainy season)	10.10.14	(2nd) 12.07.14 to 11.10.14 (91 days)	31.07.14	Delay in providing layout and Heavy rains	As EoT has already been given to contractor on first occasion for the same reasons therefore, grant of EoT without penalty on the same grounds was not reasonable.	06	2.38	0.00	2.38
7	12 NGO quarter, Kanker	M/s Rakesh Kumar Vaidya, Dhamtari/ 319 dated 15.03.13	151.58	14.06.14 (15 months)	30.09.15	(2nd) 15.12.14 to 30.04.15 (137 days)	12.02.15	1. Naxal problem. 2. Labour problem.	EoT was given with penalty as per clause 2 by the MD however, against the applicable amount of ₹ 9.09 lakh penalty amounting to ₹ 0.76 lakh only was withheld and violated the provisions of clause 2.	06	9.09	0.76	8.33

						(3rd) 01.05.15 to 30.09.15 (153 days)	02.09.15	No reason specified	EoT was granted under clause-5. However, as the contractor did not apply for EoT within the prescribed time limit of 30 days, the application for EoT should have not been considered. Further, there was no specific reason furnished by the contractor for EoT. However, the MD had given EOT under clause 5. Hence the same was not in order.				
8	Police Station, at Sukma Dist-Sukma	M/s GRP Const., Raipur/ 403 dated 19.09.14	172.19	18.09.15 (12 months)	27.05.16	(1st) 19.09.15 to 31.03.16 (195 days)	12.02.16	1. Delay in handing over of site. 2. Naxal problem.	EoT was granted under clause-5. However, as the contractor did not apply for EoT within the prescribed time limit of 30 days, the application for EoT should have not been considered in both the cases. Further, the reason quoted by contractor was false as the secured advance was granted to the contractor within one month to the award of contract; therefore, there was no delay in	06	10.33	0.00	10.33
						(2nd) 01.04.16 to 31.05.16 (61 days)	06.12.16	1. Naxal problem. 2. Shortage of labour. 3. Delay in supply of material.					

									handing over of site.				
9	Police Station, at Kuknar Dist-Sukma	M/s GRP Const., Raipur/ 405 dated 19.09.14	192.00	18.09.15 (12 months)	07.05.16	(1st) 19.09.15 to 31.01.16 (135 days)	22.12.15	1. Delay in handing over of site. 2. Naxal problem	EoT was granted under clause-5. However, as the contractor did not apply for EoT within the prescribed time limit of 30 days, the application for EoT should have not been considered in 1st and 3rd EoT cases whereas 2nd EoT was granted through notice i.e. without applying for EoT however, conditions of clause 5 were not fulfilled. Further, the reason quoted by contractor was not correct as the secured advance was granted to the contractor within one month to the award of contract therefore; there was no delay in handing over of site.	06	11.52	0.00	11.52
						(2nd) 01.02.16 to 31.03.16 (60 days)	Contractor did not applied for EoT and the same was given through notice.	-					
						(3rd) 01.04.16 to 15.05.16 (45 days)	20.01.17	1. Labour problem. 2. Naxal problem.					

10	Police Station, at Kutru Dist-Sukma	M/s Lambda Eastern Tel. ltd., Gurgaon/ 407 dated 02.11.12	161.43	01.05.14 (18 months)	05.01.16	(3rd) 01.09.15 to 31.10.16 and further extended under clause 2 i.e. upto 05.01.16 (126 days)	08.10.15	1. Naxal problem. 2. Poor road condition.	EoT was given with penalty as per clause 2 by the MD however, against the applicable amount of Rs. 9.69 lakh penalty amounting to Rs. 0.81 lakh only was withheld and violated the provisions of clause 2.	06	9.69	0.81	8.88
11	Police Station, at Ghotiya Dist-Bastar	M/s Lambda Eastern Tel. ltd., Gurgaon/ 256 dated 08.03.13	148.93	07.03.14 (12 months)	12.08.15	(1st) 08.03.14 to 07.12.14 (275 days) In two parts 1st (08.03.14 to 07.08.14) and 2nd (08.08.14 to 07.12.14)	10.03.14	1. Naxal problem. 2. Heavy rain.	EoT was granted under clause-5. However, as the contractor did not apply for EoT within the prescribed time limit of 30 days, the application for EoT should have not been considered. Further, as the EOT was given by MD under clause 5 (08.03.14 to 07.08.14) and clause 2 (08.08.14 to 07.12.14) hence, penalty of Rs. 8.94 lakh was to be recovered as per clause 2 however, Rs. 0.74 lakh only was recovered and violated the provision stipulated by clause 2.	06	8.94	0.74	8.20

						(2nd) 08.12.14 to 31.03.15 (114 days)	13.01.15	1. Naxal problem. 2. Labour problem. 3. Material problem.	EoT was granted under clause-5. However, as the contractor did not apply for EoT within the prescribed time limit of 30 days, the application for EoT should have not been considered.				
						(4th) 01.04.15 to 15.05.15 (45 days)	09.04.15	1. Naxal problem. 2. Labour problem. 3. Material problem					
12	Police Station, at Aundhi Dist-Rajnandgaon	M/s Nitin Sinha, Bilaspur/ 1218 dated 22.10.14	198.16	21.10.15 (12 months)	14.05.16	(1st) 22.10.15 to 28.02.16 (130 days)	04.01.16	1. Naxal problem. 2. Labour problem. 3. Power cut and water supply problem.	EoT was granted under clause-5. However, as the contractor did not apply for EoT within the prescribed time limit of 30 days, the application for EoT should have not been considered.	06	11.89	0.00	11.89
						(2nd) 01.03.16 to 31.03.16 (31 days)	Contractor did not applied for EoT and the same was granted through notice.	-	The EoT was granted under clause-5 through notice and the contractor did not apply for EoT within the prescribed time limit of 30 days, the application for EoT should have not been considered as conditions of clause 5 was not fulfilled.				

13	Police Station, at Bayanar, Dist-Kondagaon	M/s Rakesh Kumar Vaidya, Dhamtari/ 1571 dated 03.10.13	196.73	02.10.14 (12 months)	30.03.16	(1st) 03.10.14 to 31.03.15 (180 days)	03.11.14	1. Delay in site selection. 2.Labour problem	EoT was granted under clause-5. However, as the contractor did not apply for EoT within the prescribed time limit of 30 days, the application for EoT should have not been considered.	06	11.80	0.00	11.80
						(2nd) 01.04.15 to 30.08.15 (152 days)	28.05.15	1. Sensitive area. 2. Material supply problem. 3. Labour problem	EoT was granted under clause-5. However, as the contractor did not apply for EoT within the prescribed time limit of 30 days, the application for EoT should have not been considered.				
						(3rd) 31.08.15 to 30.09.15 however the work was completed on 31.03.16 (213 days)	02.09.15	1. Sensitive area. 2. Poor approach road. 3. To complete finishing work.	EoT was given with penalty as per clause 2 by the MD however, against the applicable amount of ₹ 11.80 lakh penalty amounting to ₹ 1.97 lakh was withheld with the approval of MD. However, the final bill for the works was cleared by CPE without deduction of balance penalty and withheld amount of penalty was also released violating the provisions of clause 2.				

14	Construction of 25 Nos. Prefabricated Structure Barrack, Dantewada	M/s Bansal Industries, Balaghat/ 448 dated 27.12.12	144.40	26.03.13 (03 months)	12.06.14	(3rd) 01.08.13 to 30.09.13 (61 days)	28.07.13	1. Due to heavy rain. 2. Naxal problem/ disturbance.	Reason not acceptable as 2nd EoT was given on similar grounds therefore, penalty should have been levied as per clause 2 however, EoT was given as per clause 5.	04	5.78	0.00	5.78
15	NGO+ Constable transit Building, at Dornapal Dist- Sukma	Govind Singh Deshmukh, Dantewada/ 1595 dated 03.10.13	38.76	02.07.14 (09 months)	30.12.15	(1st) 03.07.14 to 02.12.14 (152 days)	27.08.14 (No application for EoT found on record)	1. Due to non-availability of application, reasons for the EoT could not be explained.	EoT granted by MD under clause 5 upto 02.10.2014. Further, EoT for the period from 03.10.2014 to 31.12.2015 was given under clause 2 by MD. However, against the applicable amount of penalty of ₹ 2.33 lakh only ₹ 0.28 lakh was withheld violating the provisions of clause 2.	06	2.33	0.28	2.05
						(2nd) 03.12.14 to 31.12.15 (394 days)	23.11.15	1. Labour problem. 2.Naxal problem					
Total non/short recovery of penalty from the contractors											**192.01**	**3.14**	**188.87**
(Source: Data compiled from Company's records)													

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