"PLACED BEFORE THE STATE LEGISLATURE ON 10 MAY 2003

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 2002

COMMERCIAL

GOVERNMENT OF TAMIL NADU

http://cagindia.org/states/tamilnadu/2001-02

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PREFACE

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

(i) Government companies

(ii) Statutory corporations and

(iii) Departmentally managed commercial undertakings

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

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

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

5. The cases mentioned in this Report are those, which came to notice in the course of audit during the year 2001-02 as well as those, which came to notice in earlier years but were not dealt with in the previous reports. Matters relating to the period subsequent to 2001-02 have also been included, wherever necessary.

OVERVIEW

1 Overview of Government companies and Statutory corporations

As on 31 March 2002, the State of Tamil Nadu had 80 Public Sector Undertakings (PSUs) comprising of 78 Government companies and two Statutory corporations as against 82 PSUs during last year. The number of non-working Government companies as on 31 March 2002 was 12 against same number of companies during last year. In addition there were three companies under the purview of Section 619-B of the Companies Act, 1956 as on 31 March 2002.

The total investment in working PSUs increased from Rs. Rs.9,694.57 crore as on 31 March 2001 to Rs.10,661.42 crore as on 31 March 2002. The total investment in non-working PSUs also increased from Rs.48.91 crore to Rs.56.51 crore during this period.

The budgetary support in the form of capital, loans, grants and subsidy disbursed to the working PSUs decreased from Rs.2,005.43 crore in 2000-01 to Rs.1,895.39 crore in 2001-02. The Government also extended loan of Rs.11.39 crore to two non-working Government companies during 2001-02. The Government guaranteed loans aggregating to Rs.1,744.33 crore during the year 2001-02. The total amount of outstanding loans guaranteed by the State Government increased from Rs.3,764.59 crore as on 31 March 2001 to Rs.7,088.05 crore as on 31 March 2002.

Out of 66 working Government companies, 50 finalised their accounts for the year 2001-02. The accounts of the remaining companies and both Statutory corporations were in arrears for periods ranging from one to two years as on 31 March 2002. The accounts of nine non-working Government companies were in arrears for periods ranging from one to 12 years as on 31 March 2002.

According to the latest finalised accounts, 36 working PSUs (34 Government companies and two Statutory corporations) earned aggregate profit of Rs.584.52 crore, out of which only four working Government companies and one Statutory Corporation declared dividend of Rs.2.29 crore and Rs.30.44 lakh respectively. In addition, one Company, incurred loss for the year but declared dividend of Rs.35 lakh. Thirty one working PSUs incurred aggregate loss of Rs.244.46 crore as per the latest finalised accounts. Of these loss incurring working Government companies, 20 companies had accumulated losses aggregating Rs.1,974.22 crore, which exceeded their aggregate paid-up capital of Rs.734.49 crore by more than two times.

Even after completion of 17 to 30 years of existence, the turnover as per the latest finalised accounts of four Government companies had been less than Rs.5 crore during the last five years. One Company had been incurring losses for the five consecutive years as per its latest finalised accounts leading to negative net worth. In view of poor performance and continuous losses, the Government may either improve the performance of these companies or consider their closure.

(Paragraphs 1.1, 1.2, 1.3 and 1.7)

2 Reviews relating to Government companies

2A State Industries Promotion Corporation of Tamil Nadu Limited

State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT) was formed in March 1971 to promote industrial development in the State. Subsequently, in March 1992, Government formed Tamil Nadu Corporation for Industrial Infrastructure Development Limited (TACID) for providing infrastructure facilities for development of industrial complexes in the State. After being pointed out by the Comptroller and Auditor General of India, the Government ordered merger of these two companies in May 1999 considering overlapping nature of their activities. Both the companies were earning profit up to 1997-98 but started incurring losses thereafter and accumulated losses as on 31 March 2002 were Rs.63.16 crore and Rs.15.59 crore respectively.

(Paragraphs 2A.1, 2A.7, Annexures 10 and 12)

Out of 14,225 acre of land acquired, only 4,421 acre were developed and 1,637 acre sold resulting in blocking of Rs.72.94 crore in land acquired but not developed.

(Paragraph 2A.8.2)

Infrastructure facilities created by incurring Rs.59.84 crore remained largely under-utilised.

(Paragraph 2A.8.5)

Infrastructure for water supply created at Rs.79.35 crore remained grossly under-utilised.

(Paragraph 2A.8.5.4.1)

Poor recovery performance resulted in increase in outstanding dues from Rs.144.86 crore in March 1998 to Rs.368.63 crore in March 2002. Only 22 out of 275 borrowers are regular in repayment of dues. Non-performing assets increased from Rs.93.03 crore to Rs.161.34 crore during the five years ended 31 March 2002 due to poor follow-up.

(Paragraphs 2A.11.2 (ii), (iv) and 2A.11.3)

Disbursement of term loans to a known defaulter and without ensuring clearance by Pollution Control Board and other Statutory Authorities resulted in loss of Rs.4.34 crore.

(Paragraphs 2A.11.4 1 and 2A.11.4.2)

2B *Tamil Nadu Textile Corporation Limited*

Tamil Nadu Textile Corporation Limited was incorporated in April 1969 to provide employment to the workers of the closed textile mills in the State.

(Paragraph 2B.1)

Accumulated loss of Rs.3.42 crore as on 31 March 2002 completely eroded the paid-up capital of Rs.1.54 crore as on that date. However, if accumulated loss of Rs.6.52 crore of Somasundaram Super Spinning Mills and the write off of Rs.1.53 crore in respect of Cauvery Spinning and Weaving Mills vested with the Company were excluded, the Company would have earned accumulated profit of Rs.4.63 crore as on 31 March 2002.

(Paragraph 2B.6.1)

Capacity utilisation of available loom hours ranged from 38.11 to 66.14 *per cent* during the last five years against norm of 90 *per cent*.

(Paragraph 2B.8.2)

Failure to achieve norm in loom-shed efficiency resulted in production loss of 69.88 lakh metre cloth valued at Rs.20.21 crore.

(Paragraph 2B.8.3)

Retirement of 102 essential direct labourers under Voluntary Retirement Scheme resulted in idle capacity and corresponding production loss of 46.53 lakh metre cloth and contribution loss of Rs.1.96 crore during last three years.

(Paragraph 2B.11.2)

3 *Review relating to Statutory Corporation*

Review on Sathanur Dam Hydro Electric Project

Sathanur Dam Hydro Electric Project with an installed capacity of one unit of 7.5 MW at an estimated cost of Rs.17.03 crore was finalised in October 1992 and on completion in March 1999 the actual project cost increased to Rs.35.75 crore.

(Paragraph 3.1)

Delay in firming up of capacity of the project deprived the State of potential availability of 105.21 million units of electricity. Delay in implementation of project resulted in potential revenue loss of Rs.13.62 crore.

(Paragraph 3.3)

Non-acceptance of lowest tender for fabrication and erection of steel liners and penstock resulted in extra expenditure of Rs.42.71 lakh.

(Paragraph 3.5.3.1)

Board paid an amount of Rs.35 lakh towards manufacture and testing of prototype model though this was not included in the original bid of the supplier.

(Paragraph 3.5.4.1)

Undue benefit of Rs.0.54 crore was given to a supplier due to extra payment made on account of (i) payment for an item, cost of which was not quoted in original bid (Rs.35 lakh) (ii) non-inclusion of a suitable penal clause (Rs.10.50 lakh) and (iii) payment of price variation on bought out items (Rs.8.93 lakh).

(Paragraphs 3.5.4.1, 3.5.4.2 and 3.5.4.3)

4 Miscellaneous topics of interest

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

Tamil Nadu Civil Supplies Corporation Limited incurred extra expenditure of Rs.13.89 crore on purchase of Above Poverty Line category rice at the prices higher than market rate in spite of having comfortable stock of rice.

(Paragraph 4A.1.1)

Failure to sell the allotted quantity of free sale sugar by **Tamil Nadu Sugar Corporation Limited and Perambalur Sugar Mills Limited** resulted in avoidable interest loss of Rs.1.98 crore.

(Paragraph 4A.2.1)

Construction of 40 modules in Electronic Complex, Guindy by **Tamil Nadu Small Industries Development Corporation Limited** without demand resulted in idle investment of Rs.2.51 crore.

(Paragraph 4A.4.2)

Post-tender introduction of third quality in sale of granite blocks by **Tamil Nadu Minerals Limited** resulted in undue benefit of Rs.1.48 crore to the buyers.

(Paragraph 4A.6.1)

Delay in closing down non-functioning units by **Tamil Nadu Corporation for Development of Women Limited** resulted in avoidable loss of Rs.1.20 crore.

(Paragraph 4A.7.1)

Failure of **Tamil Nadu Electricity Board** to revise interest rates consequent to reduction in/abolition of interest tax resulted in an excess payment of Rs.7.62 crore to Tamil Nadu Power Finance and Infrastructure Development Corporation Limited.

(Paragraph 4B.1.1)

Tamil Nadu Electricity Board extended an undue benefit of Rs.5.21 crore to an Independent Power Producer by not restricting the element of Sales Tax in the fuel cost for power supplied to the rate actually paid.

(Paragraph 4B.1.2)

Transmission towers purchased by **Tamil Nadu Electricity Board** for General Construction Circle, Chennai at a cost of Rs.3.22 crore were lying idle for more than four years.

(Paragraph 4B.1.3)

CHAPTER-1

1 Overview of Government companies and Statutory corporations

1.1 Introduction

As on 31 March 2002, there were 78 Government companies (66 working companies and 12 non-working companies) and 2 Statutory corporations (all working) as against 80 Government companies (68 working companies and 12 non-working companies) and 2 working Statutory corporations as on 31 March 2001 under the control of the State Government. One company was merged with another company and one company was closed during the year. The accounts of the Government companies (as defined in Section 617 of Companies Act, 1956) are audited by Statutory Auditors, who are appointed by the Comptroller and Auditor General of India (CAG) as per provisions of Section 619 (2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provisions of Section 619 of the Companies Act, 1956. The State Government had formed Tamil Nadu Electricity Regulatory Commission and its audit is entrusted to the Comptroller and Auditor General of India, under Section 34 (4) of the Electricity Regulatory Commissions Act, 1998. The audit arrangements of Statutory corporations are as shown below:

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

1.2 Working Public Sector Undertakings (PSUs)

1.2.1 Investment in working PSUs

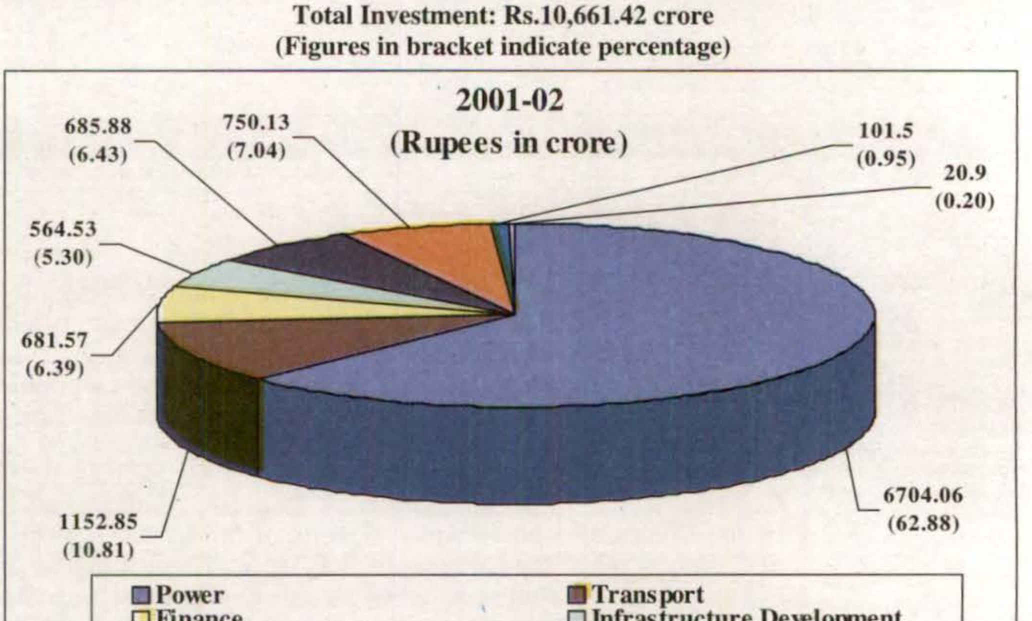
As on 31 March 2002, the total investment in 68 working PSUs (66 Government companies and 2 Statutory corporations) was Rs.1,0661.42 crore (equity: Rs.1,657.74 crore; long-term loans♣: Rs.8,835.62 crore and share application money Rs.168.06 crore) as against 70 working PSUs (68 Government companies and 2 Statutory corporations) with a total investment of Rs.9,694.57 crore (equity: Rs.1,729.36 crore; long-term loans: Rs.7,962.01 crore and share application money: Rs.3.20 crore) as on 31 March 2001. The analysis of investment in working PSUs is given in the following paragraphs.

♣ **Long term loans mentioned in Paragraphs 1.2.1, 1.2.1.1 and 1.2.1.2 are excluding interest accrued and due on such loans.**

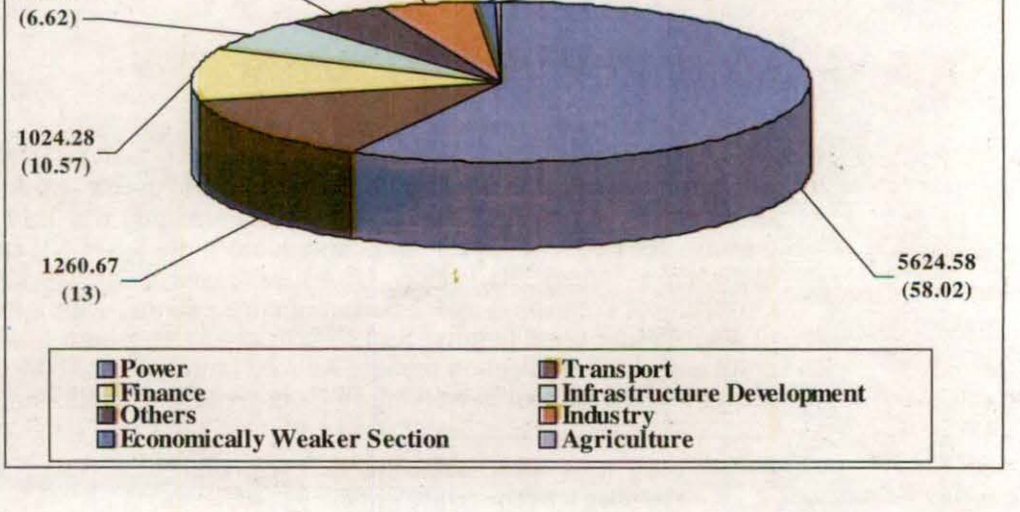
The investment (equity and long-term loans) in various sectors and percentage thereof at the end of 31 March 2002 and 31 March 2001 are indicated below in the pie charts.

SECTOR-WISE INVESTMENT IN WORKING COMPANIES AND STATUTORY CORPORATIONS

Total Investment: Rs.10,661.42 crore
(Figures in bracket indicate percentage)



Total Investment: Rs.9,694.57 crore
(Figures in bracket indicate percentage)



1.2.1.1 Working Government companies

Total investment in working Government companies at the end of March 2001 and March 2002 was as follows:

(Rupees in crore)

Year	Number of companies	Equity	Share application money	Loans	Total
2000-01	68	1,621.75	3.20	2,437.43	4,062.38
2001-02	66	1,450.12	168.06	2,331.57	3,949.75

As on 31 March 2002, the total investment in working Government companies comprised 41 *per cent* of equity capital and 59 *per cent* of loans as compared to 40 *per cent* and 60 *per cent*, respectively as on 31 March 2001.

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

1.2.1.2 Working Statutory corporations

The total investment in two working Statutory corporations at the end of March 2002 and March 2001 was as follows:

(Rupees in crore)

	2000-01		2001-02 (Provisional)	
	Capital	**Loan**	**Capital**	**Loans**
Tamil Nadu Electricity Board	100.00	5,524.58	200.00	6,504.06
Tamil Nadu Warehousing Corporation	7.61	---	7.61	---

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

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

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

The budgetary outgo (in the form of equity capital and loans) and subsidies from the State Government to working Government companies and working Statutory Corporation for the three years up to March 2002 are given below:

(Amount – Rupees in crore)

	1999-2000				2000-01				2001-02			
	Companies		Corporations		Companies		Corporations		Companies		Corporations	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Equity capital outgo from budget	27	120.65	1	100.00	7	7.81	---	---	2	3.79	1	100.00
Loans given from budget	1	1.00	---	---	3	10.57	---	---	4	16.54	---	---
Grants	---	---	1	17.59	---	---	---	---	---	---	1	43.62
(i) Subsidy towards Projects/ Programmes/ Schemes	6	748.93	---	---	8	1,599.27	1	16.55	10	1,354.99	---	---
(ii) Other subsidy	17	111.68	1	250.00	14	121.23	1	250.00	12	53.95	1	322.50
(iii) Total subsidy	23	860.61	1	250.00	22	1,720.50	1	266.55	22	1,408.94	1	366.12
Total outgo	30♣	982.26	1	367.59	26♣	1,738.88	1	266.55	25♣	1,429.27	1	466.12

During the year 2001-02, the Government had guaranteed the loans aggregating Rs.1,744.33 crore obtained by four working Government companies (Rs.559.40 crore) and one working Statutory corporation (Rs.1,184.93 crore). At the end of the year, guarantees amounting to Rs.7,088.05 crore against 22 working Government companies (Rs.2,771.18 crore) and one working Statutory corporation (Rs.4,316.87 crore) were outstanding. The Government converted loan of Rs.5.69 crore into equity capital in one Government company (Serial Number A-45 of **Annexure-1**). The guarantee commission paid/payable to Government by Government companies and Statutory corporations during 2001-02 was Rs.5.60 crore and Rs.20 crore, respectively.

1.2.3 Finalisation of accounts by working PSUs

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

However, as could be noticed from **Annexure-2,** out of 66 working Government companies only 50 working companies have finalised their accounts for the year 2001-02 within the stipulated period. None of the Statutory corporations finalised the accounts for the year 2001-02. During the period from October 2001 to September 2002, 32 working Government companies finalised 34 accounts for previous years. Similarly, during this period two working Statutory corporations finalised two accounts for previous years.

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

The accounts of 16 working Government companies and two Statutory corporations were in arrears up to two years as on 30 September 2002 as detailed below:

Sl. No.	Number of working companies/corporations		Year for which accounts are in arrears	Number of years for which accounts are in arrears	Reference to Sl.No. of Annexure 2	
	Government companies	Statutory corporations			Government companies	Statutory corporations
1.	3	---	2000-01 & 2001-02	2	A-32, 35 and 36	----
2.	13	2	2001-02	1	*	B-1 and 2

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

1.2.4 Financial position and working results of working PSUs

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

According to latest finalised accounts of 66 working Government companies and two working Statutory corporations, 31 companies incurred aggregate loss of Rs.244.46 crore, 34 companies and two corporations earned aggregate profit of Rs.192.11 crore and Rs.392.41 crore, respectively. In case of one company (Serial Number 37 of **Annexure-2**) entire amount of loss is to be compensated by the State Government.

1.2.4.1 Working Government companies

1.2.4.1.1 Profit earning working companies and dividend

Out of 50 working Government companies, which finalised their accounts for 2001-02 by 30 September 2002, 28 companies earned an aggregate profit of Rs.190.82 crore and only 4 companies (Serial Numbers 19, 23, 25, and 40 of **Annexure-2**) declared dividend aggregating to Rs.2.29 crore. In addition, one company (Serial Number 66 of **Annexure-2**) though incurred loss for the year, also declared dividend of Rs.35 lakh. The dividend as percentage of share capital in the above five companies worked out to 5.48. The remaining 24 profit making companies did not declare any dividend. The total return by way of above dividend of Rs.2.64 crore, worked out to 0.16 *per cent* in 2001-02 on total equity investment of Rs.1,614.37 crore by the State Government in all Government companies as against 0.25 *per cent* in the previous year. The State Government has not formulated dividend policy for payment of minimum dividend.

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* **Serial Numbers A-7, 8, 15, 21, 24, 26, 28, 29, 30, 33, 34, 37 and 64 of Annexure-2.**

Similarly, out of 32 working Government companies, which finalised their 34 accounts for previous years by September 2002, 5 companies earned an aggregate profit of Rs.0.91 crore and all these 5 companies earned profit for two or more successive years.

1.2.4.1.2 Loss incurring working Government companies

Of the 31 loss incurring working Government companies, 20 companies had accumulated losses aggregating Rs.1,974.22 crore, which exceeded their aggregate paid-up capital of Rs.734.49 crore.

Despite poor performance and complete erosion of paid-up capital, the State Government continued to provide financial support to these companies in the form of subsidy amounting to Rs.31.95 crore during 2001-02 to 6 out of these 20 companies.

1.2.4.2 Working Statutory corporations

1.2.4.2.1 Profit earning Statutory corporations and dividend

Both the Statutory corporations finalised their accounts for 2000-01. Tamil Nadu Electricity Board and Tamil Nadu Warehousing Corporation earned a profit of Rs.387.87 crore and Rs.4.54 crore respectively. Of them, Tamil Nadu Warehousing Corporation alone paid a dividend of Rs.30.44 lakh for the year 2000-01 to the State Government.

1.2.4.2.2 Operational performance of working Statutory corporations

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

It could be seen from **Annexure-6** that the power generation by Tamil Nadu Electricity Board improved only marginally by 1.15 *per cent* during the year 2001-02 though demand increased by 6.31 *per cent* during the same period. This necessitated increased purchase of power from private sources by 1,987 million units (MUs).

As regards Tamil Nadu Warehousing Corporation, though average expenses per tonne increased by 22.41 *per cent* during 2001-02, average revenue increased by 10.82 *per cent* only, resulting in reduced profit.

1.2.5 Return on capital employed

As per the latest finalised accounts (up to September 2002), the capital employed[◊] worked out to Rs.7,994.60 crore in 66 working companies and

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

total return[♣] thereon amounted to Rs.205.27 crore, which is 2.57 *per cent* as compared to total return of Rs.258.13 crore (3.47 *per cent*) in the previous year (accounts finalised up to September 2001). Similarly, the capital employed and total return thereon in case of working Statutory corporations as per the latest finalised accounts (up to September 2002) worked out to Rs.9,351.08 crore and Rs.934.64 crore (9.99 *per cent*) respectively against the total return of Rs.853.51 crore (9.04 *per cent*) in previous year (accounts finalised up to September 2001). The details of capital employed and total return on capital employed in case of working Government companies and Statutory corporations are given in **Annexure-2**.

1.3 Non-working PSUs

1.3.1 Investment in non-working PSUs

As on 31 March 2002, the total investment in 12 non-working PSUs (all Government companies) was Rs.56.51 crore (equity: Rs.23.42 crore; long-term loans: Rs.33.09 crore) as against total investment of Rs.48.91 crore (equity: Rs.19.27 crore; long term loans Rs.29.64 crore) in same number of non-working PSUs as on 31 March 2001.

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

(Amount – Rupees in crore)

Sl.No.	Status of non-working PSUs	Number of companies	Investment	
			Equity	Long-term loans
(i)	Under liquidation	2[A]	3.95	NIL
(ii)	Under closure	7[B]	13.40	33.09
(iii)	Under merger	1[C]	4.00	NIL
(iv)	Others	2[D]	2.07	NIL
	Total	12	23.42	33.09

Of the above non-working PSUs, nine Government companies were under liquidation or closure under Section 560 of the Companies Act, 1956 for three to 12 years and substantial investment of Rs.50.44 crore was involved in these companies. Effective steps need to be taken for their expeditious liquidation or revival.

The investment (equity and long term loans) in various sectors and percentage thereof at the end of 31 March 2002 and 2001 are indicated below in the pie charts.

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

A **Serial Numbers 7 and 10 of non-working companies of Annexure-2**

B **Serial Numbers 1 to 5, 8 and 9 of non-working companies of Annexure-2**

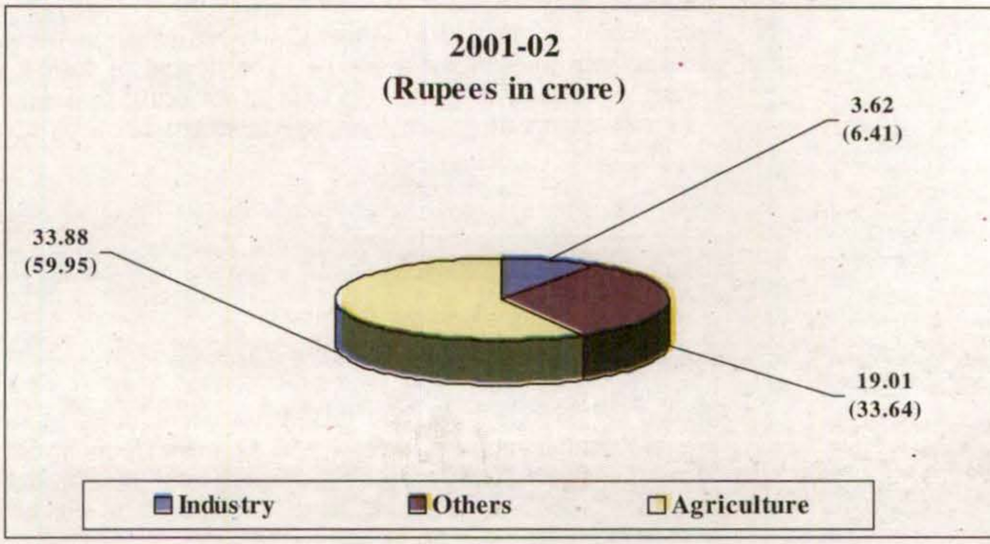
C **Serial Number 12 of non-working companies of Annexure-2**

D **Serial Numbers 6 and 11 of non-working companies of Annexure-2**

SECTOR-WISE INVESTMENT IN NON-WORKING COMPANIES

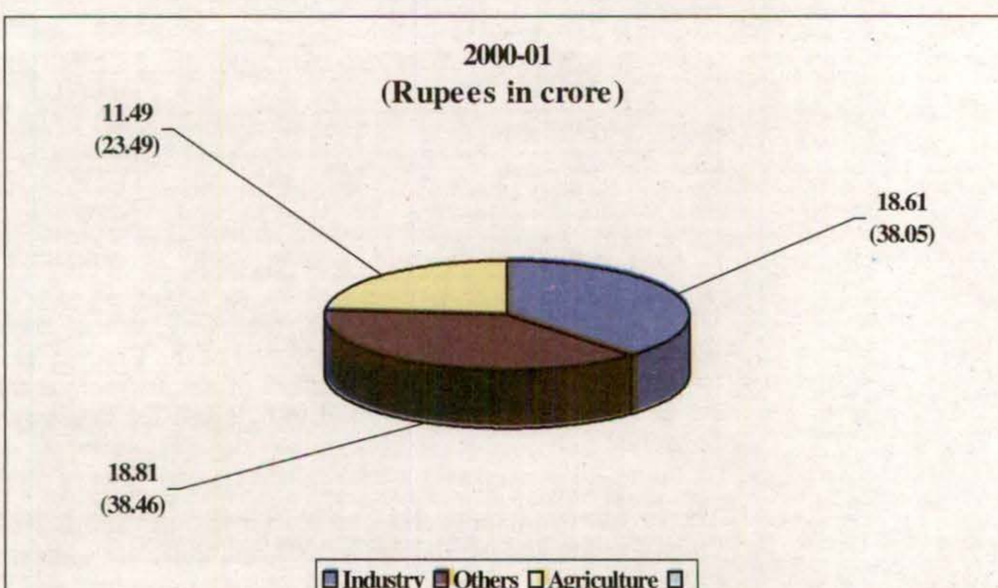
Total Investment: Rs.56.51 crore

(Figures in bracket indicates percentage)



Total Investment: Rs.48.91 crore

(Figures in bracket indicates percentages)



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

The details regarding budgetary outgo to the non-working Government companies is given in **Annexure-1**. The State Government had given loan of Rs.11.39 crore to two non-working companies during the year 2001-02. At the end of the year 2001-02, loan of Rs.0.86 crore outstanding in respect of one non-working company has been guaranteed by the Government.

1.3.3 Total establishment expenditure of non-working PSUs

The year-wise details of total establishment expenditure of non-working PSUs and the sources of financing them during the last three years up to 2001-02 are given below:

(Amount – Rupees in crore)

Year	No of PSUs	Total establishment expenditure	Financed by				
			Disposal of investment/assets	Loans from private parties	Government by way of		Others
					Loans	Grants	
Government companies							
1999-2000	10*	1.50	1.31	---	0.16	---	---
2000-01	10*	0.61	0.61	---	---	---	---
2001-02	10*	5.41	0.04	---	5.37	---	---

State Government has so far incurred Rs.7.52 crore towards establishment expenses of 10 companies under liquidation/closure. Expeditious action is necessary for winding up of these companies to avoid further non productive expenditure in these companies.

1.3.4 Finalisation of accounts by non-working PSUs

The accounts of nine non-working companies were in arrears for periods ranging from one to 12 years as on 30 September 2002 as could be noticed from **Annexure-2**.

1.3.5 Financial position and working results of non-working PSUs

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

The year wise details of paid-up capital, net worth, cash loss/cash profit and accumulated loss/profit of non-working PSUs as per their latest finalised accounts are given below:

(Amount – Rupees in crore)

Year	Paid-up capital	Net worth	Cash loss (-) / Cash profit(+)	Accumulated loss (-) / accumulated profit (+)
1989-90	0.33	(-)1.00	(+)0.002	0.02
1993-94	2.07	1.34	(-)1.08	(-)2.07
1998-99	0.31	(-)1.78	(-)0.02	(-)2.09
1999-2000	7.54	(-)79.28	(-)13.42	(-)86.82
2000-01	7.84	(-)28.83	(-)4.53	(-)36.68
2001-02	5.33	(-)17.48	(-)2.24	(-)22.80
Total	**23.42**	**(-)127.03**	**(-)21.29**	**(-)150.44**

(Note: Net worth, cash loss/profit and accumulated profit/loss calculated as per last certified accounts. Nine non-working PSUs have not finalised their accounts for one to 12 years as indicated in Annexure-2)

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* **Information in respect of two companies were not available.**

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

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

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

1.5 Disinvestment, privatisation and restructuring of Public Sector Undertakings

The Government decided (May 1997) to amalgamate the then existing 21 State Transport Undertakings (STUs) in to seven STUs for operational convenience and economical viability. As a sequel to the above decision, during the year 2001-02, one STU was merged with the sister STUs (Serial Number 52 of **Annexure-1**).

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

During the period from October 2001 to September 2002, the audit of accounts of 77 Government companies (working: 74 and non-working: 3) and 2 working Statutory corporations were selected for review. As a result of the observations made by CAG, eight companies and one Corporation listed below revised their accounts:

Sl.No.	Name of the Company	Year of Accounts
1.	Tamil Nadu Civil Supplies Corporation Limited	2000-01
2.	Arasu Rubber Corporation Limited	2001-02
3.	Southern Structurals Limited	2000-01
4.	Tamil Nadu Magnesite Limited	2001-02
5.	Tamil Nadu Textiles Corporation Limited	2001-02
6.	Perambalur Sugar Mills	2000-01
7.	Pallavan Transport Consultancy Services Limited	2001-02

Sl.No.	Name of the Company	Year of Accounts
8.	Tamil Nadu Industrial Investment Corporation Limited	2001-02
9.	Tamil Nadu Electricity Board	2000-01

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

Sl. No.	Details	Number of accounts			Rupees in crore		
		Government companies		Stautory corpora-tions	Government companies		Statutory corpora-tions
		Working	Non-working		Working	Non-working	
(i)	Decrease in profit	1	---	1	0.89	---	1448.73
(ii)	Increase in loss	7	---	---	74.90	---	---
(iii)	Errors of classification	1	---	---	1.02	---	---

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

1.6.1 Errors and omissions noticed in case of Government companies

Sl. No	Name of Company	Year of accounts	Errors/Omissions	Amount (Rupees in crore)
1.	Tamil Nadu Ex-servicemen's Corporation Limited	1999-2000	Under statement of sundry debtors due to non-accounting of hire charges	3.19
2.	Metropolitan Transport Corporation Limited	2000-01	(a) Under-statement of liabilities being the price difference in purchase of chassis	0.45
			(b) Under-statement of loss due to non-provision of no fault liability	1.55
3.	Tamil Nadu Tea Plantation Corporation Limited	2001-02	Non-accounting of interest and penal interest	2.87
4.	Tamil Nadu Transport Development Finance Corporation Limited	2000-01	Over-statement of current liabilities and loans and advances due to non-adjustment of reduction in interest in the loan account.	13.99

1.6.2 Errors and omissions noticed in case of Statutory corporation

Tamil Nadu Electricity Board (2000-01):

Sl.No.	Errors/Omissions	Amount (Rupees in crore)
1.	Excess provision for subsidy receivable from the State Government	1,443.21
2.	Capitalisation of miscellaneous loss	2.75
3.	Short provision of interest on security deposit	1.71

1.6.2.1 Audit assessment of the working results of Tamil Nadu Electricity Board

Based on the audit assessment of the working results of the Tamil Nadu Electricity Board for the three years up to 2001-02 and taking into consideration the major irregularities and omissions pointed out in the Separate Audit Reports on the annual accounts and not taking into account the subsidy/subventions receivable from the State Government, the net surplus/deficit, percentage of return on capital employed, capital invested will be as under:

(Amount – Rupees in crore)

Sl. No	Particulars	1999-2000	2000-01	2001-02 (Provisional)
1.	Net surplus/(-) deficit as per books of accounts	356.25	387.87	(-)2,205.90
2.	Subsidy from the State Government	1,776.39	1,693.21	322.57
3.	Net surplus/(-) deficit before subsidy from the State Government (1-2)	(-)1,420.14	(-)1,305.34	(-)2,528.47
4.	Net increase/decrease in net surplus/(-) deficit on account of audit comments on the annual accounts	(-)34.65	(-)1,448.73	N.A.
5.	Net surplus/(-) deficit after taking into account the impact of audit comments but before subsidy from the State Government (3-4)	(-)1,454.79	(-)2,754.07	N.A.
6.	Total return on capital employed	849.99	930.10	---
7.	Percentage of total return on capital employed	9.0	9.98	---

1.6.3 Persistent irregularities and system deficiencies in financial matters of PSUs

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

(i) Statutory corporation

Tamil Nadu Electricity Board

Fixed assets registers have not been maintained properly in four circles and not updated in 27 other circles and as a result, the correctness of amount shown under fixed assets could not be ensured.

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

Negative balances were shown under various schedules in many circles to the extent of Rs.87.44 crore, Rs.207.93 crore and Rs.532.10 crore during the three years ended on 31 March 2001.

There were huge differences between balance sheet figure and cash book in respect of bank balances in 17 circles.

1.7 Recommendations for closure of PSUs

Even after completion of 17 to 30 years of their existence, the turnover of four Government companies (Serial Numbers A-5, 14, 57 and 65 of **Annexure-2**) (all working companies) has been less than Rs.five crore in each of the preceding five years as per latest finalised accounts. Of these four, one company (Serial Number A-14 of **Annexure-2**) had been incurring losses for three consecutive years (as per latest finalised accounts) leading to net negative net worth. In view of poor turnover and continuous losses, the Government may either improve performance of above four Government companies or consider their closure.

1.8 Response to Inspection Reports, Draft Paragraphs and Reviews

Audit observations noticed during audit and not settled on the spot are communicated to the heads of PSUs and concerned departments of State Government through Inspection Reports. The heads of PSUs are required to furnish replies to the Inspection Reports through respective heads of departments within a period of six weeks. Inspection Reports issued up to March 2002 pertaining to 78 PSUs disclosed that 2617 paragraphs relating to 699 Inspection Reports remained outstanding at the end of September 2002. Of these 694 Inspection Reports containing 2605 paragraphs had not been replied to for more than two years. Department-wise break-up of Inspection Reports and Audit Observations outstanding as on 30 September 2002 is given in **Annexure-7**.

Similarly, draft paragraphs and reviews on the working of PSUs are forwarded to the Principal Secretary/Secretary of the administrative department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. It was, however, observed that 24 draft paragraphs and 2 draft reviews forwarded to the various departments during July 2001 to June 2002 as detailed in **Annexure-8,** had not been replied to so far.

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

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

The following table indicates the details regarding number of reviews and paragraphs pending discussion at the end of 31 March 2002.

Period of Audit Report	Number of reviews and paragraphs appeared in the Audit Report		Number of reviews/paragraphs pending for discussion	
	Reviews	Paragraphs	Reviews	Paragraphs
1995-96	4	24	1	11
1996-97	5	24	4	13
1997-98	5	20	5	18
1998-99	6	23	6	23
1999-2000	4	24	4	24
2000-01	4	21	4	21

1.10 619-B Companies

There were three companies coming under Section 619-B of the Companies Act, 1956. **Annexure-9** indicates the details of paid-up capital, investment by way of equity, loans and grants and summarised working results of these companies based on their latest available accounts.

1.11 Reforms in Power sector

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

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

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

	Commitment as per MOU	Targeted completion Schedule	Status (as on 31 March 2002)	Remarks
	Commitments made by the State Government			
1	Appointment of Chairperson in State Electricity Regularity Commission	January 2002	Not appointed	Chairperson did not assume office till June 2002
2	100 per cent electrification of all villages and hamlets	By 2007 (64,042 villages and hamlets)	63,685 villages and hamlets have been electrified	---
3	Reduction in Transmission and Distribution losses to 15 per cent	By December 2003	Transmission & Distribution losses in 2001-02 was 16.3 per cent	
4.	100 per cent metering of all distribution feeder	December 2001	Completed	
5.	100 per cent metering of all consumers	December 2003	All services except agriculture and huts service metered.	
6.	Current operations in distribution to reach at break-even	March 2003		Positive return in distribution operations after March 2003
7.	Energy audit at 11 KV sub-stations level	January 2002	Introduced in January 2002	
8.	Computerisation of HT & LT billing	December 2002	HT billing fully computerised	Experimental computerised LT billing started in June 2002
9	Securitised outstanding due of CPSUs	As per scheme approved by Govt. of India		State Cabinet approved securetisation in April 2002. Government order awaited.
10	State Electricity Regulatory Commission (SERC) i) Establishment of TNERC		Established in March 1999	-
	ii) Implementation of tariff orders issued by TNERC during the year	First Tariff petition to be filed by 30 September 2002		Since filed in September 2002.
	General			
11.	Monitoring of MOU	Quarterly		Not due

1.11.2 State Electricity Regulatory Commission

Government of Tamil Nadu constituted (March 1999) Tamil Nadu Electricity Regulatory Commission (TNERC), with three members including a chairman, under Section 17(1) of the Electricity Regulatory Commissions Act, 1998. The Commission started functioning with effect from 1 September 1999. The Chairman of the Commission has assumed charge in July 2002 only. The Commission has not commenced fulfledged activities. Accounts of TNERC have been finalised up to March 2002.

1.11.2.1 Functions

The main functions of the TNERC as per the Electricity Regulatory Commissions Act, 1998 are as follows:

(i) to determine the tariff for electricity, wholesale, bulk, grid or retail,

(ii) to determine the tariff payable for the use of the transmission facilities,

(iii) to regulate power purchase and procurement process of the transmission and distribution utilities including the price at which the power shall be procured,

(iv) to regulate the investment approval for generation, transmission, distribution and supply of electricity to the entities operating in the State,

(v) to aid and advise the State Government, in matters concerning generation, transmission, distribution and supply in the State;

(vi) to regulate the operation of power system with in the State,

(vii) to issue licenses for transmission, bulk supply, distribution or supply of electricity and determine the conditions to be included in the licences,

(viii) to regulate the working of licensees and to promote their working in an efficient, economical and equitable manner;

CHAPTER II

SECTION 2A

STATE INDUSTRIES PROMOTION CORPORATION OF TAMIL NADU LIMITED

HIGHLIGHTS

State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT) was formed in March 1971 to promote industrial development in the State. Subsequently in March 1992, Government formed Tamil Nadu Corporation for Industrial Infrastructure Development Limited (TACID) for providing infrastructure facilities for development of industrial complexes in the State. After being pointed out in the Report of the Comptroller and Auditor General of India (Commercial) for the year 1994-95, the Government decided to merge SIPCOT and TACID considering overlapping nature of their activities.

(Paragraph 2A.1)

The Company, based on Government orders, is engaged in area development activities even though the main objective did not provide for the same.

(Paragraph 2A.2)

The Company has been incurring losses in the last four years mainly due to increase in non-performing assets and poor marketing of industrial plots.

(Paragraph 2A.7)

Out of 14,225 acre of land acquired, only 4,421 acre were developed and 1,637 acre sold resulting in blocking of Rs.72.94 crore in land acquired but not developed.

(Paragraph 2A.8.2)

Erroneous projection of requirement of land at Perundurai resulted in expenditure of Rs.89.14 crore remaining unproductive.

(Paragraph 2A.8.2.3)

Infrastructure facilities created by incurring Rs.59.84 crore remained largely under-utilised.

(Paragraphs 2A.8.5)

Infrastructure for water supply created at Rs.79.35 crore remained grossly under-utilised.

(Paragraph 2A.8.5.4.1)

Pipelines for carrying water laid at a cost of Rs.11 crore remained unutilised due to non-availability of water.

(Paragraph 2A.8.5.4.4)

Infructuous expenditure of Rs.2.26 crore was incurred on conducting a feasibility study on minor ports without assessing the traffic potential.

(Paragraph 2A.10)

Poor recovery performance resulted in increase in outstanding dues from Rs.144.86 crore in the beginning of 1997-98 to Rs.368.63 crore in March 2002. Only 22 out of 275 borrowers are regular in repayment of dues.

{Paragraphs 2A.11.2 (i) and (iv)}

Non-performing assets increased from Rs.93.03 crore to Rs.161.34 crore during the five years ended 31 March 2002 due to poor follow-up.

(Paragraph 2A.11.3)

Disbursement of term loan to a known defaulter (Rs.2.58 crore) and without ensuring clearance by Pollution Control Board and other Statutory Authorities (Rs.1.76 crore) resulted in loss of Rs.4.34 crore.

(Paragraphs 2A.11.4.1 and 2A.11.4.2)

2A.1 Introduction

After being pointed out in the Report of the Comptroller and Auditor General of India (Commercial) for the year 1994-95, the Government decided to merge SIPCOT and TACID, considering overlapping nature of their activities.

State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT) was formed in March 1971 to promote industrial development in the State by providing financial assistance, incentives and other ancillary services to the medium scale industries besides developing industrial complexes in the State. Subsequently, the Government formed (March 1992) another Company *viz.*, Tamil Nadu Corporation for Industrial Infrastructure Development Limited (TACID) with main objective of identifying and providing all or left over infrastructural facilities for development of industrial complexes and growth centres. Considering the overlapping nature of functions of these two companies, audit pointed out the need for review of the position by the Government in the Report of the Comptroller and Auditor General of India (Commercial) for the year 1994-95. However, only in May 1999, Government ordered merger of both the companies, which was finally effected in November 1999. As per this order, SIPCOT would henceforth concentrate only on creating industrial infrastructure facilities. Term-lending operations hitherto undertaken by SIPCOT were transferred (May 1999) to another Government company *viz.*, Tamil Nadu Industrial Investment Corporation Limited (TIIC). However, follow-up and recovery of loans already extended by SIPCOT continued with it. The Company requested (June 2002) the Department of Company Affairs (DCA), Government of India, New Delhi to treat the share capital of the merged Company as share advance in order to save the payment of fees for enhanced capital. Pending approval of this proposal, final orders of DCA for merger of companies has not been received (August 2002) and hence, separate accounts are being maintained for SIPCOT and TACID.

2A.2 Objectives

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

The Company, based on Government orders, is engaged in area development activities even though the main objectives did not provide for the same.

(i) To carry on the business of an investment company for providing finance to industrial enterprises in the State for starting, running, expanding, modernising or otherwise.

(ii) To encourage and promote participation of capital in industrial enterprises in the State of Tamil Nadu.

(iii) To sponsor and underwrite new issues of shares, debentures and other securities in which the industrial undertakings in the State of Tamil Nadu are directly or indirectly participating.

(iv) To undertake or assist investigation of problems concerning industrialisation in general and prepare statistics useful to such industrial enterprises.

The main objectives did not provide for area development activities. However, based on orders (November 1971) of the Government, the Company is engaged in acquisition and development of land with necessary infrastructural facilities to promote industrial development in the State.

2A.3 Activities

At present, the Company is mainly engaged in acquisition of land, development of industrial complexes with the required infrastructure and allotment of plots to entrepreneurs either on sale or on long-term lease basis. Further, during the period of review the Company had been sanctioning/following-up term loans to medium scale industries and issuing eligibility certificates for sales tax deferral/waiver and grant of subsidies.

2A.4 Scope of Audit

The activities of the Company for the period up to February 1995 were reviewed and included in the Report of the Comptroller and Auditor General of India (Commercial) for the year 1994-95. The Committee on Public Undertakings (COPU) discussed the review in its meeting held in September 2000 and its recommendations are awaited (April 2002). The present review conducted from December 2001 to April 2002 covered the activities of the Company including TACID for the last five years ending March 2002. The present review is based on test check of records of head office and 10 project offices out of 17 project offices.

2A.5 Organisational set up

The Management of the Company is vested in a Board of Directors consisting of 12 directors including Chairman and Managing Director. Of them 10 Directors are appointed by the State Government and of the remaining two, Industrial Development Bank of India (IDBI) and Small Industries Development Bank of India (SIDBI) nominate one each. There is no functional director and all the directors except two are nominated by Government from amongst officials. The day-to-day management is being looked after by the Managing Director, who is assisted by four general managers.

2A.6 Capital Structure and Borrowing

Due to failure to create charge on specific assets, the Company could not avail concession of one per cent in interest on loan taken from SIDBI.

As against the authorised capital of Rs.60 crore and Rs.90 crore in respect of SIPCOT and TACID, the paid-up capital as on 31 March 2002 was Rs.57.91 crore and Rs.85.30 crore respectively, wholly contributed by the State Government. These two companies had also taken loan of Rs.19.79 crore and Rs.27.17 crore respectively from the State Government as on 31 March 2002. Both the companies are not repaying the loan instalments/interest to Government, which resulted in accumulation of unpaid interest of Rs.15.35 crore as on 31 March 2002. SIPCOT was depending mainly on refinance from IDBI/SIDBI (Rs.121.18 crore as on 31 March 2002) and issue of bonds guaranteed by Government of Tamil Nadu (Rs.17.09 crore). In this connection, it was noticed that due to non-creation of charge on specific assets, the Company could not avail a concession of one *per cent* in interest on Rs.15 crore loan availed from SIDBI in February/July 2001. This resulted in additional interest burden of Rs.15.83 lakh for the period of March 2001 to April 2002 with further liability of Rs.15 lakh *per annum*. TACID depended entirely on Government for financial assistance. It was observed that Government released Rs.85.30 crore of share capital during the six years up to 1997-98 to TACID ahead of requirement, which was invested by the Company in short-term deposits.

2A.7 Financial position and working results

The financial position and working results for five years ended 31 March 2002 in respect of SIPCOT are given in **Annexure 10** and **11** and TACID in **Annexure 12** and **13**.

From **Annexure 10** and **11**, it may be seen that SIPCOT, which was earning profit up to 1997-98 started suffering losses from 1998-99 onwards, which accumulated to Rs.63.16 crore as on 31 March 2002 and the net worth was eroded completely. The loss was mainly attributable to:

The Company has been incurring losses in the last four years mainly due to increase in non-performing assets and poor marketing of industrial plots.

(a) Increase in non-performing assets by Rs.68.31 crore over the last four years up to 2001-02 with consequential provisioning of Rs.49.24 crore and write off of Rs.8.48 crore for bad and doubtful debts. In addition to this, the Company had to make a provision of Rs.4.16 crore towards non-recovery of term deposits made with another defunct Government Company (*viz.*, Tamil Nadu Steels Limited).

(b) Reduction in income by Rs.15.16 crore in 2000-01 was mainly due to poor marketing of industrial plots.

A review of the working results of TACID revealed the following:

(a) Loss of Rs.4.94 crore in 2000-01 and Rs.10.03 crore in 2001-02 was mainly due to increased depreciation (on assets commissioned during the year) and write off of expenditure on abandoned projects (Rs.1.39 crore) in 2000-01.

(b) Reduction of interest income by Rs.0.67 crore in 2000-01 also contributed to the increased loss.

2A.8 Area development activities

2A.8.1 Land acquisition

As mentioned in Paragraph 2A.3, the Company is engaged in development of industrial complexes and creation of necessary infrastructure for development of industries. For the purpose of developing industrial complexes, the Company acquired both Government Poramboke♠ land and private land. While the Poramboke land was acquired by getting alienation orders of the Government, the private land was acquired by invoking general/urgency provisions of Land Acquisition Act by engaging the services of officials of State Revenue Department on deputation. The Company developed 13 (including 6 developed by TACID up to November 1999) such complexes in various parts of the State and acquired 14,225 acre of land by investing Rs.117.85 crore (**Annexure-14**).

2A.8.2 Lack of planning in setting up of industrial complexes

Out of 14,225 acre of land acquired, only 4,421 acre were developed and 1,637 acre sold resulting in blocking of Rs.72.94 crore in land acquired but not developed.

A mention was made in the Audit Report (Commercial) for the year 1994-95 regarding formation of two industrial complexes at Pudukottai and Manamadurai without demand from the entrepreneurs. Despite this, it was noticed in Audit that the Company established industrial complexes or acquired land for formation of industrial complexes without any planning or preparation of project reports indicating suitability of project site with regard to availability of water, access to National Highway and firm commitment from a minimum number of entrepreneurs. From the **Annexure-14** it would be observed that the Company developed only 4,421 acre out of 14,225 acre of land acquired and kept 9,804 acre vacant (69 *per cent*) for over three years. The Company was able to sell only 1,637 acre (11.5 *per cent*) to the entrepreneurs, indicating that proper feasibility study was not conducted before embarking upon new projects. The amount blocked up in land acquired but not developed aggregated to Rs.72.94 crore. Even though the Company was well aware that it was incurring losses in the area development activity, new projects with huge capital outlays were added without assessment of demand for plots.

A further analysis in audit on land acquisition activity indicated the following deficiencies/lacunae:

♠ **Land used or reserved for Public or Government purpose.**

2A.8.2.1 Deficiencies in location of site

It was observed that lands acquired at a cost of Rs.38.98 crore in three locations lacked justification as discussed below:

(i) Acquisition of 2,031 acre at Sriperumbudur at a cost of Rs.18.01 crore was faulty due to its location near Irungattukottai Industrial Complex (10 KM) and dependence on unreliable water source of Chembarambakkam.

(ii) Acquisition of 608 acre at Siruseri for Information Technology (IT) Park at a cost of Rs.18.30 crore, was improper since another IT Park (TIDEL Park Limited) was already developed much closer to this area and to Chennai city.

(iii) Acquisition of 2,035 acre at a cost of Rs.2.67 crore at Gangaikondan was faulty as it is a rocky terrain and requires blasting to commence development activities.

2A.8.2.2 Acquisition without preliminary site survey

(i) The land (511 acre) acquired (1997) at a cost of Rs.2.24 crore at Cheyyar, is in an interior location and to connect this area to National Highway, an approach road at a cost of Rs.5.50 crore is necessary. Considering the poor demand for industrial plots and weak financial position of the Company, scope for development of this project is remote and hence the investment of Rs.2.24 crore remains unproductive.

(ii) The Company decided (1997) to establish a satellite town at Nemili in anticipation of establishment of industrial units in Irungattukottai and Sriperumbudur complexes. After engaging land acquisition staff for three years and incurring Rs.1.77 crore towards their salary, etc., the scheme was dropped in September 2001 due to the following reasons:

(a) The proposed area did not have access to National Highways.

(b) The Company apprehended difficulty in arranging water supply to the satellite town.

(c) High Tension overhead power lines were passing through the area.

These factors were known to the Company beforehand. Hence, engaging land acquisition staff at a total expenditure of Rs.1.77 crore lacked prudence.

2A.8.2.3 Acquisition without studying economic viability

Erroneous projection of requirement of land at Perundurai resulted in expenditure of Rs.89.14 crore remaining unproductive.

In respect of the largest industrial complex *viz.*, Perundurai Growth Centre, a project report was prepared (1994), which projected that industries for textile, leather and foundries would be set up. The initial requirement of 2000 acre of land was increased to 2,800 acre based on the projected demand, consequently increasing the project cost from Rs.42 crore to Rs.110 crore. The Company acquired (1996-1999) 2,460 acre of land at a cost of Rs.36.53 crore and went ahead with further development works by diverting funds received for other projects. The Company could sell 349 acre so far. However, no major industries have been set up at this complex. Thus, the projection of requirement of 2,800 acre turned out to be erroneous and the expenditure of Rs.89.14 crore incurred till March 2002 remained largely unproductive.

2A.8.2.4 Acquisition without studying environmental impact

Acquisition of land without studying environmental impact resulted in idle investment of Rs.7.08 crore on land at Cuddalore.

The Company acquired (1997-98) 978 acre of land in Cuddalore at a total cost of Rs.7.08 crore for setting up a leather industries park. But this project could not be taken up in view of stiff resistance from the public. The Company's subsequent proposal to set up a general industrial park has also not yet been taken up rendering the expenditure of Rs.7.08 crore unproductive for more than four years.

2A.8.3 Acquisition of land without agreement

Based on a request from Tamil Nadu Industrial Development Corporation Limited (TIDCO), TACID decided (May 1998) to acquire land at Cuddalore for a petroleum refinery to be set up by a private company, *i.e.*, Nagarjuna Oil Corporation Limited (NOCL). The Board of Directors of TACID directed (September 1998) the management to obtain an undertaking from NOCL that they would pay cost of land, establishment charges and overhead charges besides additional compensation, if any, payable later. However, no such undertaking was obtained by TACID. After the merger of TACID with SIPCOT, Government directed (November 1999) SIPCOT (Company) to acquire and hand over land to NOCL on 99 years lease basis. The Company acquired 495 acre up to December 2001 against the proposed 902 acre. Though NOCL was not handed over land officially, it started civil works on this land. Out of Rs.4.56 crore spent by the Company on acquisition of land, NOCL reimbursed only Rs.3.03 crore. In the absence of any enforceable agreement with NOCL, the prospects of recovery of the balance Rs.1.53 crore are bleak with a consequential interest loss of Rs.22 lakh (calculated at 13 *per cent per annum* from July 2001 to August 2002). The Company also exposed itself to the risk of having to pay enhanced compensation, if any, at a later date without possibility of recovering the same from NOCL.

2A.8.4 Marketing of plots

2A.8.4.1 The Company sells plots on long-term lease of 99 years. The details of land sold during the last five years up to 2001-02 are given in **Annexure-15.**

From the Annexure, it may be seen that the Company could sell only 1,301 acre of land during the last five years. It was further noticed that even though the Board of Directors decided (November 2000) to undertake aggressive marketing to improve the critical financial situation, the Company could sell only 244 acre of land in 2001-02, out of 11,284 acre of land available as on 31 March 2001. The total area remaining unsold with the Company as on 31 March 2002 was 11,040 acre and this remained unsold for periods ranging from one to seven years.

In two complexes *viz*., Export Promotion Industrial Park at Gummidipoondi (discussed under Paragraph 4A.3.3 of Report of the Comptroller and Auditor General of India (Commercial) for the year ended 31 March 2001) and Nilakottai, the Company could not sell a single plot even three years after development and the sale of plots in Bargur and Gangaikondan complexes was confined to just three cases(36 acre).

2A.8.4.2 Fixation of plot cost

In respect of the new industrial complexes, the plot costs are fixed on the basis of cost estimate of the scheme after adding cost of funds for the duration of development along with service charges at 20 *per cent*.

The average cost per acre of land, cost of development of infrastructure, selling price *etc*., are given in **Annexure-16**.

Creation of infrastructure at prohibitive cost resulted in non-sale of industrial plots.

2A.8.4.2.1 From **Annexure-16**, it may be seen that the cost of development was very high and ranged between 216 and 725 *per cent* of the land cost. This was mainly due to incurring of huge expenditure in creating infrastructure without matching demand from the prospective entrepreneurs. It was also noticed that instead of adopting phase-wise development, the Company resorted to development of the entire/large area in new industrial complexes with high standards of infrastructure involving huge expenditure (refer Paragraph 2A.8.6 *infra*). It is pertinent to mention here that the selling price of the plots varied from 403 per cent to 2,553 *per cent* of land cost, due to execution of development works at very high cost. In Perundurai complex the demand for plots was very poor even after lowering the selling price.

It may be seen from **Annexure-16** that the selling price of plots in respect of three projects was high and ranged between 121 to 285 *per cent* of cost. In the absence of strategy for fixation of prices realistically with reference to market scenario, the Company continued to sell at the prices fixed originally, which led to poor sales performance.

It is also observed that whereas the Company was not able to market the plots, it also permitted surrender of plots and refunded an amount of Rs.2.38 crore (2001-02) received for the plots.

2A.8.5 Development of industrial complexes

The land acquired for industrial complexes is developed with infrastructure facilities *viz*., roads, sewerage systems, streetlights, water supply system, *etc*. The details of physical and financial outlay achieved in respect of roads, sewerage and streetlights in five industrial complexes during the last five years ended 31 March 2002 are given in **Annexure-17**.

Infrastructure facilities created by incurring Rs.59.84 crore remained largely under-utilised.

The creation of infrastructure in industrial complexes was not on the basis of any minimum number of entrepreneurs requesting for allotment of plots. The Company created infrastructure facilities at huge costs over large areas of land instead of developing in a phased manner. Even though the Company was aware of the general recession in industrial growth as early as in 1997-98, it resorted to development of infrastructure by incurring Rs.59.84 crore in five complexes *viz.*, Nilakottai, Sriperumbudur, Siruseri, Perundurai and Irrungattukottai.

Audit analysis revealed that in Nilakottai, where the entire land acquired (388 acre) was developed by incurring an expenditure of Rs.3.07 crore, not a single acre has been sold till date (March 2002). Similarly in Irungattukottai, out of 1,253 acre developed (other than land allotted to M/s Hyundai Motors Limited) by spending Rs.26.67 crore, only 219 acre had been sold. In Perundurai, where 1,300 acre were developed at a cost of Rs.20.12 crore, the Company could sell only 349 acre. This proves that the Company created infrastructure facilities without matching demands and that even after creation of such facilities was unable to sell the developed plots.

2A.8.5.1 Execution of road works

A critical analysis of execution of road works by the Company revealed the following:

(i) The main roads, internal roads, medians and storm water drains in the industrial complexes were constructed as per the standards of Ministry of Surface Transport (MOST), which are stipulated and adopted for laying National Highways, where traffic potential and intensity are very high. While the average cost of laying road at Nilakottai was Rs.15.42 lakh per km. in 1995-96, the same was Rs.56.53 lakh per km. in respect of Perundurai, Irungattukottai, Siruseri and Sriperumbudur, which were laid within four years thereafter. This resulted in escalating the cost of industrial plots to non-saleable level. It was replied (May 2002) that MOST standards for laying of roads were adopted as per the recommendations of the consultant to bear heavy industrial loads.

Unnecessary increase in road length resulted in extra expenditure of Rs.4.64 crore.

(ii) In Sriperumpudur industrial complex, 120 acre (out of 160 acre sold so far) were allotted to one industry *viz.*, Saint Gobain Glass India Limited. For their use, internal roads of 1.65 km. length were proposed to be laid at a cost of Rs.1.96 crore. Though the demand for plots in this complex was poor, the Company increased the road length to 6.10 km. and awarded (November 1998) the work at a total cost of Rs.5.96 crore. The road works are yet to be completed (March 2002) and the Company has incurred Rs.6.60 crore so far. In view of poor demand for plots in this complex, the additional expenditure/commitment of Rs.4.64 crore on road works lacked justification.

(iii) In Siruseri industrial complex, in addition to the contract value of Rs.4.25 crore for laying of roads, additional works to the extent of Rs.0.98 crore were given to the same contractor in violation of Government Order prohibiting award of additional works to the same contractor without calling for tender for a value exceeding Rs.2.50 lakh. Further, it was noticed that a portion of the road (1.6 km.) was in damaged condition due to design defect, poor workmanship, *etc.*, but no action has, so far, been taken against the contractor and the consultant.

(iv) (a) In Irungattukottai industrial complex, the Company paid (August 1997) Rs.2.45 crore to National Highway Department for widening the National Highway in front of Hyundai Motors Limited for facilitating easy movement of vehicles in expectation of reimbursement from National Highway Department later. However, it was observed that the Chief Engineer, National Highway Department had stated in June 1997 itself that this was not their work and hence no reimbursement was possible. Widening work carried out on a road not owned by the Company was unwarranted.

(b) Similarly, the Company spent (2000-02) a sum of Rs.2.32 crore out of borrowed funds from SIDBI for improvements to a village road belonging to State Highway Department. The Company stated (June 2001) that the proposed road would serve as another approach for the Irungattukottai complex particularly to the proposed truck terminal. It was, however, observed in Audit that the improvement work was not included in the scheme for the complex approved by the Government and that the proposed truck terminal had not materialised till date (March 2002). Viewed from the fact that only 219 out of 1,253 acre has been sold in the complex, improvement to the village road by incurring Rs.2.32 crore was unwarranted.

2A.8.5.2 Execution of works for sewerage system

The sewerage system includes laying of pipelines to receive the industrial wastes of units and convey them for treatment to oxidation pond or common effluent treatment plant. A review of records relating to sewerage system completed in Nilakottai, Irungattukottai and Perundurai industrial complexes revealed the following:

(i) For Nilakottai, the contract relating to sewerage systems at a cost of Rs.59.82 lakh awarded in June 1994 to Tamil Nadu State Construction Corporation Limited (TNSCC), a State Public Sector Undertaking, was cancelled (December 1997) due to slow progress of work. The balance work was given (October 1999) to a private contractor and the Company incurred a total expenditure of Rs.81.25 lakh on this work. The Company could not recover additional expenditure of Rs.21.43 lakh from TNSCC in the absence of an enabling clause in the contract. As there was no demand for the plots, as could be seen from the fact that not a single plot had been sold, the cancellation of sewerage works awarded to TNSCC due to slow progress and getting the same executed at an additional cost lacked justification. It was replied (May 2002) that the sewerage works were executed through private contractor to increase the demand potential. However, the fact remains that in this complex not a single plot has been sold till date (March 2002).

Sewerage system constructed at a cost of Rs.6.63 crore was kept idle.

(ii) In Irungattukottai the sewerage system executed at a cost of Rs.6.63 crore was not put to beneficial use even after a lapse of more than one year due to the failure of the Company to hand over the site for oxidation pond and the existing industries are discharging their effluents in the open area.

Laying of HDPE pipes over the entire area in haste resulted in idle investment of Rs.3.89 crore.

(iii) In order to cover an area of 47 acre sold out of 516 acre earmarked for polluting industries, a proposal to set up Common Effluent Treatment Plant (CETP) at Perundurai complex was approved (January 1999) by Government with a condition that the work should be executed with the contribution from the entrepreneurs. However, the Company laid High Density Polyethylene (HDPE) pipelines over the entire 516 acre at a cost of Rs.4.28 crore. As this CETP was to cater to the needs of the existing industries in 47 acre only, laying of pipelines for the whole area was not justified. This resulted in idle investment of Rs.3.89 crore.

2A.8.5.3 Execution of street light works

The work of providing street lights in industrial complexes included erection of steel tubular poles with double or single fittings for sodium vapour lamps and provision of underground cables between the poles. A detailed analysis of the works executed at the four complexes in Nilakottai, Perundurai, Siruseri and Irungattukottai revealed the following:

(a) A comparison of expenditure on provision of street lights incurred by the Company with that incurred by Chennai Corporation revealed that while the cost of electric lamp post was Rs.21,000 in Siruseri, Rs.19,900 in Irungattukottai and Rs.15,210 in Perundurai, the same was Rs.9,676 in Chennai Corporation. This resulted in an avoidable extra expenditure of Rs.0.81 crore on 1,232 lamp posts provided in these three complexes.

(b) The Company has not standardised the fixtures and fittings for its industrial complexes nor carried out any survey before finalising the requirement. During the last five years, in three industrial estates (Perundurai, Irungattukottai and Nilakottai) 1,602 (out of total 1,821) street lights remained (September 2002) to be energised.

2A.8.5.4 Execution of water supply works

2A.8.5.4.1 The execution of water supply system includes tapping of water from under ground or lakes/rivers, laying of pipes for conveying water, installation of booster pumps, construction of sumps/overhead tanks, laying distribution water line, *etc.* The table in **Annexure-18** indicates the expenditure incurred, capacity created for water supply and actual consumption.

Infrastructure for water supply created at Rs.79.35 crore remained grossly under-utilised.

From the table, it would be observed that the Company incurred Rs.79.35 crore for creation of capacity to draw 28.3 Million Gallons Per Day (MGD) against the actual consumption of just 2.83 MGD indicating that infrastructure created at a cost of Rs.79.35 crore remained grossly under-utilised.

2A.8.5.4.2 Government of India guidelines stipulate that the growth centres should be located close to a dependable and adequate water source. However, most of the industrial complexes established by the Company were away from water sources by more than 20 km., thereby increasing the cost of water supply schemes. It was also observed that the water sources for the industrial complexes were inadequate and undependable.

Assessment of water requirement for industries was not based on specific demand or on realistic basis. Even though State Government approval was a pre-condition for drawal of water of more than one MGD from ground source, it was not obtained in respect of Bargur complex.

2A.8.5.4.3 Execution of works through Tamil Nadu Water Supply and Drainage Board (TWAD)

(i) All the schemes except Chemabarampakkam were executed through TWAD. It was noticed in Audit that while entrusting water supply schemes to TWAD, no cost-analysis was done or detailed estimates prepared.

The Company did not obtain detailed accounts for remittance of Rs.22.80 crore deposited with TWAD.

(ii) Though the Company had taken technical officers from TWAD on deputation for coordinating with various agencies and overall technical supervision, the water supply schemes were entrusted to TWAD on turnkey basis.

(iii) The Company remitted (1993 to 1998) Rs.22.80 crore to TWAD as deposit for execution of water supply works for Perundurai, Nilakottai, Gangaikondan and Bargur complexes. But it was noticed that the details of actual expenditure and the balance receivable were not obtained from TWAD even three years after completion of the schemes.

(iv) The Company paid centage at 22.5 *per cent* of value for all capital items *viz.*, pipes and equipment, which could have been avoided had these items been purchased directly and supplied to TWAD. A test check in respect of Tuticorin Water Supply Scheme indicated that payment of centage on capital items (value: Rs.4.31 crore) worked out to Rs.0.97 crore.

(v) In respect of Araniyar Water Supply Scheme (Gummidpoondi complex), a sum of Rs.4.28 crore was deposited with TWAD in 1995-96, but the statement of accounts for the expenditure of Rs.2.98 crore only was received in September 2001 after protracted correspondence. The balance amount of Rs.1.30 crore was not refunded by TWAD so far (March 2002). Further, during the execution of the scheme, TWAD supplied capital equipment, *viz.*, voltage stabilizers, 14 generator sets, *etc.*, costing Rs.42.75 lakh, which were neither required for the system nor in the working condition.

A critical analysis of the implementation of water supply schemes in three locations, *viz.*, Chembarambakkam, Araniyar and Perundurai indicated the following deficiencies:

2A.8.5.4.4 Chembarambakkam Water Supply Scheme

(i) The Government permitted (March 1997) the Company to draw 5 MGD of water from Chembarambakkam lake for Irungattukottai and Sriperumpudur complexes subject to availability of water in the lake.

In spite of this, the Company created infrastructure for drawing and conveying 10 MGD from Chembarambakkam to Irungattukottai and Sriperumbudur at a total cost of Rs.35.29 crore. As the Government permitted drawal of 5 MGD only for both the projects, the Company should have restricted the infrastructure to draw 5 MGD water from Chembarambakkam.

Pipelines for carrying water laid at a cost of Rs.11 crore remained unutilised due to non-availability of water.

(ii) The Company laid pipelines for carrying water from Irungattukottai to Sriperumbudur at a cost of Rs.11 crore. These pipelines completed in November 1999, has been lying idle since then due to non-availability of water at Chembarambakkam lake. The water for Sriperumbudur complex is being supplied through locally dug bore wells and lorries, rendering the entire expenditure of Rs.11 crore infructuous. The Company replied (May 2002) that it has requested the Government to increase the permitted drawal to 10 MGD. The fact remains that there is no water supply through these pipelines and no possibility of Government increasing the permitted drawal in view of the poor storage in the lake. Moreover, the actual drawal of water by the Company was 0.5 MGD only.

(iii) The Company deposited (May 1998) Rs.1.16 crore with Public Works Department (PWD) for the construction of a sluice and a watch tower at Chembarambakkam lake for the anticipated drawal of 15 MGD. As stated above, the water supply from the lake was inadequate and undependable and the actual drawal of water by the Company was a meagre 0.5 MGD against the permitted 5 MGD, thus, the decision to construct a sluice and watch tower at a cost of Rs.1.16 crore lacked justification.

(iv) In order to extend water supply from Irungattukottai (13^{th} km. from Chembarambakkam) to Sriperumpudur via Nemili (17^{th} km. from Chembarambakkam) the Company decided (November 1998) to install a booster station at Nemili to increase water pressure and accordingly laid 800 mm dia pipes from Irungattukottai to Nemili and 600 mm dia pipes from Nemili to Sriperumbudur. The Nemili project was shelved in September 2001{*vide* Paragraph 2A.8.2.2 (ii)} and the Company decided to locate the booster station at Irungattukottai itself. This implied that 600 mm dia pipes would have been sufficient for the entire length from Irungattukottai to Sriperumbudur. As the reasons attributed for shelving Nemili project, *viz.*, absence of access to National Highways and non-availability of water were known even before initiating the project, the Company should have laid the 600 mm dia pipe only up to Nemili. Laying of 800 mm dia pipes in haste up to Nemili resulted in avoidable extra expenditure of Rs.1.55 crore being the differential cost involved in laying 800 mm dia pipes instead of 600 mm dia pipes from Irungattukottai to Nemili.

(v) At Chembarambakkam head works, as against the actual requirement of two motors (including one as a standby), the Company procured six motors at a cost of Rs.46.94 lakh. Installation of four additional motors was unwarranted and resulted in avoidable expenditure of Rs.31.29 lakh.

2A.8.5.4.5 Araniyar Water Supply Scheme

Investment of Rs.4.28 crore on Araniyar Water Supply scheme remained largely under utilised.

Araniyar Water Supply Scheme was executed (1997) through TWAD for supply of 2 MGD of water to the Gummidpoondi industrial complex at a total cost of Rs.4.28 crore. Though the work included erection of 29 bore wells in the river basin for supply of 2 MGD of water, TWAD could erect only 14 bore wells due to objections by the local public. Even out of 14 bore wells erected, only five were functioning as of March 2002 with a yield of 0.6 MGD and the remaining bore wells were in damaged condition. In view of the poor yield of water in the river bed, the Company had to drill 14 bore wells within the Gummidipoondi industrial complex during 2001 at a cost of Rs.14.70 lakh rendering the investment of Rs.4.28 crore on Araniyar water supply scheme largely under utilised.

2A.8.5.4.6 Cauvery Water Supply Scheme for Perundurai growth centre

For supply of water to Perundurai growth centre, the erstwhile TACID decided (1992) to draw water from Cauvery river at Bhavani. Accordingly, the water supply scheme for drawal of 12.5 Million Litre Per Day (MLD) of water was entrusted to TWAD on turnkey basis at an estimated cost of Rs.9.23 crore. Even when there was no firm demand from the prospective entrepreneurs for allotment of plots, the Company *suo motto* increased the water requirement to 18 MLD and the investment to Rs.14.13 crore (September 1995). After payment of Rs.10.57 crore during the period from 1993 to 1997, the work was completed by TWAD in December 1998. It was noticed in Audit that as against the capacity of 18 MLD, the actual drawal of water was only 0.153 MLD. From this it would be clear that the Company hastily increased the scheme capacity without matching demand and incurred a minimum avoidable extra expenditure of Rs.1.34 crore on the above scheme. Though the Company had no demand even for raw water from the entrepreneurs, installation of water treatment plant in 1999 and laying of pipelines at a cost of Rs.2.58 crore lacked commercial prudence. It was replied (May 2002) that the water treatment plant was installed to improve the sale of plots in future but it was observed that the demand had not picked up.

2A.9 Maintenance of industrial complexes

The Company undertakes maintenance of the industrial complexes on behalf of the industrial units and as per the terms of agreement with the industrial units is entitled to recover general maintenance charges and water charges.

2A.9.1 General maintenance charges

(i) A review of outstanding maintenance charges in respect of three complexes *viz.*, Hosur, Ranipet and Gummidpoondi revealed that a sum of Rs.0.93 crore remained to be recovered from the allottees and the major portion of this amount was due from sick units and hence prospects of recovery are remote.

(ii) Though Perundurai growth centre was completed and inaugurated in July 2000, the Company had not fixed the maintenance charges to be recovered from the allottees so far (March 2002) due to low occupancy. This resulted in non-recovery of Rs.49.06 lakh incurred on the maintenance up to the same period.

2A.9.2 Fixation and collection of water charges

The amount spent by the Company on water supply schemes and other revenue expenses like water charges to TWAD, royalty to PWD and the expenditure on maintenance of water supply installations are recovered from the allottees by way of water charges. The Company decided (July 1997) to recover 50 *per cent* of the capital expenditure from the allottees at the time of allotment of the industrial plots and the balance amount was to be collected over 30 years on annuity basis.

It was noticed that:

Non-existence of agreement for water supply resulted in non-recovery of Rs.6.23 crore of capital cost from allottees.

(i) The Company failed to collect the 50 *per cent* of capital expenditure amounting to Rs.5.07 crore from the allottees of Sriperumpudur complex and Rs.1.16 crore from the allottees of Perundurai complex because of non-existence of an agreement for water supply. It was replied (May 2002) that the Board took a decision not to collect capital charges for Perundurai as the allottees felt that the capital cost was very high.

(ii) The Company suffered a loss of Rs.4.26 crore on supply of water at Tuticorin, Hosur and Gummidipoondi complexes during the last five years ended 31 March 2002. This was mainly due to delay in revision of water charges and the method adopted for recovery of arrears.

(iii) The Company could not recover the entire annual maintenance expenditure incurred in Perundurai complex, as the area sold was very much less compared to the total area provided with water supply facilities. This resulted in a loss of Rs.0.62 crore for the period from April 2000 to December 2001.

2A.10 Infructuous expenditure on consultancy for port development

Infructuous expenditure of Rs.2.26 crore was incurred on conducting a feasibility study on minor ports without assessing the traffic potential.

The erstwhile TACID was directed (September 1996) by the Government to develop minor ports at Cuddalore and Colachel. Without doing preliminary study of traffic potential and identifying the prospective promoters for the above ports, the Company engaged (August 1997) M/s Consultancy Engineering Services (Private) Limited, New Delhi for preparation of techno-economic feasibility report at a cost of Rs.1.85 crore and incurred Rs.40.57 lakh towards other incidentals in this regard. The feasibility report received in February 1999 could not be used as the Company was unable to identify any promoter to make use of the feasibility report. Subsequently, it was found (March 2001) that the traffic potential was not adequate to develop the ports. Since the feasibility report remained untested from 1999 onwards, the total expenditure of Rs.2.26 crore was rendered unfruitful. The Company replied (July 2002) that the development of Cuddalore port was deferred due to non-implementation of anticipated projects in the area, which only confirms the fact that the expenditure was incurred without assessing the traffic potential.

2A.11 Lending activities

2A.11.1 Sanction and disbursement of term loan

The term-lending activities of the Company were transferred (May 1999) to TIIC but the follow-up and recovery of loans already sanctioned by the Company remained with it. The Company actually transferred these activities in October 2000 only and in the meantime continued to sanction/disburse term loans in violation of the instructions of the Government.

The following table indicates the position regarding year-wise sanction and disbursement of loans during the five years up to 2001-02:

(Amount – Rupees in crore)

Year	Sanctions		Disbursement	
	Number of units	Amount	Number of units	Amount
1997-98	23	41.08	56	40.67
1998-99	21	39.75	47	27.49
1999-2000	15	28.30	22	10.33
2000-01	18	0.71	18	11.53
2001-02	---	---	6	3.99
TOTAL	**77***	**109.84**	**149***	**94.01**

* **The variation in figures between sanctions and disbursement is due to disbursement of loans sanctioned in previous years and subsequent cancellations of sanction.**

*2-15—11

It may be seen from the above table that the term loan sanctioned/disbursed up to 1999-2000 showed a declining trend, which was attributed by the Company to general recession and availability of funds at lower interest rates in the market. Even after transfer of term-lending operations to TIIC from May 1999, the Company sanctioned term loans amounting to Rs.29.01 crore and disbursed Rs.25.85 crore during the same period in violation of Government Order. The Company admitted (July 2002) that even after receipt of Government order, sanctions of loans were made for existing assisted units for expansion besides hotel and hospital projects.

2A.11.2 Recovery of dues

The details of loans due for recovery, amount actually recovered and amount over due for recovery at the end of each of the last five years ending 2001-02 are given in **Annexure-19**.

From the Annexure, it would be observed that:

Poor recovery performance resulted in increase in outstanding dues from Rs.144.86 crore in the beginning of 1997-98 to Rs.368.63 crore in March 2002.

(i) The amount to be collected, which was Rs.144.86 crore (Rs.40.51 crore principal plus Rs.104.35 crore interest) in the beginning of 1997-98 increased to Rs.368.63 crore (Rs.79.31 crore principal plus Rs.289.32 crore interest) in 2001-02.

(ii) The recovery has been showing a declining trend from 28 *per cent* in 1997-98 to 10 *per cent* in 2001-02.

(iii) The recovery of arrears was abysmally low in 2001-02 (Rs.11.80 crore) despite collection of Rs.5.24 crore under one-time settlement scheme.

Only 22 out of 275 borrowers are regular in repayment.

(iv) No separate targets for collection of current dues and arrears were fixed. The targets fixed for recovery of dues were never correlated with the outstanding dues. The targets fixed for recovery of principal steadily decreased during the last five years from 72 *per cent* in 1997-98 to 23 *per cent* in 2001-02. It was also observed that only 22 out of 275 borrowers are regular in repayment of dues. Further, even after expiry of the full repayment period of eight years for term loan, the Company could not recover the dues in many cases, which increased from 32 units in March 1997 to 136 units in March 2001 with corresponding increase in principal outstanding from Rs.7.66 crore to Rs.34.45 crore. While the Company was not able to recover the dues fully from the loanees, it paid back all the refinance dues to SIDBI on time, thereby depleting the scarce funds. It was replied (July 2002) that separate targets were not fixed for current dues and arrears since that was not considered as a means of achieving recovery. The reply only confirms the fact that the Company was not exercising any control over recovery of dues.

2A.11.3 Non-performing assets

In terms of IDBI guidelines of October 1994 as modified from time to time, the loan portfolio of the Company is classified as Standard Assets or

Performing Assets (PA) and Non-performing Assets (NPA) for the purpose of income generation/recognition and provision. An asset becomes a NPA, when it ceases to generate income for the Company or the interest remain due for a period exceeding two quarters. The following table gives the details of NPA as at the end of last five years.

Non-performing assets increased from Rs.93.03 crore to Rs.161.34 crore during the five years ended 31 March 2002 due to poor follow-up.

(Amount – Rupees in crore)

Type of assets	1997-98	1998-99	1999-2000	2000-01	2001-02 (Provisional)
Total asset/loan balance	255.69	250.02	227.49	214.77	197.58
LESS: Standard assets	162.66	132.78	103.27	50.42	36.24
Non-performing assets	93.03	117.24	124.22	164.35	161.34
Percentage of NPA to total assets	36.38	46.89	54.60	76.52	81.66

The above table indicates the gradual increase in NPA from 36.38 to 81.66 *per cent*, which was abnormally high as compared to 7 to 9 *per cent* in the case of other Financial Institutions and Nationalised Banks.

It was replied (July 2002) that the NPA had gone up due to recessionary trend and sudden stoppage of lending activity. The reply is not acceptable as the high percentage of NPA, which increased to 81.66 *per cent* could be attributed to poor follow-up.

NPA are further subdivided in to substandard, doubtful and loss assets depending upon the periods for which they remain unpaid. A further analysis of NPA for the five years up to 2001-02 revealed that the Company failed to prevent the slippage of standard assets in to sub-standard, doubtful and loss assets as detailed below:

Loss assets increased from Rs.3.39 crore in 1997-98 to Rs.24.01 crore in 2001-02.

(Amount – Rupees in crore)

Details	1997-98	1998-99	1999-2000	2000-01	2001-02 (Provisional)
Sub-standard	41.25	43.27	49.14	45.49	47.28
Doubtful	48.39	67.41	57.51	91.13	90.05
Loss Assets	3.39	6.56	17.57	27.73	24.01

Note:

1. **Sub-standard asset is one, which remains unpaid up to two years.**
2. **Doubtful asset is one, which remains unrecovered for more than two years.**
3. **Loss asset is one, which requires to be written off either fully or partly.**

The steep increase in loss assets, in which there are no chances of recovery indicates poor follow-up action by the Company. In addition, the borrowers' balance sheet and profit and loss accounts are not obtained periodically and analysed by the Company to have a complete picture of risk profile of the assets. Increased NPA were mainly attributable to system failures and follow-up failures as discussed in following paragraphs.

2A.11.4 Irregularities in sanction and failure in follow-up of loans

A critical study of appraisal memoranda and other records relating to 60 units, out of 275 assisted units pending recovery as on March 2002 revealed that the subsequent sickness of the assisted units and non-recovery of dues could be traced to one or more reasons of inadequate pre-sanction appraisal or post sanction failures as summarised below:

Sl.No.		No. of units
A	**Deficiency in pre-sanction appraisal**	
(i)	Unproven technology and unviable projects	16
(ii)	Failure to analyse the financial soundness of promoters/data	5
(iii)	Collateral security offered was inflated	6
(iv)	Non-enforceability of claims in respect of primary assets	3
B.	**Post sanction failures**	
(i)	Non-verification of assets	6
(ii)	Inadequacy of working capital	11
(iii)	Non-availability of skilled labour and market demand	20
(iv)	Inefficiency/deficiency in management	12
(v)	Non-compliance with statutory provisions/regulations	11
C.	**Follow-up failures**	
(i)	Periodical inspection not conducted/Progress Report not obtained	7
(ii)	Acceptance of cheques even after dishonour of earlier cheques	19
(iii)	Delay in invoking personal guarantee or taking possession of assets	7
(iv)	Missing assets	7

Poor recovery performance of the Company due to incorrect appraisals of the project, poor follow-up of loans after disbursal and inadequate follow-up of closed accounts were analysed by audit and 27 such cases involving total overdue amount of Rs.50.69 crore are given in **Annexure-20**.

Apart from the above, some of the cases involving serious irregularities in extension of financial assistance are discussed below:

2A.11.4.1 Sanction of loan to known defaulter

Loss of Rs.2.58 crore due to sanction of term loan to a known defaulter.

M/s Chimique Labs (India) Limited was sanctioned (May 1998) lease finance of Rs.2.07 crore for purchase of machinery. Even though two cheques for Rs.4.94 lakh given by the loanee unit towards upfront fee were dishonoured (July 1998), Managing Director condoned the lapse of the loanee. Later on, loan amounting to Rs.2 crore was disbursed in August and November 1998 with a warning letter to the loanee that further dishonour of cheques would be viewed seriously. Shortly after disbursal, machinery worth Rs.1.12 crore were found (June 1999) missing from the project site. Even after this, no action was taken to recall the loan as the loanee intimated that the machineries had been sent for repair and assured that these machineries would be installed by July 1999. From the records made available to Audit, it is not clear whether the

Company took any action after July 1999. All the cheques for Rs.2.31 crore received from the unit during the period from May 1999 to October 2000 were dishonoured. However, the loan was foreclosed only in May 2001 after a delay of two years and simultaneously a criminal complaint for dishonour of cheques was lodged. The Company did not take possession of assets of the unit immediately in spite of having collateral security for a meagre amount of Rs.33.64 lakh. The over due position of loan as on March 2001 was Rs.2.58 crore including interest amounting to Rs.12 lakh. The unit had gone in to liquidation from February 2002. The Company replied (July 2002) that they had taken possession of the unit and legal action is being initiated for recovery of dues. However, the fact remains that the extension of loan even after knowing the poor credit worthiness of the party compounded with follow-up failures resulted in non-recovery of Rs.2.58 crore. The Company has not fixed any responsibility for the lapses.

2A.11.4.2 Disbursement without ensuring statutory clearance

Loss of Rs.1.76 crore due to sanction of loan to a unit without ensuring clearance by Pollution Control Board and other Statutory Authorities.

A request for a loan to set up HDPE/PP sack manufacturing unit from M/s Harikrishna Polymers (Private) Limited in a residential area at Valasarawakkam in Chennai was rejected by the Company (June 1994), since managerial and financial capabilities of the promoter were considered doubtful. However, in August 1994, the Company on reconsideration of loan application sanctioned Rs.1.20 crore with a condition that the unit should obtain statutory, local body and pollution control clearances before setting up a manufacturing unit in the residential area. An amount of Rs.1.08 crore was disbursed in March 1995 by relaxing the above conditions. The unit was closed (November 1995), as it could not get clearance from the Pollution Control Board and in view of stay obtained by the residents. Even though the unit was not working, action to recall the loan was not taken. The proposal (January 1997) for foreclosure of loan due to default in repayment of loan was also withdrawn after accepting payment of Rs.9.63 lakh only. However, no payments were received thereafter resulting in mounting of overdues to the extent of Rs.1.76 crore including interest amounting to Rs.0.71 crore (March 2002). The chances of recovery are bleak as the unit is liable to pay a sum of Rs.5.69 crore to various statutory authorities and other private parties. Further, the machineries are also not in running condition. It was replied (July 2002) that the requirement of Pollution Control Board clearance was relaxed before disbursement by withholding 10 *per cent* of loan. The reply is untenable as withholding just 10 *per cent* of loan for not getting statutory clearance was against the financial interest of the Company.

Thus, the sanction of loan to promoters, whose financial background was doubtful and disbursal of loan amount by relaxing the main condition of obtaining clearance from Pollution Control Board stipulated for grant of loan resulted in a loss of Rs.1.76 crore.

2A.11.4.3 Sanction of loan to an unviable unit

Non-recovery of Rs.1.13 crore due to sanction of loan to an unviable unit.

A request from Renaisance Petrolube Limited for a term loan for setting up a unit to produce lubricant oil in SIPCOT complex at Manamadurai was turned down (August 1996) by the Company as it was thought that it would be difficult for the small units to compete with big companies like Indian Oil Corporation, Bharat Petroleum Corporation, *etc.*, and it would be necessary to have a minimum production capacity of 15,000 tonne *per annum* to stay in the industry. The Company reversed this decision and sanctioned (December 1996) a loan of Rs.1.40 crore on the basis of the report of the consultant of the unit that even with the capacity of 10,000 tonne *per annum* it would be financially viable to operate. The loan amount was disbursed between December 1997 and December 1998. In view of severe problems in marketing and finance, the unit could achieve production to the extent of only 3.3 *per cent* of the capacity. Consequently, the unit defaulted in repayment of loan despite rephasement in December 1999. Over dues as on 31 March 2002 were Rs.1.13 crore including interest of Rs.0.63 crore. The loan is yet to be foreclosed.

Thus, extension of financial assistance to an unviable unit with inherent marketing problems resulted in accumulation of over dues amounting to Rs.1.13 crore.

2A.11.5 Delay in disposal of units taken over

2A.11.5.1 In case of default in repayment of loan by the borrowers, the Company is empowered under Section 29 of the State Financial Corporations Act, 1951 to take over the assets of the assisted units and sell the property to realise the dues. A test check of 31 cases, where the assets were taken over and not disposed off till April 2002 by the Company, revealed that there were enormous delays in disposal of assets as detailed below:

Value of assets taken over against dues of Rs.65.60 crore was Rs.19.17 crore only.

(Amount – Rupees in crore)

Sl.No.	Age-wise delay after possession	Number of units	Overdue amount
1.	More than three years	23	38.62
2.	2 to 3 years	5	12.35
3.	1 to 2 years	3	14.63
	TOTAL	31	65.60

It was observed that the present value of assets taken over was only Rs.19.17 crore (as on 2000-01) as against the dues of Rs.65.60 crore, indicating a loss of Rs.46.43 crore on these assets. Moreover, 24 assets having book value of Rs.58.79 crore could not be sold even after more than two to three auctions for want of bidders. Due to delay in disposal, the Company had not only to incur Rs.3 crore towards security, insurance and maintenance of assets during the five years up to March 2002, but also to bear the loss due to deterioration in value of assets. It was replied (July 2002) that the buyers are discouraged from purchasing these assets due to claim of statutory dues *viz.*, Sales Tax, Electricity, *etc.*, relating to them and to reduce the expenditure on maintenance, the number of security guards were also reduced.

2A.11.5.2 Besides the 31 cases mentioned above, it was seen that assets of 10 units (outstanding loan of Rs.28.75 crore as on 31 March 2001) were taken over by official liquidators/TIIC/banks. In these assets, the Company had only proportionate claim over the value of assets, which could not be ascertained for want of details.

Absence of any strategy for timely disposal of assets taken over and lack of realistic assessment of the value of assets with related encumbrances/liabilities attached to them resulted in continued maintenance of assets indefinitely. Under these circumstances, the amount to be realised on disposal of assets would not even match the cost of maintenance/security charges, in many cases.

2A.12 Subsidy to industries

2A.12.1 Disbursement of subsidy without any follow-up

Failure to take any follow-up action as per the terms and conditions of the scheme, defeated the objective of scheme.

From the year 1982, the Company has been engaged in implementing the State capital subsidy scheme. Under this scheme, new/existing industries undertaking substantial expansion/diversification were extended capital subsidy. During the period under review, the Company disbursed subsidy of Rs.32.24 crore to 364 units.

As per the terms and conditions governing release of subsidy to industrial units, the beneficiaries are required to be in operation for a minimum of five years from receipt of subsidy failing which they would have to refund the subsidy with interest. They are also required to submit annual progress report. In this connection, it was noticed that the Company did not take any follow-up action to ensure the continuance of the beneficiary unit and no reports were received from them periodically, thereby defeating the objective of the scheme.

2A.13 Human resources

2A.13.1 As already discussed in Paragraph 2A.1, the functions of TACID were overlapping with those of SIPCOT and therefore, it was decided to merge TACID with SIPCOT. As a result of overlapping functions, the administrative expenditure of Rs.2.20 crore incurred by TACID during the period from 1995 to May 1999 when both the companies co-existed, could have been avoided.

2A.13.2 The Government ordered (May 1999) transfer of loan functions to TIIC along with the staff but the Company did not take any action to transfer 15 employees, who were engaged in the loan sanctioning activities. This is resulting in additional expenditure of Rs.18 lakh *per annum*.

The Company subsequently identified (November 2001) 71 employees as surplus and a Voluntary Retirement Scheme (VRS) was approved (June 2002) by the Board of Directors and the same is under implementation.

The above matters were reported to the Government in July 2002; their replies had not been received (September 2002).

Conclusion

Though the main objectives did not provide, the Company, based on the order of Government, is engaged in acquisition and development of land with necessary infrastructural facilities. The review of industrial development activities undertaken in the form of development of industrial complexes and sanction of term loans to entrepreneurs indicated dismal performance by the Company. The Company incurred losses in the last four years mainly because of development of industrial plots without considering the slow down in industrial growth and increase in non-performing assets.

The Company could not market the industrial plots developed, mainly because of improper selection of locations and failure to conduct preliminary survey. Further, undertaking of infrastructure development works with high standards over vast areas instead of in a phased manner, resulted not only in locking up of huge funds and consequent interest burden but also kept the entrepreneurs away from buying the plots due to their prohibitive cost. In the term loan activity, the Company suffered losses due to deficiencies in pre-sanction appraisal and post-sanction follow-up action.

Thus, the Company unnecessarily diversified its activities, which failed due to lack of expertise in infrastructural development. Concerted efforts are to be taken to have proper systems and policy guidelines for selection of site, market the vast area of developed land remaining unsold and to improve the recovery performance of principal and interest. The Company has to identify its core activities, amend its objectives suitably and formulate a long-term business strategy for its survival.

SECTION 2B

TAMIL NADU TEXTILE CORPORATION LIMITED

HIGHLIGHTS

Tamil Nadu Textile Corporation Limited was incorporated in April 1969 to provide employment to the workers of the closed textile mills in the State.

(Paragraph 2B.1)

Accumulated loss of Rs.3.42 crore as on 31 March 2002 completely eroded the paid up capital of Rs.1.54 crore as on that date. Accumulated losses of Rs.3.42 crore were inclusive of losses of Rs.6.52 crore of Somasundaram Super Spinning Mills and the write off of Rs.1.53 crore in respect of Cauvery Spinning and Weaving Mills vested with the Company.

(Paragraph 2B.6.1)

Capacity utilisation of available loom hours ranged from 38.11 to 66.14 *per cent* during last five years against norm of 90 *per cent*.

(Paragraph 2B.8.2)

Failure to achieve norm in loom-shed efficiency resulted in production loss of 69.88 lakh metre cloth valued at Rs.20.21 crore.

(Paragraph 2B.8.3)

Procurement of yarn at the rates higher than market rates resulted in extra expenditure of Rs.1.18 crore during last five years.

(Paragraph 2B.9)

The Company has neither formulated any marketing policy nor taken any efforts towards marketing development for polyester cloth.

(Paragraph 2B.10)

Retirement of 102 essential direct labourers under Voluntary Retirement Scheme resulted in idle capacity and corresponding production loss of 46.53 lakh metre cloth and contribution loss of Rs.1.96 crore during last three years.

(Paragraph 2B.11.2)

2B.1 Introduction

Tamil Nadu Textile Corporation Limited was incorporated in April 1969 to provide employment to the workers of the closed textile mills in the State.

The Company was incorporated in April 1969 to provide employment to the workers of closed textile mills, as a rehabilitation measure, when the textile industry was facing crisis due to increased cotton prices and a slump in the textile market. Initially, the Company took over the management of 14 sick private textile mills under the provisions of Industries (Development and Regulation) Act, 1951 and made them viable. Subsequently, these mills were nationalised (September 1974) under the Sick Textile Undertakings Nationalisation Act, 1974 and their management was handed over to the National Textile Corporation Limited (NTC), a Central Government Company. The Company was appointed by the Government of India (GOI) as "Authorised Person" to take over the management of Cauvery Spinning and Weaving Mills (CSWM) and Somasundaram Super Spinning (SSS) Mills during the period 1977-86 and 1986-94, respectively. CSWM was liquidated in April 1988 and SSS Mills was closed in July 1994.

The Company set up (1982) ten Power Loom Complexes (PLCs) each with 96 looms at a total project cost of Rs.4 crore. Out of these, seven PLC set up with subsidy (Rs.1.75 crore) from Integrated Rural Development Programme (IRDP) scheme, were later converted (1987) in to co-operative societies. The Company took over (February 1994) an Auto Loom Shed (ALS), commissioned in 1987, with 12 automatic CIMMCO looms at Kurichi, Coimbatore from Tamil Nadu Industrial Investment Corporation Limited (TIIC), a Government of Tamil Nadu Undertaking, at a cost of Rs.18 lakh. The present activities of the Company are confined to managing the remaining three PLC and one ALS, besides holding the defunct SSS Mills.

2B.2 Objectives

As per the Memorandum and Articles of Association, the main objectives of the Company are:

(i) To set up and run textile mills in the State of Tamil Nadu.

(ii) To carry on the business of textile mills in all its branches and to manage only such business or undertaking entrusted to it either by the Central or State Government.

(iii) To take over and run as an employment relief or other wise any textile mills in the State, which is closed or likely to be closed.

(iv) To weave or otherwise manufacture, buy and sell and deal in all kinds of cloth.

The following objectives were added to the object clause of the Company by an amendment in March/April 1999.

(v) To act as a "Nodal Agency" for extending financial assistance under GOI/State Government schemes for the power looms under co-operative sector.

(vi) To conduct market study in export/local markets.

(vii) To supply yarn (raw material) to the Power Loom Weavers Co-operative Societies.

It was observed in audit that none of the objectives added in 1999 have been taken up by the Company.

2B.3 Scope of Audit

The working of the Company was last reviewed in the Report of the Comptroller and Auditor General of India for the year ended 31 March 1992. Committee on Public Undertakings (COPU) discussed the review in November 1993. All recommendations of COPU excepting that relating to minimum tenure of three years for the Chief Executives of PSUs have been implemented. The present review conducted during January to May 2002 covers the performance of the Company during the period from 1997-98 to 2001-02, covering all the four units.

2B.4 Organisational set up

The management of the Company is vested in a Board of Directors consisting of eight Directors including Chairman. All Directors including Chairman are appointed by the Government. The Director of Handloom and Textiles (DH&T), Government of Tamil Nadu is presently the ex-officio Chairman of the Company. The Managing Director (MD), who looks after the day-to-day management of the Company, is a non-technocrat and is assisted by an Assistant Director of Handlooms and Textiles and an Assistant Manager of the Company.

Though COPU had recommended that the Chief Executives of the Public Sector Undertakings should have a minimum tenure of three years with a view to ensure continuity/stability and the Company had assured (January 1995) to

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follow-up the same, there were 11 MDs during the period of five years under review. In fact five MDs held the post for less than three months.

2B.5 Capital structure and borrowings

2B.5.1 Capital structure

The authorised and paid-up share capital as on 31 March 2002 were Rs.5 crore and Rs.1.54 crore respectively and the entire paid-up capital has been contributed by the Government of Tamil Nadu.

2B.5.2 Borrowings

As on 31 March 2002, the outstanding loans of the Company were as follows:

(Rupees in lakh)

Sl.No.	Particulars	Amount
(i)	**Loan from Canara Bank**	
	Principal	5.00
	Interest and other charges	14.69
(ii)	**State Bank of India – Import Cotton Account**	
	Principal	93.87
	Interest	224.99
(iii)	**Loan from Government of Tamil Nadu**	
	Principal	235.43
	Interest	232.52
	TOTAL	**806.50**

None of the loans was taken by the Company to meet its requirements.

Audit analysis of the loans revealed that none of the loans was taken by the Company to meet its requirements.

2B.5.2.1 Loan from Canara Bank was obtained (March 1992) to meet the day-to-day requirements of SSS Mills against the hypothecation of assets of SSS mills.

2B.5.2.2 Loan from Tamil Nadu Government, Rs.1.01 crore was a ways and means advance granted during the period 1981-1987 for providing funds to co-operative spinning mills (CSMs), SSS Mills and CSWM. The balance Rs.1.34 crore was sanctioned (April 2001) for settling retirement benefits under Voluntary Retirement Scheme (VRS) to workers and staff of SSS Mills.

2B.5.2.3 Loan from State Bank of India (SBI) was taken by the Company for extending financial assistance for import of cotton on behalf of CSMs in the State during 1988-89. SBI invoked (December 1995) State Government guarantee and filed (December 1998) an Original Application before the Debt Recovery Tribunal for the recovery of dues. The Company has taken up the matter (March 2002) with SBI for a negotiated out of court settlement. Though the loan amount (including interest) is shown in the accounts of the Company as recoverable from the beneficiaries (*i.e.*, CSMs), the chances of recovery are remote.

2B.6 Financial Position and Working Results

2B.6.1 Financial Position

Accumulated loss of Rs.3.42 crore as on 31 March 2002 completely eroded the paid-up capital of Rs.1.54 crore as on that date.

The financial position of the Company during the five years ended 31 March 2002 is given in **Annexure-21**. The accumulated losses sustained by the Company during the last five years ranged from Rs.1.92 crore to Rs.3.42 crore. Accumulated loss of Rs.3.42 crore as on 31 March 2002 had eroded the entire paid-up capital of Rs.1.54 crore as on that date. The net worth was negative throughout this period and ranged from Rs.0.25 crore to Rs.1.76 crore.

Audit analysis of the financial position revealed the following:

(i) The increase in unsecured loans in 2001-02 was due to the loan (Rs.1.34 crore) received from Tamil Nadu Government for settling VRS benefit to workers and staff of SSS Mills.

(ii) Current Assets of the Company as on 31 March 2002 include Rs.10.24 crore recoverable from 90 parties (Sundry Debtors). Out of this, Rs.5.64 crore (55.11 *per cent* of the total debts) were outstanding for more than three years. Out of 90 parties from whom the dues were recoverable, suits are pending in Civil Courts in respect of four parties for a total sum of Rs.22.69 lakh. The dues included Rs.3.19 crore consisting of Rs.0.94 crore towards principal and Rs.2.25 crore towards interest to be recovered from Srivilliputhur Co-operative Spinning Mills and North Arcot District Co-operative Spinning Mills towards the supply of imported cotton in 1987-88 for which Company had canalised the funds by acting as "Nodal Agency". In respect of dues amounting to Rs.2.11 crore, outstanding for more than three years from Government departments, it was observed that the concerned departments had not responded at all to the Company's request for settlement of dues.

Accumulated losses of Rs.3.42 crore were inclusive of accumulated loss of Rs.6.52 crore of SSS Mills and the write off of Rs.1.53 crore in respect of CSWM.

(iii) The net worth of the Company was negative only due to vesting of CSWM and SSS Mills with the Company. The accumulated loss of Rs.3.42 crore as on 31 March 2002 was inclusive of the accumulated loss of Rs.6.52 crore sustained by SSS mills during the period from 1986 to 2002 and Rs.1.53 crore, being the dues from CSWM, written off (1995-96) by the Company as discussed below:

(a) CSW Mills

As discussed earlier in Paragraph 2B.1, the Company was appointed (1977) as "Authorised person" to run CSW Mills. The mill was liquidated in 1988. Out of the total claim of Rs.1.98 crore, the Official Liquidator admitted only a sum of Rs.44.60 lakh and balance amount of Rs.1.53 crore was written off (1995-96) by the Company. Even the admitted amount of Rs.44.60 lakh had not been received (March 2002).

(b) SSS Mills

As discussed earlier in Paragraph 2B.1, the Company was appointed (August 1986) "Authorised Person" to take over the management of SSS Mills. The mill ceased its operation from July 1994 as it was not possible to revive and run the unit viably. Accumulated loss (Rs.0.95 crore) of SSS Mills at the time of vesting it with the Company increased to Rs.3.79 crore (March 1994) at the time of closure. As decided in the conciliation meeting held (July 2000) before the Deputy Commissioner of Labour, the Company finalised the package for the implementation of VRS to workers and staff of the mill. For this purpose, a loan of Rs.1.35 crore at the rate of 12 *per cent* interest was sanctioned (February 2001) by the Government. 151 workers had been paid Rs.1.07 crore and the remaining 35 workers are yet to be paid (April 2002). Accumulated loss has further swelled to Rs.6.52 crore by March 2002.

2B.6.2 Working Results

The working results of the Company during the last five years ended 31 March 2002 are detailed in **Annexure-22**.

Audit analysis of working results of the Company revealed the following:

(i) The Company earned profits in 1997-98 and 1998-99 and started incurring losses thereafter. But for absorption of losses suffered by defunct SSS Mills during these years, the profit earned by the Company in 1997-98 and 1998-99 would have been higher by Rs.7.12 lakh and Rs.49.64 lakh respectively. Similarly, the Company would have earned a profit of Rs.35.77 lakh in 1999-2000 and Rs.6.10 lakh in 2001-02. In 2000-01 the loss would have been reduced by Rs.74.88 lakh (**Annexure – 22 A**).

(ii) The high volume of sales achieved in 1997-98 was due to one time receipt of bulk orders earmarked for Co-optex from the Government of Tamil Nadu.

2B.7 Budgeting

The Company prepares production and finance budgets every year and the details of budget and actuals in respect of production and finance budgets for the five years ended 31 March 2002 are given in **Annexure-23**.

2B.7.1 Production budget and performance

The production budget is prepared taking in to account the number of looms, number of working days in a year and number of loomshifts assuming 80 *per cent* capacity utilisation for PLC and 90 *per cent* utilisation for ALS with 70 *per cent* efficiency for all the four units. It is pertinent to mention that while preparing production programme, the Company has been adopting an entirely different norm *viz.*, 90 *per cent* capacity utilisation and 75 *per cent* efficiency in respect of all the four units (discussed separately in Paragraph 2B.8.2). The Government places orders to the extent of its capacity/budgeted production as indicated by the Company. Thus, there is no dearth of supply orders. Despite this, the Company has been reducing the budgeted production from 1999-2000 and even these reduced targets were not achieved in 2000-01 and 2001-02. To make up this under-achievement, the Company had been outsourcing to meet orders as discussed in Paragraph 2B.8.3. The Company has not analysed the reasons for shortfall in production with reference to budget. The causes for poor production performance as analysed in audit are as follows:

(i) Low capacity utilisation (as discussed in Paragraph 2B.8.2)

(ii) Low loom shed efficiency (as discussed in Paragraph 2B.8.3)

(iii) Imprudent reduction of essential labour force due to VRS (as discussed in Paragraph 2B.11).

It is interesting to note that there were inordinate delays in preparation of and getting the budget estimates approved by the Government. Budget proposals for 1997-98 were sent to Government in November 1997 and approved in March 1998. Budget for 1998-99 was approved by Board of Directors in August 1998. For 1999-2000 budget estimates were prepared in May 1999 and approved in November 1999. Budget for 2000-01 was finalised by the Board in June 2000 and approved by the Government in March 2001. Budget for 2001-02 was approved by the Government in March 2002. Thus, the very purpose of preparation of budget estimates *viz.*, as a tool of control had been defeated.

2B.7.2 Finance budget

The details of finance budgets prepared by the Company and actuals there against during the last five years ended 31 March 2002 revealed that:

(i) Actual income was less than the budgeted income in all the four years from 1998-99 onwards. In 1997-98, the reason for the high turnover was diversion of orders from Co-optex to the Company, which was a one-time affair. The budget for 1998-99 was based on the increase in the previous year but the actual turnover was far less compared to the budgeted one. The reason for sharp decline in actual income in 2001-02 was the belated receipt of anticipated orders during the fag end of financial year.

(ii) The higher percentage of variation in fixed expenses compared to that budgeted in 1999-2000 and 2000-01 was due to inclusion of retirement benefits paid to workers under VRS.

2B.8 Production performance

2B.8.1 Profile of manufacturing process

The manufacturing activity undertaken in the PLC/ALS is weaving of warp yarn (longitudinal) and weft yarn (lateral). Warp yarn is sent to co-operative sizing societies for sizing as the Company does not have the facility. The sized yarn is sent to the weaving units of the Company where the warp yarn is "drawn" through the heeled wires and then "reached" through the dents of the "reed". The sized beams are mounted on the looms. The weft yarn is sent to the weaving units and the pirns are wound with this weft yarn. Weaving of warp and weft yarn produces grey cloth, which is sent for bleaching and dyeing to outside units. The important varieties of cloth manufactured during the last five years were polyester suiting (PC 8005 and 8006), polyester shirting (PC 9004), polyester drill suiting (PC 8007), polyester drill shirting (PC 9005 and 9006), long cloth white suiting (LC 5004), long cloth dhotis (LC 5016), dhavanies (LC 5021) and long cloth drill varieties (LC 1002, LC 1021 and LC 1022).

2B.8.2 Capacity utilisation

The Company has three PLC with 96 looms each and one ALS with 12 looms. All the looms are operated on "3 shifts and 6 days" basis except PLC at Jayankondam, which is operated on "2 shifts and 6 days" basis. The details of number of loom hours available, number of loom hours utilised, percentage of loom hours utilised and the causes for under-utilisation are given for the five years ended 31 March 2002 in **Annexure-24** and **25**.

Capacity utilisation of available loom hours ranged from 38.11 to 66.14 per cent during last five years against norm of 90 per cent.

It could be seen from the details given in **Annexure-24** that

(i) The overall capacity utilisation of all the four units of the Company ranged from 38.11 to 66.14 *per cent* during the period under review as against the norm of 90 *per cent* adopted by the Company for the preparation of its production programme. Further, the Performance Study of the PLC and ALS owned by the Company conducted by South India Textile Research Association (SITRA) established (April 1999 to August 2000) achievable capacity utilisation at 92 *per cent.*

(ii) The percentage of loom hours worked in PLC steeply declined from 1998-99 onwards due to retirement of almost 50 *per cent* of essential workers of PLC in that year under VRS (discussed separately in Paragraph 2B.11).

(iii) The percentage of loom hours worked in ALS, Kurichi came down from 76.62 *per cent* in 1998-1999 to 67.87 *per cent* in 2000-01 and further slumped to 60.17 *per cent* in 2001-02.

From the break up of percentage of loom hours lost (**Annexure-25**), it could be seen that avoidable causes, *viz.*, idling of looms (due to retirement of essential workers), want of warp yarn (raw material) and labour accounted for 42 *per cent* of available loom hours.

2B.8.3 Loom-shed efficiency

Loom-shed efficiency of a textile mill is the maximum production efficiency in terms of cloth output that is attainable at a given percentage of capacity utilisation after giving allowances towards unavoidable causes like beam gaiting, repairs and maintenance, breakages of yarn, machinery failures, *etc.* The Company has prescribed following two norms for determining the loom shed efficiency:

(i) 80 *per cent* utilisation with 70 *per cent* efficiency for PLC and 90 *per cent* with 70 per cent efficiency for ALS

(ii) 90 *per cent* utilisation for PLC and ALS with 75 *per cent* efficiency

The first norm indicated above is adopted for preparing budget and the second one is adopted for production programme. Thus, it is evident that the Company has not conducted any scientific study to determine the optimum loomshed efficiency. However, SITRA after conducting a performance study (April 1999 to August 2000) has prescribed a norm of 92 *per cent* utilisation for all the four units with 76 *per cent* efficiency for PLC and 86 *per cent* for ALS. The details of maximum cloth output achievable, actual output and loss of production computed with reference to the lower efficiency level of 70 per cent fixed by the Company in respect of all the four units of the Company in the last five years ended 31 March 2002 are given in **Annexure-26**.

It could be seen that none of the four units attained the maximum cloth output in any of the five years under review. It could be observed that the loss of production (compared even to the lower efficiency norm of 70 *per cent*) started increasing steeply in PLC from 1998-99 onwards. This was mainly due to retirement of essential workers on VRS in that year. The actual cloth output ranged from 51.08 to 87.64 *per cent* of possible production. Among the individual units, loom-shed efficiency was low in Jayamkondam and Sivagiri as the maximum production achieved ranged from 36.51 to 77.28 per cent of possible production. The actual cloth output of ALS, Kurichi, which was 83.47 *per cent* of possible production in 1999-2000 fell steeply to 67.46 *per cent* in 2000-2001 and increased marginally to 75 *per cent* in 2001-2002.

Failure to achieve efficiency norm led to production loss of 69.88 lakh metre cloth valued at Rs.20.21 crore.

The failure to achieve even the low efficiency norm of 70 *per cent* resulted in loss of production of 69.88 lakh metre cloth valued at Rs.20.21 crore during the last five years ended 31 March 2002. It is interesting to note that during this period the Company purchased 283.43 lakh metre cloth to meet the supply orders received by it.

2B.8.4 Excess consumption of yarn due to its coarser count

During the period under review the Company procured warp and weft yarn from CSMs only. While the weft yarn was supplied to the PLC directly, the warp yarn was sent through sizing units. The sizing units measure the exact quality of the warp yarn in terms of actual count at the time of processing and beaming the warp yarn. The adverse impact of the coarser count of warp yarn would result in its excess consumption during weaving. However, the

Company did not include any clause in the purchase orders for the recovery of loss on account of adverse impact of coarser count of warp yarn.

Audit analysis of yarn purchased by the Company during the last five years revealed that the actual count ranged from 35.73 to 39.90, 17.54 to 19.98, 13.17 to 15.99 and 13.04 to 14.99 as against the nominal count of 40s, 20s, 16s and 2/30s respectively. It would be observed that in majority of the cases the actual beam count of the yarn was much lower than the nominal count of the yarn supplied, which indicated its coarser count and consequent excess consumption of yarn. The excess consumption of yarn due to its coarser count during the five years under review aggregated to 10,678.390 kg valued at Rs.10.34 lakh. Failure to include a clause in the purchase orders for recovery of excess consumption of yarn due to coarser count from the suppliers resulted in non-recovery of this loss.

2B.8.5 Crimp Analysis

Excess crimpage compared to norm led to sale value loss of Rs.23.34 lakh.

Crimp is the allowance given for interlacement of warp yarn over weft yarn during weaving. Different norms have been prescribed for different sorts of cloth taking in to account the required number of picks per inch (ppi) factor and the count of weft yarn used. Excess crimpage would result in extra consumption of warp yarn, which would in turn, reduce the expected output of cloth. It was noticed that the Company had not evolved any effective system to analyse and minimise production loss due to excess crimpage. The quantity of cloth (sort wise and year wise) lost on account of excess crimpage over the norm during the last five years ended 31 March 2002 and the corresponding loss of sale value are given in **Annexure-27**.

It could be observed from **Annexure-27** that actual crimpage in respect of LC 5004, LC 3117, LC 1001 and LC 8005 ranged from 15.25 to 21.61, 16.43 to 18.27, 16.58 to 26.26, and 13.70 to 18.47 against the norm of 15 *per cent*, 15 *per cent*, 15 *per cent* and 13 *per cent* respectively. Consequently, the Company suffered production loss of 96,785 metre cloth and loss of sale value (excluding processing cost) Rs.23.34 lakh.

2B.8.6 Value loss analysis

Excess production of cloth other than sound resulted in net loss of Rs.21.59 lakh.

Cloth is rendered substandard mainly on account of defects like floats, weft cracks, oil stains, *etc.* After production, cloth is categorised in to sound/short length/seconds/fents/rags and chindies through inspection. Clothes other than sound and short length are periodically sold through open tender system and these clothes always fetch a much lower price compared to the sound cloth. SITRA has prescribed a ceiling of 2.5 *per cent* of production as cloth other than sound, which was also adopted by the Company as benchmark. It was observed in Audit that the percentage of cloth other than sound produced by the Company was invariably higher than this ceiling. This excess production of other than sound cloth resulted in a net loss of Rs.21.59 lakh during the last five years ended 31 March 2002

2B.9 Procurement of yarn at higher rates

Procurement of yarn at the rates higher than market rates resulted in extra expenditure of Rs.1.18 crore.

The Company had been procuring yarn of different counts from different sources including private parties up to 1995-96. Certain irregularities, which *inter alia* included procurement of yarn from private parties without inviting open tenders and without ascertaining the suppliers' financial credentials, were noticed subsequently by the Company. Instead of taking action to plug the loopholes in the procurement procedures, the Company decided (June 1997) to purchase yarn from the CSMs only. A review of yarn purchased by the Company during the five years ended 31 March 2002 revealed that it purchased yarn from CSMs only at the prices invariably higher than the prevailing market rate. This resulted in avoidable extra expenditure of Rs.1.18 crore during the said period on purchase of 8.61 lakh kg of yarn. It was also observed in Audit that the quality of yarn supplied by CSMs was found to be inferior to that of open market yarn and consequently consumption of yarn was in excess.

2B.10 Marketing

The Company has neither formulated any marketing policy nor taken any efforts towards marketing development for polyester variety.

The Company produces two types of uniform cloth, *viz.*, cotton uniforms for supplies to Government schemes and polyester varieties for institutional supplies like Tamil Nadu Electricity Board, Transport Corporations, *etc.* While in the first category, the Company gets orders from the Government for supply of maximum quantity of cloth that could be produced by the Company within the time frame fixed by the Government for such supplies, in the second category the Company has to market its polyester variety on its own. As the contribution from polyester variety ranged from Rs.3.93 to Rs.28.41 per metre during the last five years compared to that from cotton variety ranging from Rs.0.89 to Rs.12.50 per metre, it is imperative that the Company should make earnest efforts to maximise sale of polyester cloth. It was, however, observed that as against the sale of 6.87 lakh metre of polyester variety in 1999-2000, the Company could sell only 3.54 lakh metre and 3.68 lakh metre of polyester cloth in the subsequent two years. The Company has neither formulated any marketing policy nor taken any efforts towards marketing development for polyester variety during the period under review. This was the position despite the fact that the Government issued orders (March 1995) permitting Public Sector Undertakings including Statutory Boards to purchase uniform cloth from the Company. It was also observed that the Company had not made any efforts to secure orders from Government departments and private institutions for supply of uniform cloth. It was replied (April 2002) that the Company was not permitted to deal with private parties. The reply is not correct as the Company was not prohibited from marketing of its products to private parties.

2B.11 Human Resources

2B.11.1 The details of manpower requirement as per norm and the actual manpower employed by the Company are given below:

Unit	Norm	Actual deployment				
		1997-98	1998-99	1999-2000	2000-01	2001-02
Aruppukottai	148 up to 1998-99, 84 for 1999-2000 and 2000-01, 71 for 2001-02	122	121	75	74	64
Jayankondam	141 up to 1998-99, 60 from 1999-2000	84	81	42	38	38
Sivagiri	141 up to 1998-99, 80 for 1999-2000, 72 from 2000-01	118	117	75	72	62
	TOTAL	324	319	192	184	164

It could be observed that the actual manpower employed was always less than the norm and ranged from 74.19 to 85.71 *per cent* of the norm.

2B.11.2 Government of Tamil Nadu introduced (June 1991) VRS for the employees in State Public Sector Undertakings (PSUs). In March 1995, the Company assessed surplus staff of 26 employees and requested (April 1995) the Government to approve VRS to the employees, which was received in January 1996. In the meantime, the Company constituted (December 1995) a committee to identify the surplus staff. Based on the recommendations of the committee, the Company felt (June 1997) that there was no surplus staff under the changed circumstances. Despite this, the Board authorised (August 1998) MD to accept VRS applications submitted by a portion of the workers of the PLC. Consequently, 102 essential workers out of 324 in three PLC (37 in Aruppukkottai, 30 in Sivagiri and 35 in Jayankondam) were given (September 1998 to March 1999) VRS. The Company simultaneously reduced the number of looms available for production in these three PLC by 50 *per cent i.e.*, from 96 in each PLC to 48, thereby rendering 144 looms idle. Out of these, 48 looms in Jayankondam PLC have been disposed off (April 2002) for Rs.4.64 lakh. The remaining 96 looms are still kept idle.

Retirement of 102 essential direct labourers under Voluntary Retirement Scheme resulted in idle capacity and corresponding production loss of 46.53 lakh metre cloth and contribution loss of Rs.1.96 crore during last three years.

The Company also correspondingly reduced by half the number of loom shifts and the loom hours available in each PLC. Audit analysis revealed that the retirement of 102 essential workers was not justified as:

(a) The Government Order of June 1991 envisaged VRS only for the identified surplus workers of PSUs. As the PLC manpower was always less than the norms, retiring of essential workers was against the spirit of Government Order on the subject.

(b) The Company had adequate market potential to market 100 *per cent* production of the PLC, as it had bulk orders for supply of uniform cloth from the State Government and other Public Sector Undertakings (PSUs).

(c) PLC had been yielding positive contributions continuously before implementation of VRS in 1998-99. Retirement of essential workers through VRS not only resulted in rendering 50 *per cent* of the looms idle but also in production loss of 46.53 lakh metre cloth and corresponding contribution loss of Rs.1.96 crore during last three years. Consequently fixed overheads remained unabsorbed to that extent resulting in increase in cost of production.

2B.12 Injudicious closure of Central Testing Laboratory

Central Testing Laboratory (CTL) was established (1980) by the Company with imported equipment in order to facilitate scientific selection and procurement of qualitative cotton/yarn required by the Company and the CSMs. The laboratory had been functioning efficiently and fetching revenue to the Company by way of testing fees. However, DH & T ordered (February 1999) closure of the laboratory on the plea that the equipment were obsolete. In the closure order, DH & T also ordered that the samples should be got tested from either SITRA or Thiyagaraja Mills Testing Laboratory, a private laboratory. Audit analysis revealed that the decision to close the laboratory lacked justification in view of the following facts:

(a) No complaints were received from the end users of the test results.

(b) No major variations were found between the test results of the Company's laboratory and that of SITRA on the same samples.

(c) The performance certificate of the laboratory's equipment by the service engineers was not adverse (March 1999).

(d) Though the laboratory was closed for outsiders, yarn purchased by the Company continued to be tested in the laboratory till November 2001.

Injudicious closure of Central Testing Laboratory in February 1999 resulted in revenue loss of Rs.33.21 lakh.

The hasty decision to close down the Central Testing Laboratory of the Company had resulted in a minimum revenue loss of Rs.33.21 lakh for the three years ended 31 March 2002 (computed with reference to the average revenue *per annum* during the three years ended 31 March 1999 and deducting variable expenses like repairs and maintenance charges and electricity).

The above matters were reported to the Company/Government in June 2002; their replies had not been received (September 2002).

Conclusion

From the foregoing paragraphs, it could be observed that but for the vesting of two defunct loss incurring private textile mills with the Company *viz.*, SSS Mills (accumulated loss: Rs.6.52 crore) and CSWM (Rs.1.53 crore due from the mills was written off by the Company in 1995-96), the Company would have earned accumulated profit of Rs.4.63 crore and positive net worth of Rs.6.30 crore as on 31 March 2002. This performance could have been improved further had the Company increased its loom utilisation and productivity, purchased raw materials at competitive rates and not offered VRS to its essential staff resulting in idle capacity. Effective steps need to be taken

(a) to hive off the defunct SSS Mills and to get the loss for both SSS Mills and CSW Mills reimbursed from the Government

(b) to increase capacity utilisation and efficiency

(c) to streamline procurement of yarn with a view to reduce cost

(d) to formulate marketing strategies for polyester cloth to minimise dependence on Government/PSUs.

CHAPTER III

SECTION 3

TAMIL NADU ELECTRICITY BOARD

REVIEW ON SATHANUR DAM HYDRO ELECTRIC PROJECT

HIGHLIGHTS

Delay in firming up of capacity of the project deprived the state of potential availability of 105.21 million units of electricity. Delay in implementation of project resulted in potential revenue loss of Rs.13.62 crore.

(Paragraph 3.3)

Increase of more than 100 per cent in the cost of project resulted in increase in investment per KW with consequent increase in cost of generation.

(Paragraph 3.4.2.2)

Non-acceptance of lowest tender for fabrication and erection of steel liners and penstock resulted in extra expenditure of Rs.42.71 lakh.

(Paragraph 3.5.3.1)

There was an excess consumption of steel plates (Rs.19.77 lakh) and excess payment of fabrication charges to the contractor (Rs.13.12 lakh) in farbication of steel liners.

(Paragraphs 3.5.3.2 and 3.5.3.3)

Undue benefit of Rs.0.54 crore was given to a supplier due to extra payment made on account of (i) payment for an item, cost of which was not quoted in original bid (Rs.35 lakh) (ii) non-inclusion of a suitable penal clause (Rs.10.50 lakh) and (iii) payment of price variation on bought out items (Rs.8.93 lakh).

(Paragraphs 3.5.4.1, 3.5.4.2 and 3.5.4.3)

Low Plant Load Factor led to increase in cost of generation resulting in increase in revenue deficit by Rs.1.56 crore.

(Paragraph 3.6.2)

3.1 Introduction

Sathanur Dam Hydro Electric Project (SDHEP) with an installed capacity of one unit of 7.5 MW (as against originally conceived 20 MW – 2 units of 10 MW each) was proposed (July 1991) to be established by the Board at the down stream of Sathanur Reservoir. A Supplementary Detailed Project Report (SDPR) for the execution of the above project at an estimated project cost of Rs.17.03 crore was finalised by the Board and submitted to the State Government for approval in October 1992. The Government gave its approval in December 1994. As per the construction schedule prescribed in the SDPR, the project was slated for commissioning in September 1995. The project was finally completed in March 1999 at a total cost of Rs.35.75 crore and generation commenced from April 1999.

3.2 Scope of Audit

The present review, conducted from December 2001 to February 2002, covers the implementation of the project and its performance since inception to February 2002. The Audit findings are discussed in the succeeding paragraphs as under:

(a) Conceptualisation and Firming up of the project

(b) Project Funding and cost over run

(c) Execution of the project, monitoring and time over run

(d) Performance

3.3 Conceptualisation and firming up of the project

The project was conceived in 1984 by the Board to have a generation capacity of 20 MW (two units of 10 MW each) with an estimated cost of Rs.9.01 crore for providing additional facilities to the Tamil Nadu Grid during the North East Monsoon period (October to January). Subsequently in 1986, the capacity of the project was reduced to 15 MW (two units of 7.5 MW each) on the advice of Central Electricity Authority (CEA) to have substantial savings in the cost of project with marginal reduction in generation. The project cost was also revised to Rs.15.20 crore. The techno-economic clearance for this project was accorded by CEA in November 1987 and the Union Planning Commission approved the project in April 1988. The State Government also approved the project in September 1988.

Subsequently, pre-construction investigation conducted by the Board in 1989 indicated that there was lesser inflow in to the reservoir and consequent reduction in the potential to generate energy. It was, therefore, decided (July 1991) to install one unit of 7.5 MW at an estimated cost of Rs.14.49 crore. The Board, at the instance of CEA, prepared (October 1992) SDPR estimating the cost of the project at Rs.17.03 crore and forwarded it to the State Government for approval. The State Government approved the project in December 1994 and the Board accorded administrative approval for the project in January 1995. As per completion schedule of SDPR, the project was expected to be completed by September 1995. But the major work on the project commenced only in November 1995 and was completed in March 1999, after a delay of 42 months at a final cost of Rs.35.75 crore.

It may be seen from the above facts that

Delay in firming up of capacity deprived the state of potential availability of 105.21 million units of electricity. Delay in implementation of project resulted in potential revenue loss of Rs.13.62 crore.

- The Board took more than seven years (1984 to 1991) for firming up the capacity of the project, which in turn deprived the State of potential availability of 105.21 million units of electricity.
- Even after firming up the capacity, the Government took another two years and two months (October 1992 to December 1994) for according approval for the project.
- Out of the period of implementation of 42 months (from October 1995 to March 1999), a delay of 36 months was caused by the supplier of the generating machinery. As a result, 35,754 million cubic feet of utilisable discharge from the Sathanur reservoir had gone waste resulting in potential generation loss of 73.14 million units with a consequential revenue loss of Rs.13.62 crore.

3.4 Project funding and cost over run

3.4.1 Project Funding

The project was initially proposed (July 1991) to be financed by securing loan from the World Bank. The loan did not materialise owing to the condition of private sector participation in executing mini-hydro projects imposed by the World Bank. The Board decided (November 1991) to delete this project from World Bank schemes and execute the project from its own funds. The entire cost of the project amounting to Rs.29.85 crore was met out of borrowed funds by incurring interest of Rs.5.90 crore during construction period.

3.4.2 *Cost over run*

3.4.2.1 The project, which was estimated to cost Rs.17.03 crore as per SDPR in October 1992, was actually completed at a cost of Rs.35.75 crore in March 1999. The estimated cost of the various components of the project, the final cost of completion, the cost escalation and percentage increase in the cost are tabulated below:

(Rupees in crore)

Components	Estimated cost as per SDPR	Actual Expenditure	Increase in expenditure (4) = (3-2)	Percentage Increase as compared to SDPR (5)=(4)/(2)
(1)	(2)	(3)	(4)	(5)
Civil works including water conductor system	4.25	14.69	10.44	245.73
Electrical works – generator, turbine, etc.	12.25	14.75	2.50	20.37
Transmission works	0.53	0.41	(-)0.12	---
Interest during construction period	0.00	5.90	5.90	100
TOTAL	**17.03**	**35.75**	**18.72**	**109.93**

The increase in the project cost was attributed to

(Rupees in crore)

Sl.No.	Particulars	Amount
1.	Subsequent inclusion of interest during construction, which was omitted to be considered at the time of SDPR	5.90
2.	Increase in civil works due to addition of new items	1.68
3.	Increase in cost due to price/exchange rate variations in generating equipment	1.43
4.	Other additional works executed	1.07
5.	Excess cost due to change in specification for steel liners/penstock	3.05

Sl.No.	Particulars	Amount
6.	Increase in the cost of construction of power house and changes in the alignment of tail race channel	2.91
7.	Increase in establishment charges	2.68
	TOTAL	**18.72**

3.4.2.2 An analysis of the increase in the cost revealed the following:

Increase of more than 100 per cent in the cost of project resulted in increase in investment per KW with consequent increase in cost of generation.

- While the major civil works commenced only by the end of 1995, the estimates were prepared based on the PWD schedule of rates for 1992-93, making the estimates unrealistic.
- The cost of generating machinery (Rs.12.25 crore) contemplated in SDPR was based on the budgetary price quoted by M/s BHEL for indigenous generator whereas costlier imported generator (Rs.14.75 crore) was procured.
- The thickness of steel liners to be inserted in to the dam sluices, which was proposed to be 12 mm, was increased to 38 mm on the recommendations of Central Water Commission (CWC) and this increased the cost by Rs.1.38 crore.
- Increase of more than 100 *per cent* in the project cost was mainly due to time over run, incorrect/inadmissible payments to the contractors during execution of the project and lack of effective control over the implementation schedule (discussed in detail in the succeeding paragraphs). This resulted in increase in per KW investment to Rs.47,667 against Rs.20,040 envisaged in SDPR and the maximum tolerant investment of Rs.15,908 prescribed by Indian Renewable Energy Development Agency (IREDA).
- As against the anticipated cost of generation of 159 paise per unit in October 1992, the actual cost was 367 paise per unit (as per Board's working) on completion of the project (March 1999). This was very high compared to the average realisation of 210 paise per unit during 1999-2000, with the consequential loss of 157 paise in each of the unit generated.

3.5 Execution of the project, monitoring and time over run

3.5.1 Absence of project monitoring

As per SDPR prepared in November 1992, the project was slated for commissioning in September 1995. For monitoring the project and fixing milestones for various packages of the project, a PERT chart was prepared by the Board in November 1992. This was revised twice in May 1994 and March 1995 with commissioning schedule as September 1996 and February 1997 respectively in tune with the actual progress of works. However, even these revised schedules were not adhered to by the Board. Thus, the preparation of PERT chart did not serve as a tool of control technique in execution of the project. Absence of effective project management and monitoring was also evident from the delay of nearly 42 months in the supply of generating machinery, which was considered critical in PERT chart, leading to heavy slippages in the implementation of the project as discussed below:

3.5.2 Time over run

The following table indicates the scheduled/actual dates of completion and delay caused in each component of works, during execution:

Details of the work	Scheduled date of completion of works		Actual date of completion	Time over run (in months)	
	As per SDPR	As per purchase/ work order		With reference to SDPR	With reference to purchase/ work order
(1)	(2)	(3)	(4)	(5)	(6)
Power House – Civil works – sub-structure – Stage-I	November 1994	March 1996	October 1996	24	7
Power House – Civil works – sub-structure Stage-II	February 1995	December 1996	January 1999	48	25
Power House – Civil works – super structure	November 1994	July 1996	October 1997	36	15
Fabrication of penstock and erection of the water conductor system	August 1994	November 1996	October 1997	39	12
Design and supply of generating machinery with all accessories	June 1995	December 1995	November 1998	42	36
Erection, testing, commissioning and handing over of the generating machinery	September 1995	June 1996	March 1999	43	33

Analysis of delay revealed:

- Delay of over 25 months (*i.e.*, May 1992 to June 1994) in finalising tenders and placing purchase order for imported generating machinery on account of prolonged correspondence with the bidders.
- Delay in inviting tenders for civil works ranged from 30 to 37 months (October 1992 to April 1995/November 1995).

- Delay in supply of the generating machinery by the supplier by 36 months (*i.e.*, from December 1995 to November 1998), which led to overall delay in the commissioning of the project.

The Government replied (September 2002) that the time over run of 42 months was mainly due to getting concurrence of PWD for carrying out works such as erection of intake gates, tail race channel and other critical items at reservoir and due to carrying out additional quantities of work and due to delay by the supplier of generating equipments. This confirms the audit point that the Board neither prepared the estimates on realistic basis nor monitored the project effectively.

3.5.3 Award of contract for Mechanical works

3.5.3.1 Extra expenditure due to non-acceptance of lowest tender

The Board invited (August 1994) tenders for fabrication, supply and erection of steel liners and penstock for the project with an estimated cost of Rs.1.46 crore. In response to the above tender, three firms quoted their prices as detailed below:

(Amount – Rupees in crore)

Sl.No.	Name of the firm	Price quoted	Rank
1.	Southern Structurals Limited (SSL), Chennai (a Government of Tamil Nadu Undertaking)	1.32	L-1
2.	Sri Saravana Engineering Works, Bhavani	2.19	L-2
3.	Rajagopalan and Company	2.30	L-3

Non-acceptance of lowest tender resulted in extra expenditure of Rs.42.71 lakh.

The tender committee of the Board rejected (December 1994) the lowest tender on the grounds that the rates quoted by SSL were unworkable and they were slow in execution of other works awarded to them by the Board. But the Members of the Board did not agree with the proposal of the tender committee and proposed (March 1995) to the Government to award the contract to SSL. However, based on the direction (April 1995) of the Government to reconsider the decision taken to award the contract to SSL, the Board again proposed (May 1995) to the Government recommending award of the contract to the L-2 *viz.*, Sri Saravana Engineering Works, Bhavani at a negotiated price of Rs.1.74 crore. The proposal was accepted by the Government and the contract was awarded to L-2 in September 1995.

It was noticed in audit that the decision of the Government to award the contract to L-2, a private company instead of to a Government Company, whose main line of activity being fabrication of structural materials, on the grounds that the rates quoted were unworkable and slow progress in other works, was not justified because (i) the rate quoted by L-1 was only 10 *per cent* less than the estimated cost and hence could not be treated as unworkable and (ii) the Board could have made provision for levy of penalty in case of delay by L-1.

Moreover, in the event of the Board/Government having reservations in awarding the contract to SSL, the Board should have either negotiated with the L-2 to match L-1 rates or finalised the contract after inviting fresh tenders. The Board did not do either.

Thus, award of work to L-2 by ignoring the offer of L-1 resulted in an avoidable extra expenditure of Rs.42.71 lakh.

The Government replied (September 2002) that the reasons for not awarding the work to L-1 were that its vendor rating was not satisfactory and it was a sick unit. The reply is untenable as these facts were known to the Board when it recommended L-1 to the Government for award of contract.

3.5.3.2 Excess payment to the contractor for fabrication

The contract entered in to with Sri Saravana Engineering Works, Bhavani for fabrication of steel liners and penstock provided for payment towards fabrication and erection charges at the rate of Rs.47,000 and Rs.28,000 per tonne for 38 mm steel plates, Rs.30,000 and Rs.27,000 per tonne for 12 mm steel plates respectively.

Excess payment of Rs.13.12 lakh to a contractor due to non-restriction of claims with reference to actual use of steel.

Accordingly, the contractor was paid fabrication charges of Rs.0.89 crore for 148.204 MT of 38 mm plates and 63.656 MT of 12 mm plates and erection charges of Rs.0.54 crore for erecting 133.668 MT of 38 mm plates and 61.545 MT of 12 mm plates. However, it was noticed in Audit that claims for the above were not restricted/regulated with reference to the actual use of steel from the stores of the Board, which resulted in excess payment of Rs.13.12 lakh.

3.5.3.3 Excess consumption of steel plates

For the above fabrication work, standard quantity of steel to be used (taking in to account the standard wastage norm of 0.5 *per cent*) worked out to 134.409 MT and 51.257 MT for 38 mm size and 12 mm size respectively. But it was noticed in Audit that as against the standard quantity, the quantity issued to the contractor was 171.234 MT and 64.481 MT for 38 mm and 12 mm steel respectively. The value of excess consumption of steel plates was Rs.19.77 lakh. The Board did not recover the excess amount from the contractor.

The Government replied (September 2002) that a special nature of steel (ASTM-A517 grade "F" plate) was used for the penstock work and hence the excessive scrap occurred and excess payment to the contractor was unavoidable. The reply is untenable because even at the time of placing work order, the Board was aware of the special nature of steel and hence, it was not a new development.

3.5.4 Undue benefit to the supplier of generating equipments

The contract for design, supply, erection and testing of 7.5 MW hydro generating set with all accessories for the project was awarded (June 1994) to

M/s Flovel Limited, New Delhi (supplier) at a cost of Rs.11.34 crore. A review of the contract revealed the followings:

Avoidable payment of testing charges of Rs.35 lakh not quoted originally by the supplier.

3.5.4.1 The contract cost of Rs.11.34 crore *inter alia* included Rs.35 lakh for manufacture and testing of a prototype model. The manufacture of main turbine and generator was to be taken up only after approval of prototype model by the Board. During negotiations held in September 1992, the supplier indicated that the rates quoted were inclusive of model testing charges. However, based on revised supplementary offer, a separate rate of Rs.35 lakh was approved for manufacture and testing of a prototype turbine model. The Board did not object to the separate rate.

The supplier produced a model test report prepared by a company located in Finland and claimed (December 1994) payment of testing charges. The Board accepted the test report and paid the testing charges in January 1995.

Thus, by admitting payment of Rs.35 lakh for model testing, despite supplier's offer to carry out model test within quoted rates, the supplier was allowed to reap undue benefit. Moreover, the contractor did not supply the model also.

The Government replied (September 2002) that the original specification was for the design, manufacture, testing at works, supply, erection and handing over of the machine at dam site. During the time of technical discussion, model test was insisted by the Board and included in the revised price bid. However, the fact remains that the supplier himself had indicated that he could carry out model test within his quoted rates.

Failure to safeguard the financial interest of the Board by including suitable penal clause resulted in foregoing Rs.10.50 lakh.

3.5.4.2 There was no provision in the purchase order for levy of penal interest for belated settlement of principal and interest on account of delay in execution of the order. It is pertinent to point out that the purchase order placed (August 1995) on the same supplier for erection of generating machinery of the project contained a provision for levy of penal interest at the rate of 22 *per cent per annum* for belated recovery of advance due to delay in execution of work. The supplier was paid mobilisation advance of Rs.1.07 crore, being 10 *per cent* of the ex-works price of the generating machinery in October 1994. Failure of the Board to insert a similar clause in the supply order for generating machinery to safeguard its financial interest resulted in foregoing of interest amounting to Rs.10.50 lakh on the belated settlement of mobilisation advance due to delayed supply.

The Government replied (September 2002) that provision for penal interest at borrowing rate was made for the erection order for the reason that if erection was not completed in time, the entire supply would be dead stock and could not be put to beneficial use. The reply is not tenable as without critical equipment, supply of which should be made within the specified time, the expenditure incurred on civil works, transmission line, *etc.*, would remain unutilised and in this project, it actually happened.

Undue benefit of Rs.8.93 lakh due to payment of price variation on bought out items.

3.5.4.3 The Purchase order provided for payment of price variation (PV) for the turbine and generating equipment as per the formula of Indian Pump/Electrical Equipments Manufacturers Association. It was noticed in Audit that while allowing PV to the supplier, the Board allowed PV on certain items directly procured as finished products (value: Rs.0.89 crore) from the market (evidenced from the excise gate passes) by the supplier. As these bought out items were already billed at much higher rates than their purchase rates, payment of price variation in addition to the inflated price was not only irregular but also resulted in undue benefit of Rs.8.93 lakh to the supplier. The Government accepted the audit observations.

3.5.5 Infructuous expenditure on fabrication of Permanent Trash Rack

SDPR provided for erection of a Permanent Trash Rack (PTR) arrangement in front of the intake gates of the dam to prevent entry of logs of wood and other materials in to the penstocks and generator turbine. In order to erect the PTR on a good foundation at the upstream of dam wall, the water level of the reservoir had to be depleted one foot below the sill level for fixing and welding of the PTR over the dam body. The Board addressed (April 1996) the three departments of the State Government viz., Public Works Department (PWD), Forest Department and Fisheries Department, which were also utilising the water in the reservoir seeking their co-operation and concurrence for depletion below the sill level. Even without waiting for response from these Departments, the Board placed (October 1996) order for fabrication of PTR. Thereafter, the work order for Temporary Trash Rack (TTR), not requiring depletion in water level, was also placed (December 1996). TTR was erected (February 1997) at a cost of Rs.2.99 lakh, rendering PTR redundant. But the Board did not consider the cancellation of fabrication of PTR and the fabrication was completed in June 1997 at a total cost of Rs.12.46 lakh. PTR has not been used so far and is kept in open yard of project site.

The Government replied (September 2002) that initially PWD agreed to deplete water level in April 1997 but later on informed that the water level in the reservoir could not be depleted below sill level. It was further stated that the erection of PTR would be taken up at appropriate feasible time. The reply is not tenable in view of the fact that the work order for TTR was issued in December 1996 and the same was ready in February 1997 itself. This being the case, the Board could have waited for the fabrication of PTR till the clearance from the PWD.

Thus, the fabrication of PTR without obtaining clearance from other departments for depletion of water level in the reservoir rendered the expenditure of Rs.12.46 lakh on its fabrication infructuous.

3.5.6 Idle investment in erection of transmission lines due to improper planning

For evacuation of power generated from this project, SDPR provided for laying 33 KV double circuit lines from the project site to Thandarampattu sub-station (a distance of 15 KM) at an estimated cost of Rs.0.53 crore. But the PERT chart did not mention about laying of transmission lines.

This activity was not synchronised with implementation schedule as per PERT chart nor with actual execution. It was noticed in Audit that even though the supply and erection of generating equipment was delayed by the supplier by 42 months, the Board went ahead with completion of transmission line works. The work was completed as early as in August 1995 at a cost of Rs.0.81 crore. As the commissioning of generating equipment was completed in March 1999 only, these transmission lines were kept idle for 42 months from September 1995 to February 1999. This resulted in blocking of funds amounting to Rs.0.81 crore with consequent interest loss of Rs.42.30 lakh to the Board (at 15 *per cent per annum* on Rs.0.81 crore).

The Government replied (September 2002) that a project was made up of a lot of activities, which might be inter-connected or independent and that erection of transmission line was an independent activity. The reply is untenable in view of the fact that erection of transmission lines without synchronising with generation pointed to lack of planning.

3.6. Performance

3.6.1 Generation

After commissioning of the project in March 1999, the generation achieved from April 1999 up to February 2002 and Plant Load Factor (PLF) were as follows:

Sl. No.	Period	Generation (In Million Units)	PLF achieved
1.	April 1999 to March 2000	9.5185	14.49
2.	April 2000 to March 2001	16.3049	24.82
3.	April 2001 to February 2002	13.6992	22.79

It was observed in Audit that as per the guidelines for hydro power developers issued by IREDA in October 1993, PLF for irrigation based hydro electric schemes was to be maintained at 30 *per cent*. In respect of this project, the PLF worked out to only 22.88 *per cent* at SDPR stage, when the annual generation was estimated at 15.03 million units. Even the estimations in SDPR could not be achieved in this project (except in the year 2000-01).

The lower PLF achieved during the last three years after commissioning directly affected the viability of the project due to high cost of generation.

The Government replied (September 2002) that in 2000-01, PLF was higher than that worked out at SDPR stage and with good rains and heavy inflows, the performance of the project was expected to improve. However, the fact remains that PLF in 1999-2000 and 2001-02 was poor.

Low PLF led to increase in cost of generation resulting in increase in revenue deficit by Rs.1.56 crore.

3.6.2 The lower PLF achieved after the commissioning resulted in actual cost of generation going up to 407 paise per unit against estimated cost of generation of 367 paise per unit. This resulted in increase in revenue deficit by Rs.1.56 crore on the generation of 39.5226 million units from April 1999 to February 2002.

Conclusion

There were inordinate delays in conceptualisation and firming up of the capacity of the project, which deprived the State of potential availability of 105.21 million units. At the time of project formulation, the Board justified the project in view of lower capital cost and cost of generation compared to the cost of purchase from the thermal stations of neighbouring States. These justifications were belied on completion of the project as the project cost increased by more than 109 *per cent*. The Board failed to analyse the viability of the project by using scientific methods such as (i) Discounted Cash Flow and Net Cash generation over its anticipated life span (ii) Earliest Pay back period (iii) Internal rate of return and (iv) Probable cost of purchase of energy from nearest available source in the State. The cost of generation also increased steeply from the projected 159 paise per unit to 367 paise per unit. Incorrect assessment of project requirement, absence of control over time schedule for implementation, failure to safeguard the financial interest of the Board at the time of award of contracts and lack of effective project management, all resulted not only in steep increase in the project cost but also resulted in potential generation loss of 73.14 million units leading to revenue loss of Rs.13.62 crore. Even during the three years after completion, the total generation was 39.52 million units only against projected generation of 45.18 million units.

The Board should take effective steps to analyse the viability of future projects based on scientific and financial data. The cost and time over run should be eliminated/minimised. While awarding contracts, the financial interest of the Board should be fully safeguarded. The Board should also increase the Plant Load Factor and generation in this project, which will not only result in increased availability of power but also reduce cost of generation.

CHAPTER-IV

SECTION 4A – GOVERNMENT COMPANIES

4A.1 TAMIL NADU CIVIL SUPPLIES CORPORATION LIMITED

4A.1.1 Avoidable expenditure on purchase of rice

The Company incurred extra expenditure of Rs.13.89 crore on purchase of Above Poverty Line (APL) category rice at the prices higher than market rate in spite of having comfortable stock of rice.

Government of India (GOI) allocates rice from central pool to the States on monthly basis for distribution under Public Distribution System (PDS). The allocation is made under two categories *viz.*, Below Poverty Line (BPL) and Above Poverty Line (APL) at Rs.3,500 per metric tonne (MT) and Rs.9,050 per MT respectively, which were increased to Rs.5,900 per MT and Rs.11,800 per MT respectively from 1 April 2000. The Company being the agency of the Government for the implementation of PDS, gets rice from two sources *viz.*, from central pool allotment and by procuring paddy during harvest season in the State and converting the same in to rice.

It was observed in Audit that there was comfortable stock position of rice during 2000-01 (excluding allotment under BPL category) as the Company had a stock of 10.57 lakh MT of rice or rice equivalent of paddy against an average monthly requirement of 1.15 lakh MT. It was also observed that the cost of rice to the Company by converting paddy in to rice was Rs.10,018 per MT, which was lower than the APL price.

In spite of very comfortable stock position of rice and high cost of APL rice, the Company lifted 77,972 MT of APL rice up to August 2000 (31,532 MT in May 2000, 3,000 MT in June 2000, 38,440 MT (full allotment) in July 2000 and 5,000 MT in August 2000), which resulted in avoidable extra expenditure of Rs.13.89 crore.

The Government replied (August 2002) that (i) for April 2000 allotment, release orders were obtained by certain Regional Managers before receipt of Head Office instructions not to lift APL rice; (ii) in July 2000, APL rice was lifted to maintain two months requirement of PDS (4.4 lakh MT) and (iii) in August 2000, APL rice was lifted only to the extent of 5,000 MT on need basis.

The reply is not tenable in view of the following reasons that (i) in April 2000, even if the amount for APL rice had been remitted, lifting could have been stopped by Regions on receipt of Head Office instructions and (ii) the statement that rice was lifted in July 2000 to maintain two months PDS requirement is not correct as it considered rice only in stock and did not take in to account rice equivalent of paddy (about 5 lakh MT). Further, the Company's reply is also silent about allotment of 91,580 MT of BPL rice for July 2000 (iii) The rice stock position of the Company in July end was sufficient to take care of four months' PDS requirements. Further, the reply of the Company is silent about not procuring of rice from open market at lower prices.

4A.1.2 Avoidable extra expenditure on purchase of free sale sugar

Purchase of free sale sugar at the rates higher than prevailing market rates resulted in avoidable expenditure of Rs.10.48 crore.

Government of India allots levy sugar for distribution under Public Distribution System (PDS) at 425 gram (gm) per capita, which was increased to 500 gm per capita by Government of Tamilnadu (State Government). In order to meet the shortfall in the distribution of sugar through PDS, State Government permitted (February 2000) the Company to purchase free sale sugar from Tamilnadu Co-operative Sugar Federation (Federation), a coordinating agency for the sale of sugar produced by the co-operative and public sector sugar mills at mutually agreed price based on the prevailing market rates.

The Company procured 1,77,235 MT of free sale sugar from the Federation at rates ranging from Rs. 13,300 to Rs. 14,700 per MT during the period from April 2000 to March 2002.

A scrutiny of the monthly rates at which the Company purchased free sale sugar from the Federation during this period, revealed that the Company paid Rs.10 to Rs.1,540 per MT higher than the prevailing market rates. This resulted in avoidable expenditure of Rs.10.48 crore. It is pertinent to mention that during the same period, Chennai Regional Office of the Company purchased free sale sugar for its Amudham Departmental Store from the same Federation at the rates lower than those paid for PDS distribution.

The Government admitted (May 2002) in their reply that the higher selling price for free sale sugar was fixed (by the Federation) by taking the highest price received in the tender as basic price and adding four *per cent* towards wholesale margin and fluctuation in price of sugar. The Government further stated that in future the sale price of market sugar would be fixed based on the average monthly sales of previous month plus two *per cent* wholesale margin and that the selling price would be calculated mill-wise instead of fixing the uniform rate for all the mills. But the fact remains that the Company failed to ensure that only prevailing market rates, as directed by the State Government, were charged, resulting in avoidable expenditure of Rs.10.48 crore.

4A.2 TAMIL NADU SUGAR CORPORATION LIMITED AND PERAMBALUR SUGAR MILLS LIMITED

4A.2.1 Avoidable loss of interest due to lapse of monthly quota for free sale sugar

Failure to sell the allotted quantity of free sale sugar resulted in avoidable interest loss of Rs.1.98 crore.

The sale of sugar by the sugar mills is controlled/regulated by the Government of India (GOI), which fixes monthly quota for sale of free sale sugar and levy sugar. The allotted quantities against free sale quota in a month should be sold by the sugar mills before the end of that month. Any unsold quantity of free sale sugar could be subsequently sold only with specific prior approval of GOI.

A test check of sale of free sale sugar by the three sugar mills of these companies at Madurai (Madura Sugar Mills), Thanjavur (Arignar Anna Sugar Mills) and Perambalur (Perambalur Sugar Mills) revealed that these Companies could not sell 45,290 quintals of sugar against quota of free sale sugar for 1999-2000 season in the respective allotment months. Against this lapsed quantity, GOI released 20,292 quintals in February 2002 (7,919 quintals) and March 2002 (12,373 quintals) and the Companies sold these quantities in full in March and April 2002, respectively, leaving 24,998 quintals out of 1999-2000 allotment unsold till date (May 2002).

It was observed in Audit that the sugar mills fixed (June 1999) a floor price below which they refused to sell the sugar. The decision of the sugar mills not to sell the allotted quantity of sugar on this ground lacked justification as the mills in the State were facing financial crisis from 1998-99 onwards due to high sugar cane price and poor realisation from sale of sugar. Moreover, they were incurring inventory carrying cost of about Rs.19 per quintal per month

Thus, the failure of the companies to sell the entire allotted sugar in 1999-2000 resulted in non-realisation of Rs.3.07 crore, being the sale value of 24,998 quintals (at the minimum selling rate of Rs.1,230 per quintal in August 2000) for 28 months (February 2000 to May 2002). Moreover, there was delay of 25 months in sale of 20,292 quintals of sugar, resulting in interest loss of Rs.1.98 crore.

The Government in reply (September 2002), while admitting the loss stated that the loss was Rs.12 lakh only as the Company actually sold the lapsed quantity against the current valid release order during the period from April to September 2000 in terms of GOI, Ministry of Consumer Affairs and Public Distribution letter No.5.5 (FSE) G.80-SC-II dated 10 February 2000.

The reply is not tenable as the Company had to retain an equivalent quantity of free sale sugar from the subsequent season's production in the stock until the quota of lapsed quantity is revalidated and sold out. It is pertinent to mention that though Tamil Nadu Civil Supplies Corporation Limited, another Government company, was in need of free sale sugar for meeting the Public Distribution System requirement (as explained in Paragraph 4A.1.2 *supra*), the Company did not take up the revalidation of lapsed quantities effectively.

4A.3 PERAMBALUR SUGAR MILLS LIMITED

4A.3.1 Avoidable expenditure on water charges

Failure to assess water requirements properly and enter in to an agreement for drawal of water resulted in extra expenditure/commitment of Rs.13.20 lakh.

The Company had been drawing water for its use from Vellar river since 1978 and for this purpose it entered in to an agreement with Public Works Department (PWD) of the State Government. The agreement provided for drawal of a maximum of 11.5 lakh kilo litre (KL) of water, estimated by the Company as its annual requirement (permitted quantity). The water charges were to be paid to PWD in advance every financial year for the permitted quantity at the rates fixed by the Government from time to time.

Audit pointed out (April 1999) that the actual drawal of water by the Company was far less compared to the permitted quantity of 11.5 lakh KL *per annum*, which ranged from 5.86 lakh KL to 8.38 lakh KL *per annum* during the four year period ended 31 March 1999. Despite the continuous lower drawal, the Company did not take any effective steps to get the permitted quantity reduced to suit its requirements. It was only in November 2000 that the Company wrote to PWD requesting for reduction of permitted quantity to 7.10 lakh KL *per annum* but PWD had not given its concurrence for such a reduction till date (March 2002). Meanwhile, the Company drew 5.91 lakh KL and 4.96 lakh KL in 1999-2000 and 2000-01, respectively.

Thus, the failure of the Company to get the permitted quantity of water drawal reduced from 11.5 lakh KL to 7.10 lakh KL per annum resulted in an avoidable extra expenditure/commitment on water charges to the extent of Rs.13.20 lakh during the last six years ended 31 March 2002.

The Company replied (March 2002) that it initially assessed its consumption of water at 11.5 lakh KL *per annum* taking in to account the future expansion programmes. As the expansions could not be carried out because of the financial problems, it requested (November 2000) PWD to reduce permitted quantity of water to 7.10 lakh KL *per annum*. But the fact remains that the Company did not have any concrete programme for expansion and as such the inordinate delay in taking up the matter with the PWD for reduction in permitted quantity for drawal of water is not justified.

The matter was reported to the Government in May 2002; their reply had not been received (September 2002).

4A.4 TAMIL NADU SMALL INDUSTRIES DEVELOPMENT CORPORATION LIMITED

4A.4.1 Idle investment on purchase of land

Purchase of land for development of plots without demand survey resulted in blocking of Rs.4.16 crore and consequent interest loss of Rs.1.46 crore.

The Company purchased (October 1998) 43.26 acre of land at Irungattukottai from State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT) for Rs. 4.16 crore for establishing an industrial complex for Small Scale Industrial (SSI) units, based on the assumption that there was no developed plot/worksheds available for SSI abutting the Chennai-Bangalore Highway and that the response from entrepreneurs to start industries in the outskirts of Chennai was overwhelming and encouraging. While taking possession (November 1998), the Company found that part of the land was full of excavated pits, though the allotted land was identified by the Company itself. After protracted correspondence, SIPCOT allotted (March 2000) an alternative equivalent area (20 acre). No development works were undertaken by the Company since purchase and in September 2000 only, the Company worked out the cost of developed plots at Rs. 21.32 lakh per acre after taking in to account cost of land, interest on investment, stamp duty and further development charges. It was noticed that the Company did not carry out cost-benefit analysis before fixing the price particularly when SIPCOT was offering developed plots at Rs.12 lakh per acre in the same complex. Even the assumption of overwhelming and encouraging response did not materialise. Consequently, the Company could not sell this land.

Thus, failure to conduct proper demand survey and cost-benefit analysis before purchase, resulted in idle investment of Rs. 4.16 crore on purchase of land from SIPCOT since October 1998 with consequential interest loss of Rs. 1.46 crore up to March 2002.

The Government admitted (August 2002) that the estimated selling cost of Rs.21.32 lakh per acre of developed plot was higher than the selling price of Rs.12 lakh per acre fixed by SIPCOT and the demand for developed plots from small and tiny sector units did not fructify as per expectation. It further stated that agreement has now been entered with SIPCOT to sell these plots through them at their selling price. The above reply confirms the fact that the investment was made without any cost-benefit analysis or demand survey.

4A.4.2 Idle investment on construction of Electronic Complex

Construction of 40 modules in Electronic Complex, Guindy without demand resulted in idle investment of Rs.2.51 crore.

As a part of construction programme for the year 1993-94, the Company decided (September 1993 and August 1994) to construct 40 modules in Block-III of Electronic Complex, Guindy at an estimated cost of Rs.1.80 crore. The construction was stated to be based on the demands received for multi-storied complexes but no such demand survey was found on records.

Accordingly, the construction of modules commenced in January 1995 and completed in December 1996, at a total cost of Rs.2.51 crore (including cost of common amenities but excluding cost of land). The Company could not sell these modules as the offers received were very low compared to the selling price fixed by the Company. It was observed in Audit that M/s. Commonwealth Holding Private Limited. Singapore offered (January 1999) to take the entire 40 modules on a quarterly rent of Rs.10 lakh for the first three years and Rs.11 lakh for the subsequent two years. They also offered to purchase these modules for Rs.7.60 crore excluding the rent paid, after the completion of five years. But, the Company did not pursue the matter effectively with the Government to let out the building to M/s Commonwealth Holding Private Limited. The Company could not sell even a single module till date (March 2002) though more than five years had elapsed since completion of the modules.

Thus, construction of Block-III of Electronics Complex, Guindy without properly assessing the demand prior to construction had resulted in an idle investment of Rs.2.51 crore for more than five years. Its subsequent failure to let it out to a Singapore firm on an annual rent of Rs.40 lakh also resulted in a revenue loss of Rs.1.20 crore (till March 2002).

The Company in its reply stated (May 2002) that taking in to account the demand for the first two blocks, the construction of third block was subsequently taken up. But when the construction of the third block was completed, the scenario in the industrial front was slowly changing not only in the field of electronics but also in the entire industrial sector resulting in decline in demand for the modules in the third block. It was further stated that steps had been taken to sell the modules to the needy industries/organisations, which were not successful.

The reply is not tenable in view of the fact that the Company failed to conduct proper market survey/study before taking up the construction of third block of Electronic Complex. Further, the Company was able to allot/sell 70 out of 80 modules in the first and second blocks of the Electronic Complex only because of low price offered *i.e.* Rs.400 per sq.ft. at the time of provisional/regular allotment made during 1995-96 to 1997-98, whereas in Block-III, the price was fixed at Rs.1,051 per sq. ft.

The Company also stated that the Singapore firm had offered to take the entire complex on rental basis but backed out later. However, no documentary evidence was produced to Audit in support of this statement.

The matter was reported to the Government in June 2002; their reply has not been received (September 2002).

4A.4.3 Loss due to incorrect lay out

Negligence in preparing the correct lay out resulted in loss of Rs.13.98 lakh and idle investment of Rs.1.15 crore.

The Company allotted (between January 1997 and July 1998) various developed plots to M/s.Raj Creations (0.84 acre), M/s.Chennai Telephones (1.11 acre) and M/s.Devi Narayan Exports (P) Ltd. (0.193 acre) in the industrial estate developed at Thirumazhisai village. When these allottees started (January 1999) the development work, Tamil Nadu Small Industries Corporation Limited (TANSI) disputed the ownership of 1.803 acre that formed part of the five acre of land with a building measuring 859.917 square metre allotted to them by the State Government in July 1988. It was observed in Audit that the Company was fully aware (September 1988) that out of 9.64 acre of land in Survey Nos.128 (5.14 acre) and 129 (4.50 acre), only 4.64 acre belonged to it and the remaining five acre was allotted to TANSI. Still, the Company prepared an incorrect lay out by including TANSI land as its own. In order to settle this dispute with TANSI, the Company purchased (November 2000) the entire five acre land along with the building thereon at a total cost of Rs.1.66 crore (Rs.1.42 crore for land and Rs.24.57 lakh for building).

The Company could not pass the additional cost of Rs.13.98 lakh on 1.803 acre of allotted land resulting in loss of this amount. Further, funds of Rs.1.15 crore were also blocked with consequent interest loss of Rs.22.81 lakh (up to March 2002). No responsibility has been fixed for this lapse and loss.

The Company, while accepting the facts stated (July 2002) that it had decided to dispose of the balance 3.197 acre land. However, the fact remains that the layout prepared by the Company was incorrect resulting in this loss.

The matter was reported to the Government in May 2002; their reply had not been received (September 2002).

4A.4.4 Infructuous expenditure on development of housing plots

Failure to get prior approval of Government rendered the expenditure of Rs.0.52 crore incurred on development of housing plots unproductive.

The Company acquired (prior to 1978) 478.38 acre of land for setting up an Industrial Estate at Thuvakudi (near Trichy) and developed 464.143 acre as industrial plots. The Company decided (February 1998) to develop housing plots in the remaining area (14.237 acre) for allotment to the industrial workers of that industrial estate.

Even though approval of the Government of Tamil Nadu was required due to change in the purpose of utilisation of land, the Company went ahead with the development of housing plots over the remaining area of 14.237 acre without getting the approval of the Government. It is pertinent to mention that one of the Directors had given (February 1998) a dissenting note indicating that the change in purpose would be violative of the provision of Land Acquisition Act. The Company incurred an expenditure of Rs.0.52 crore between July 1998 and March 1999 on formation of roads, water supply arrangements, streetlights, *etc.* It was only after incurring this expenditure that the Company took up (May 1999) the matter with the Government for approval to allot the developed area as housing plots. The Government, however, had not accorded its approval till date (March 2002) and the expenditure incurred by the Company (Rs.0.52 crore) remains unproductive for the last three years.

It is also observed that in a similar case, the Government had turned down (February 1999) the proposal of the Company to develop housing plots in Kappalur Industrial Estate stating that allotting the land acquired for industrial purposes as housing plots was not correct.

Thus, failure to get the prior approval of the Government for developing housing plots in the land acquired for industrial purpose, has rendered the expenditure of Rs.0.52 crore unproductive.

The Company replied (June 2001) to the Audit enquiry that the proposal was approved after detailed discussions about the merits and demerits and that the proposal is under the examination of the Government. The fact remains that the Company sought approval of the Government only after incurring the expenditure and the Government had not accorded its approval till date (March 2002). Moreover, the Government had already refused to give permission for change of use of land in a similar case in the past.

The matter was reported to the Government in May 2002; their reply had not been received (September 2002).

4A.5 POOMPUHAR SHIPPING CORPORATION LIMITED

4A.5.1 Excess payment of port charges

The Company paid Rs.3.78 crore as port dues to Paradip Port Trust contrary to the provisions.

The Company is engaged in the transportation of coal from the eastern ports of Haldia, Paradip and Vishakapatnam to Chennai and Tuticorin on behalf of Tamil Nadu Electricity Board (TNEB). For this purpose, the Company charters coastal vessels on hire basis in addition to deploying its three vessels. Whenever these vessels enter the ports, vessels related charges such as port dues, berth hire charges, pilotage, etc., are to be paid to the Port authorities.

In respect of Paradip Port, as per the tariff provisions, port dues are to be paid for coastal vessels once in 30 days. In other words, port dues paid for a particular coastal vessel when it enters Paradip Port would be valid for 30 days from the date of its first entry and no further port dues are to be paid for its subsequent entries within the next 30 days. Though the Committee on Public Undertakings (COPU) in their 65th Report (1997-98) had recommended (May 1998) that the Company should consider the payment of port dues direct to the port authorities instead of through the agents to avoid any possible malpractice, the Company continued (August 2002) to make payment of port dues through the agent and the payment vouchers in original have been retained by the agents themselves.

A review of the port dues paid by the Company through the handling agents in respect of coastal vessels (both owned and hired) for entry in to Paradip Port during the period from June 2000 to March 2002 (the period for which records were made available to Audit by the Company) revealed that the Company paid, port dues for the second and third entries also even though these entries were made within 30 days of the first entry. This resulted in excess payment of Rs.3.78 crore to the Paradip Port Trust authorities.

The Company in reply stated (July 2002) that the port dues for coastal vessels were paid for each entry as per corrigendum dated 3 June 2000 to Paradip Port Trust Office Order No.TD/TM/GEN-09(X) dated 29 May 2000. The reply is not tenable as the Tariff Authority for Major Ports (TAMP) only was authorised to fix port dues from time to time under the provisions of Section 49-B of the Major Port Trust Act, 1963 and the order issued in April 2000 by TAMP to revise the scale of rate of Paradip Port Trust did not revise the periodicity of payment of port dues.

The matter was reported to the Government in June 2002; their reply had not been received (September 2002).

4A.6 TAMIL NADU MINERALS LIMITED

4A.6.1 Extension of undue benefit to granite buyers

Post-tender introduction of third quality granite blocks resulted in undue benefit of Rs.1.48 crore to the buyers.

The Company has been categorising Kashmir white granite blocks in to two qualities *i.e.*, Ist and IInd and global tenders were being invited on this basis. Based on above categorisation, the Company invited (March 2000) 20th Global tender for the sale of coloured granite blocks (including Kashmir white) for one year from April 2000. However, one of the tenderers M/s Magti Marble and Granite Trading Inc. Switzerland (Magti) quoted rates for IIIrd quality too though this was not contemplated in the tender. Based on the offers received from the tenderers and negotiations held subsequently, the rates were finalised, inter alia, for the sale of Kashmir white granite blocks under three qualities and sale orders were issued (May 2000) by the Company to the four tenderers including Magti at rates ranging from US $ 350 to 652 per cubic metre, FOB, Tuticorin. The Company sold 8,665.545 cubic metre of Kashmir white granite blocks including 2,570.42 cubic metre of IIIrd quality against this tender, during the period from July 2000 to July 2001.

It was observed that the introduction of IIIrd quality of granite was for this tender only and for the subsequent 21st Global tender finalised in July 2001, only Ist and IInd qualities were indicated. Moreover, Divisional Manager, incharge of the quarries extracting the Kashmir white granite, had also observed (October 2000) that it was difficult to distinguish between IInd and IIIrd quality granites.

Thus, addition of another quality *viz.*, IIIrd quality that too at the instances of the buyer, was not justified. This resulted in undue benefit of Rs.1.48 crore to the buyers as the rates for IIIrd quality were lower than the rates for IInd quality.

The Company stated (July 2002) that there was no loss to the Company by disposal of blocks as IIIrd quality, as if not disposed of, this quality would be available at quarry site for years together losing export worthiness and market value. It was further stated that based on a Committee's Report about the confirmation of the classification of the granite, the Company sold the IIIrd quality granite and thereby earned foreign exchange.

The reply is not acceptable in view of the fact that the Company had been categorising the granite in to two qualities till 19th global tender and reverted back to the system of categorising granite in to two qualities from 21st global tender. If, as stated by the Company, the classification as III[rd] quality had benefited it, the same should have been continued in the next tender also.

The matter was reported to the Government in May 2002; their reply had not been received (September 2002).

4A.6.2 Loss due to allowing variations in measurements

The Company suffered revenue loss of Rs.1.52 crore due to accepting buyers' measurements for sale of granite blocks.

The Company produces granite blocks from the mines acquired on lease from the Government. After production of granite blocks, they are serially numbered and measured on volumetric basis (*i.e.*, length X width X height) for record. At the time of sale, the buyers personally inspect the quality and colour of granite blocks and take measurement of each block in the presence of the Officer in-charge of the concerned quarry. The buyers' measurements are finally adopted for raising invoices for sale of granite blocks.

An analysis made in Audit in Krishnagiri Division revealed that there were wide variations between the measurements of granite blocks taken by the Company and by the buyers and the measurement of the buyers were mostly on lower side. The percentage of variation ranged between 10 and 35 during the period April 2000 to March 2001 (after allowing variation of 125 cubic centimetre per block normally allowed by the Company). The Company without analysing the reasons for variations, agreed to the measurement of the buyers. The revenue loss to the Company due to such variations in measurements worked out to Rs.1.52 crore on the cumulative difference of 859.48 cubic metre (computed with reference to the average selling price of colour granite blocks during 2000-01).

The Company in its reply stated (July 2002) that the private parties are allowing up to 30 *per cent* towards measurement difference to the buyers. It was further stated that as payments to contractors for granite blocks were made based on buyer's approved quantity, there was no loss to the Company. The difference in measurement in granite business could not be fully avoided due to formation of intrinsic defects in the block naturally. However, the fact remains that the Company failed to analyse the reasons for such wide variations between the two measurements to exercise proper control/check over the loss on account of measurement difference.

The matter was reported to the Government in May 2002; their reply had not been received (September 2002).

4A.6.3 Loss due to pilferage

Failure to ensure strict compliance with internal control system in mining operations resulted in loss of Rs.0.81 crore due to pilferage.

The Company is exploiting granite and other mineral resources in the land taken on lease from the State Government, either departmentally or by engaging Raising Agents (RAs). It had taken on lease 2.56 hectare in Thiruthangal village, Kamarajar district for mining granite blocks.

It was observed that the Company lost 1,423 cubic metre of possible production of granite blocks due to suspected pilferage by M/s Surya Exports (486 cubic metre) and M/s Standard Granites (937 cubic metre), both RAs, during the period from October 2000 to June 2001. The Committee appointed by the Chairman and Managing Director to investigate this matter, reported that the Project Officer failed to exercise necessary internal control checks, as detailed below, prescribed by Head Office for mining operations.

- The Company emblem had not been marked on extricated blocks immediately after extrication as required.
- Blocks shown in the Extrication Register were not available during physical verification.
- Blocks had not been numbered serially. Further, same serial numbers were assigned for blocks raised by different RAs.
- Some of the raised blocks, classified as unsaleable were stated to have been blasted off as per the Project Officer's instructions or by the RA on his own in violation of Head Office instructions that this should be done only with its approval.

It was also observed that as the Company had not formed approach roads to the quarry, it had to depend on landowners of the adjacent lands (where the RAs were mining on their own) for movement of men and materials. This coupled with failure to follow Head Office directives facilitated pilferage of 1,423 cubic metre of granite blocks, valued at Rs.0.81 crore by the RAs.

The Company neither did take any action against the RAs nor fixed responsibility on any official of the Company for the pilferage till date (March 2002).

The matter was reported to the Company and the Government in May 2002; their replies had not been received (September 2002).

4A.6.4 Shortage of costly materials

Poor inventory control and lack of surprise physical verification resulted in shortage of diamond wire valued at Rs.20.58 lakh.

The Divisional Manager, Krishnagiri division of the Company reported (26 December 2001) that new and used diamond wires of 503.61 metre in length valued at Rs.20.58 lakh were found missing from the divisional stores at Krishnagiri. Based on the Chairman-cum-Managing Director's directives, a team of officials conducted (29 December 2001) an enquiry on the shortage of diamond wires at Krishnagiri. The preliminary report of the enquiry *inter alia* indicated that the Divisional Manager and the Stores Superintendent did not take any effective steps to check this high value item at regular intervals.

The Company lodged (December 2001) a complaint with the police authorities about the theft/shortage of materials and the outcome of police investigation is awaited (March 2002). The Divisional Manager and the Stores Superintendent of Krishnagiri division were placed under suspension (January 2002) and the outcome of departmental enquiry is awaited (March 2002).

In this connection, the following observations are made in Audit:

(1) The Commercial Manual of the Company stipulated that in addition to the physical verification of stores on 30 September and 31 March every year, a surprise check would be conducted by an officer nominated by Head Office. In respect of diamond wire, which is a high value item, the surprise check was not conducted even once.

(2) Purchase of diamond wire was not commensurate with usage. 400 metre of diamond wires were purchased in quick succession on 11 July 2001 (200 metre) and 7 August 2001 (200 metre) though the monthly requirement was 25 metre only. During the period July 2001 to December 2001, only 107.05 metre of wires were issued to the mines and on 26 December 2001, the physical stock was found to be 73.10 metre indicating a shortage of 219.85 metre of new wires.

(3) Though shortage of another high value item *viz.*, drill rods valued at Rs.4.01 lakh was detected in the same division in October 1995, the division did not conduct surprise checks even thereafter to prevent recurrence of such shortages.

Thus, the Company's poor inventory control and lack of surprise physical verification resulted in avoidable loss of Rs.20.58 lakh.

The Management stated in April 2002 that the case has been handed over to Crime Branch of Criminal Investigation Department and that the quarterly physical verifications as per the purchase manuals were carried out in respect of diamond wire. However, the fact remains that surprise physical verification was not carried out and the diamond wires were purchased far in excess of immediate requirement.

The matter was reported to the Government in August 2002; their reply had not been received (September 2002).

4A.7 TAMIL NADU CORPORATION FOR DEVELOPMENT OF WOMEN LIMITED

4A.7.1 Avoidable loss due to delay in closure of non-functioning units

Delay in closing down non-functioning units resulted in avoidable loss of Rs.1.20 crore.

The Company established (1984-87) four Training-cum-Production Centres *viz.*, Printing Press Units at Guindy and Sivakasi, Educational Aids Unit at Tambaram and an Electronics Unit at Guindy with financial assistance from Government of India with the main objective of imparting training to women and making them technically competent.

The performance of these units was last reviewed and included in the Report of the Comptroller and Auditor General of India (Commercial) for the year 1987-88 highlighting the losses suffered by these units (except the unit at Sivakasi). While furnishing reply to the Audit Report, the State Government (Government) stated (November 1990) that the reason for the losses incurred by these units was disproportionate number of workers on account of absorption of trainees. The Government further informed (July 1992) COPU that the Company had submitted a detailed proposal to it to run these four units for training 200 women in printing, 100 women in carpentry and 75 women in electronics every year on continuous basis after closing down these units in their present form and retrenching the existing workers. COPU recommended (1992-93) that as the above proposal of the Company had been accepted by the State Government in August 1992, the Company should make earnest efforts to train more number of women to fulfill the objective of finding more employment opportunities to them. Though nine years had elapsed after this recommendation, it is yet to be acted upon as the Company had neither closed these units till date (March 2002) nor had imparted training to fresh sets of women.

It was observed in Audit that there was no production at all in three out of these four units due to (i) lack of orders in Educational Aids Units, Tambaram since January 1997 (ii) collapse of a portion of the building in Printing Press Unit, Guindy in April 1998 (iii) closure of Electronics Unit in 1993 and redeployment of its workers in Printing Press, Guindy. The employees attached to these units, however, are being paid salary/wages. The total loss incurred by all three units during the last five years period ended with 1999-2000 worked out to Rs.1.20 crore.

The Company proposed (March 1997) to implement Voluntary Retirement Scheme (VRS) in these units but the State Government did not approve the proposal. The efforts to dispose of the Printing Press Unit (December 1997) to Tamil Nadu Traders Welfare Board also did not succeed. The Company once again sent (June 1999/November 2000) proposals to the Government seeking permission for closure of Educational Aids Unit, Tambaram and Printing Press Unit, Guindy, approval for which is still awaited (March 2002).

As the Government had given (August 1992) its explicit approval to close down these existing units, delay in taking action on these lines and approaching the Government again with a request to permit it to close these units lacked justification.

Thus, the failure on the part of the Company to close down these three units not only resulted in avoidable loss of Rs.1.20 crore but also non-achievement of the objective of imparting training to more number of women in order to make them economically independent.

The matter was reported to the Company and the Government in May 2002; their replies had not been received (September 2002).

4A.8 STATE TRANSPORT UNDERTAKINGS

4A.8.1 Extra expenditure on purchase of retreading materials

Inordinate delay in finalisation of rate contracts for supply of retreading materials resulted in avoidable expenditure of Rs.0.89 crore.

Central Purchase Organisation of the Institute of Road Transport (IRT) is the nodal agency for the procurement of materials required in bulk by the State Transport Undertakings (STUs) in the State of Tamil Nadu.

IRT finalised (June 1997), *inter alia*, rate contracts with the suppliers for the supply of retreading materials, *viz*., pre-cured tread rubber, bonding gum and vulcanising cement for the period from July 1997 to June 1998. Based on these rate contracts, the STUs were placing purchase orders on the suppliers for their requirements.

As the rate contracts for 1997-98 entered in to with the suppliers of retreading materials expired on 30 June 1998 and the subsequent rate contracts for

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1998-99 were not finalised by the IRT by that time, the STUs continued to purchase under the existing rate contracts up to 10 March 1999. It was observed in Audit that though IRT/STUs were aware of fall in prices of retreading material as the tenders for 1998-99 were opened in July 1998, no action was taken to finalise the tender at the earliest possible time, which resulted in avoidable expenditure of Rs.0.89 crore during the period from July 1998 to March 1999 in 10 STUs test checked in Audit.

The matter was reported to the companies and the Government in August 2002; their replies had not been received (September 2002).

4A.9 TAMIL NADU GRAPHITES LIMITED

4A.9.1 Infructuous expenditure on floating a new company

Hasty decision on the formation and subsequent merger rendered the expenditure of Rs.23.19 lakh infructuous

Government of Tamil Nadu decided (October 1996) to float a separate Company *viz.*, Tamil Nadu Graphites Limited (TANGRAPH) immediately on the plea that the demand for graphite had been growing steadily and the potential for manufacturing graphite products was very large in the State and the existing Company, Tamil Nadu Minerals Limited (TAMIN) might not be able to concentrate on graphite in addition to its other activities. Accordingly TANGRAPH was incorporated on 19 March 1997 with a paid up share capital of Rs.10 lakh.

It is interesting to note that in June 1996, just three months before the decision to float TANGRAPH was taken, the Government felt the need to explore the possibilities of utilising graphite ore due to non-availability of reliable product profile of graphite based products. The Committee appointed for this purpose had not given any report so far (March 2002). Moreover, the existing graphite mines and graphite beneficiation plant of TAMIN were not transferred to TANGRAPH to facilitate promotion of graphite products, though the new Company was formed with the main objective of promoting graphite based industries in Tamil Nadu. Consequently, the Company could not succeed in achieving its main objective of promoting graphite based products and it finally recommended (February 1999) for its merger with TAMIN to the State Government. The Company incurred Rs.23.19 lakh on its day-to-day running since inception to March 2001. No final decision has been taken by the Government till date (March 2002).

The Company replied (February 2001) that as there was no significant locational advantage to set up graphite based products near the mines and market for graphite products were well dominated by already established domestic and foreign players, the merger of TANGRAPH with TAMIN was proposed. This confirms the fact that the Government acted in haste in floating new company without analysing its viability and without transferring graphite mines and graphite beneficiation plant. Consequently, the expenditure of Rs.23.19 lakh incurred by the Company from its inception till March 2001 has become infructuous.

The matter was reported to the Government in May 2002; their reply had not been received (September 2002).

4A.10 TAMIL NADU ADI DRAVIDAR HOUSING AND DEVELOPMENT CORPORATION LIMITED

4A.10.1 Revenue loss due to non-letting out of office building

The Company suffered revenue loss of Rs.15.88 lakh due to its failure to let out surplus area in office building.

The office building (space of 1,214.84 square metre) of the Company at Villupuram was fully occupied by the Collectorate of the newly formed Villupuram district on a monthly rent of Rs.24,000. The Collectorate vacated the premises on 31 July 1998. Thereafter, the Company worked out (August 1998) the monthly rent of Rs.58,500 (Rs.48.15 per square metre) on the basis of the norms of Public Works Department (PWD). Though offers were received from the Principal District Judge (August 1998) and Tamil Nadu Water Supply and Drainage Board (October 1998) to take the available space on rent, the Company did not let out the same for which no reason was found on record.

Divisional and District Managers office of the Company occupied 447.68 square metre from February 1999. ,The remaining area of 767.16 square metre has remained vacant till date (February 2002). This resulted in revenue loss of Rs.15.88 lakh (computed with reference to the rent of Rs.48.15 per square metre based on PWD norms) for 43 months from August 1998 to February 2002).

The matter was reported to the Company and the Government in June 2002; their replies had not been received (September 2002).

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4A.11 TAMIL NADU CEMENTS CORPORATION LIMITED

4A.11.1 Infructuous expenditure on construction of immersion tanks in Mayanur Unit

Creating additional infrastructure in a unit, facing closure due to lack of orders resulted in idle investment of Rs.13.61 lakh.

The Company decided (May 1998) to construct 12 immersion curing tanks at a cost of Rs.50 lakh at Asbestos pipes unit at Mayanur (Unit) during 1998-99 to improve the quality and strength of AC Pressure Pipes manufactured in that unit.

Accordingly, four immersion curing tanks (Phase I) were constructed at a cost of Rs.13.77 lakh and commissioned in August 1998. In the mean time, a proposal was put up (June 1998) by the Unit to Registered Office for construction of five curing tanks (Phase II) at an estimated cost of Rs.16 lakh. On receipt of approval (February 1999), work order for the construction of five tanks (Phase II) was released (March 1999), though the average order book position during the last 12 months was poor. All the five tanks were commissioned in December 1999 at a total cost of Rs.13.61 lakh. These tanks could not be used as the production of pipes in the Unit was completely stopped from February 2000 due to lack of orders.

Thus, failure to ensure the necessity for the construction of tanks in Phase II in view of the dwindling orders, resulted in the expenditure of Rs.13.61 lakh, incurred on the construction of these tanks being rendered infructuous.

The Company replied (September 2002) that while initiating the proposal (June 1998) to construct these five tanks, it was having 2,500 MT of workable orders and was expecting an order for 1,600 MT from Kerala Water Authority. The Management reply is not correct, as there was no order in hand during June 1998. It was further stated that the Phase I and Phase II tanks were used for curing 1,100 MT in January and February 2000. The reply is untenable in view of the fact that the 1,100 MT order it secured in December 1999 could have been executed by curing the pipes in the existing four tanks (Phase I).

The matter was reported to the Government in May 2002; their reply had not been received (September 2002).

SECTION 4B

4B.1 TAMIL NADU ELECTRICITY BOARD

4B.1.1 Excess payment of interest tax

Failure to revise interest rates consequent to reduction in/abolition of Interest Tax resulted in excess payment of Rs.7.62 crore to POWERFIN.

A reference is invited to Paragraph 4B.1.1 of the Report of the Comptroller and Auditor General of India (Commercial) for the year ended 31 March 2001, wherein payment of extra expenditure of Rs.26.96 crore up to March 2001 due to routing of Asian Development Bank (ADB) loan through Tamil Nadu Power Finance and Infrastructure Development Corporation Limited (POWERFIN) was highlighted. This extra expenditure of Rs.26.96 crore consisted of Rs.10.42 crore towards 0.25 *per cent* margin to POWERFIN and Rs.16.54 crore towards Interest Tax.

The Board received (between 1991-92 to 1996-97) Rs.805 crore through POWERFIN as loan at interest rates of 11.33, 12.36, 14.2 and 15.2 *per cent per annum* after adding 0.25 *per cent* as POWERFIN's margin and 3 *per cent* Interest Tax to the rates of 10.75, 11.75, 13.5 and 14.5 *per cent per annum*, respectively, charged by Government of Tamil Nadu from POWERFIN. The loans are being repaid by the Board to POWERFIN regularly at the above interest rates. It was explicitly agreed *inter alia* by POWERFIN that Interest Tax as may be levied by Government of India (GOI), would be collected and remitted to GOI on actual basis.

Though GOI reduced the rate of Interest Tax payable from 3 *per cent* to 2 *per cent* with effect from the financial year 1997-98 and later on abolished the Interest Tax totally from the financial year 2000-01, the Board continued to pay interest to POWERFIN at the rates including the element of Interest Tax. This resulted in excess payment of Interest Tax to the extent of Rs.7.62 crore to POWERFIN during the period 1997-98 to 2001-02.

On being pointed out by Audit, the Board stated (May 2002) that POWERFIN had been addressed to refund the excess Interest Tax collected.

The matter was reported to the Government in May 2002; their reply had not been received (September 2002).

4B.1.2 Undue benefit to an Independent Power Producer (IPP) on purchase of power

The Board extended undue benefit of Rs.5.21 crore to an IPP, by not restricting the element of Sales Tax in the fuel cost for power supplied to the rate actually paid.

The Board entered (September 1996) in to a Power Purchase Agreement (PPA) with M/s.GMR Vasavi Power Corporation Private Limited (GMRV), an Independent Power Producer (IPP), for purchase of the entire power being generated by GMRV in its Basin Bridge Diesel Engine Power Project (BBDEPP). The PPA, *inter alia,* provided that the cost of fuel and lubricating oil would be calculated on a weighted average basis and include all payments made pursuant to any Fuel Supply Agreement (FSA) entered in to by GMRV and any taxes, duties, royalties, cess, *etc.*

GMRV in turn, entered (December 1996) in to a FSA with M/s.Hindustan Petroleum Corporation Limited (HPCL) for supply of Low Sulphur Heavy Stock (LSHS), the fuel to be used for generation of electricity in BBDEPP. As per clause 6.2 (e) of the FSA, GMRV was liable to pay Sale Tax only to the extent that would have been levied for such purchases in Chennai. In other words, GMRV was liable to pay Sales Tax at three *per cent* only, for the purchase of LSHS from HPCL, being the prevailing Tamil Nadu General Sales Tax (TNGST) rate for concessional Sales Tax against Form-XVII.

It was observed in Audit that, though HPCL supplied LSHS to GMRV from its Visakapatnam Refinery by charging four *per cent* Central Sales Tax initially, it subsequently gave credit for one *per cent* differential Sales Tax to GMRV.

A scrutiny of the bills raised by GMRV on the Board for supply of power during the period from April 1999 to July 2001 revealed that GMRV continued to charge the Board towards fuel cost by including the element of Sales Tax on LSHS at four *per cent* instead of three *per cent,* which was paid to HPCL. The Board also was making payments as claimed by GMRV instead of restricting the Sales Tax element on LSHS to three *per cent.* This resulted in extension of undue benefit to GMRV to the extent of Rs.5.21 crore.

On being pointed out by Audit, the Board stated (June 2002) that a sum of Rs.8.62 crore (Rs.6.89 crore towards excess paid one *per cent* Sales Tax and Rs.1.73 crore towards interest thereon) has been recovered from the IPP in March 2002.

As a result of this Audit observation, there would be a future saving of Rs.22.84 crore to the Board during the remaining period of PPA *viz.*, ten years and four months (computed with reference to the average annual saving of Rs.2.21 crore in 1999-2000 and 2000-01).

The Board has to streamline the procedure for scrutiny of agreements enclosed to PPA so as to restrict the payments as agreed and safeguard its financial interest.

The matter was reported to the Government in May 2002; their reply had not been received (September 2002).

4B.1.3 Avoidable purchase of transmission towers

Transmission towers purchased for General Construction Circle, Chennai at a cost of Rs.3.22 crore, were lying idle for more than four years.

The Board issued a purchase order (June 1997) for the supply of 334 numbers 230 KV Double Circuit G (R) type full towers and 146 numbers 230 KV Single Circuit A type full towers at a cost of Rs.5.42 crore intended for use in the construction of transmission lines of General Construction Circle (GCC), Chennai with a delivery period of four months.

After the issue of purchase order, the Superintending Engineer, GCC, Chennai intimated (July 1997) Chief Engineer (Transmission) {CE (T)} of Board that allotted towers were not required in that circle as it was having enough stock to meet Transmission and Distribution (T&D) programme requirement in 1997-98 and requested CE (T) to reallot the towers to other needy GCCs of the Board. Despite this, the entire ordered towers were received in GCC, Chennai during the period July 1997 to November 1997, which were taken to stock in February 1998.

It was observed in Audit that 172 numbers and 26 numbers 230 KV Double Circuit G(R) type towers were sent to GCC, Salem in May 2000 and October 2001 respectively. One 230 KV Single Circuit A type tower was used by GCC, Chennai in May 2001. The remaining 136 numbers 230 KV Double Circuit G(R) type towers and 145 numbers 230 KV Single Circuit A type towers valued Rs.3.22 crore were remained idle till date (May 2002).

The Board replied (July 2002) that the Superintending Engineer, GCC, Chennai, who originally indented the towers, reported that these towers were not required in view of the modifications or dropping of the following schemes:

(1) Bay extension could not be established at Neyveli Thermal Power Station-II and hence, Neyveli – Cuddalore 230 KV DC line and the transmission line to a length of 120 kilo metre (Km) from Neyveli to Singaperumal Koil could not be taken up.

(2) Power evacuation line from Kalpakkam to Tharamani could not be taken up due to non-materialisation of Prototype Fast Breeder Reactor at Kalpakkam.

The reply is not tenable in view of the fact that:

(i) Work of Neyveli – Cuddalore line was taken up and commissioned in February 1998.

(ii) The dropping of Neyveli – Singaperumal Koil line (route length 120 Km) was known to the Board in May 1997 itself and this work was excluded from the T&D programme of 1997-98 finalised in May 1997. Hence, quantity required for this work could have been excluded from the purchase order placed in June 1997.

(iii) Kalpakkam – Tharamani line work was not included in the T&D programme of 1996-97 and 1997-98 and even in subsequent years.

The matter was reported to the Government in June 2002; their reply had not been received (September 2002).

4B.1.4 Revenue loss due to delay in withdrawal of concession on demand charges

Delay in taking up the matter for withdrawal of concession on demand charges with the Government resulted in revenue loss of Rs.2.09 crore.

Electricity charges payable by High Tension (HT) consumers of the Board comprises two portions *viz.*, current consumption charges and demand charges. As per G.O.No.M.S.17 dated 14 February 1997, the maximum demand charges for any month shall be based on the MVA demand recorded in that month or 100 *per cent* of the sanctioned demand whichever is higher. A concession was extended to the HT consumers having captive power plants of capacity 4 MVA and above by issuing an amendment to the above Government Order (vide G.O.No.M.S.43 dated 7 April 1998) which, *inter alia,* stated that for HT industries having captive generating capacity of at least 4 MVA, the maximum demand charges shall be levied on the basis of actual kVA demand recorded. It was clearly stipulated in the Government Order that the amendment would be in force till 30 June 1998 only.

Based on the above amendment, HT industrial consumers having captive power plants (of at least 4 MVA) were billed for demand charges for actual kVA recorded from the electricity bills from April 1998.

Even though the original intention of the Government was to extend this concession up to 30 June 1998 only, the above proviso was incorporated in the subsequent tariff notification G.O.No.M.S.115 dated 19 July 1998 also. The matter of withdrawal of the concession was taken up by the Board with the Government in February 1999 only, *i.e.* after an inordinate delay of more than seven months. The Government finally withdrew the concession prospectively from 28 June 1999 (vide G.O.No.M.S.136 dated 28 June 1999).

The request of the Board to withdraw the concession retrospectively was turned down (July 2001) by the Government.

Thus, the delay of more than seven months, in taking up the matter of withdrawal of concession with the Government resulted in revenue loss of Rs.2.09 crore during the period November 1998 to June 1999 (the revenue loss has been worked out on the basis that the Board should have taken up the matter of withdrawal of concession with the Government in July 1998 itself and got it withdrawn within three months, say by October 1998).

The Board in reply stated (August 2002) that the amendments sought for by it with retrospective effect could not be obtained as the State Government informed that in the absence of specific provisions in the Tamil Nadu Revision of Tariff Rates on supply of Electrical Energy Act, 1978, withdrawal of concession with retrospective effect was not possible. This confirms the Audit observation that the Board delayed the action for withdrawal without any valid reasons.

The matter was reported to the Government in May 2002; their reply had not been received (September 2002).

4B.1.5 Undue benefit to commercial category consumers

Adjustment of windmill energy against commercial consumption instead of industrial consumption resulted in undue benefit of Rs.1.44 crore to consumers.

In order to encourage power generation through non-conventional energy sources like wind energy, the Board permitted (March 1986) installation of private windmills in a windy location and tie up with the Board's grid. The private windmill operators were permitted to use the power generated by windmills to their establishments located anywhere in Tamil Nadu after deducting two *per cent* of the energy generated towards Board's commission. It was further stated that the transactions between the Board and the party would be billed on a monthly basis and the party would be billed only at appropriate tariff for the net excess energy drawn by it from the Board's grid. The Board also stated (May 1994) that the private windmill developers were permitted to use the power generated by them to their industries located anywhere in the State.

This was again confirmed by the Board in April 2000, when it clarified that energy drawn in excess of energy generated by the windmill had to be charged at the Board's High Tension (HT) industrial tariff rate during that month.

It was observed that 12 consumers, who had set up their windmills between June 1994 and December 1997, were allowed to adjust the windmill generation against consumption in their commercial service connection. They were charged commercial tariff instead of industrial tariff.

The Board decided (May 2001) to dispense with the adjustment of wind energy in commercial services. Commercial consumers, who were hitherto permitted to adjust their windmill generation against power consumption in commercial tariff represented against the above order. The Board allowed (10 July 2001) commercial consumers, who had set up their windmills prior to April 2000 and were getting their wind energy adjusted against HT commercial services, to continue with such adjustment subject to the condition that they should pay to the Board the difference in the tariff rates applicable to the HT industrial services and HT commercial services prospectively.

From the above, it could be seen that the adjustment of windmill generation against consumption in commercial service allowed by the Board till July 2001 was against the original intention of the Board to allow adjustment against industrial consumption as stated in April 1986 and reiterated in May 1994. Thus, the decision of the Board to allow adjustment against commercial tariff during the period June 1994 to March 2001 lacked justification and resulted in undue benefit of Rs.1.44 crore to commercial consumers.

The Board replied (July 2002) that in view of installation of large number of wind mills in private sector, it considered that no further incentives need to be continued and hence it decided to curtail the facilities given for adjustment of wind energy in commercial services and accordingly orders were issued in April 2000. The reply is not tenable in view of the fact that even before the issue of orders in July 2001, it was the intention of the Board to recover industrial tariff only, as was evident from the Boards orders of May 1994, *ibid.*

The matter was reported to the Government in June 2002; their reply had not been received (September 2002).

4B.1.6 Excess payment of Central Excise Duty and Sales Tax

The Board incurred extra expenditure of Rs.1.34 crore towards excise duty and sales tax due to inclusion of discount in the assessable value.

The Board is procuring Furnace Oil (FO) and Naptha from the two Central Public Sector oil companies *viz.*, Indian Oil Corporation Limited (IOCL) and Bharat Petroleum Corporation Limited (BPCL) for use as fuel in its thermal power stations and Gas Turbine Power Project (Naptha). IOCL and BPCL being the major suppliers of fuel to the Board, offered (June 1999) a discount of Rs.585 per kilolitre (KL) of FO and Rs.525 per metric tonne (MT) of Naptha.

On a scrutiny of invoices for the supply of these fuels to the Board by the oil Companies, it was observed that the discount allowed was availed after charging Excise Duty on the basic price. In other words, assessable value for Excise Duty included the discount. This was not in accordance with the proviso (i) to Section 4(a) Central Excise Act, 1944, which deals with the valuation of excisable goods for the purpose of charging excise duty. This proviso, *inter alia*, stipulates, that where in normal practice in wholesale trade, such goods are sold at different prices to different classes of buyers, then such prices would be deemed to be the normal price of such goods in relation to each of such class of buyers.

From the above provisions of the Act and the fact that oil companies had agreed to extend discount, the assessable value for Excise Duty should have been computed after deducting the discount. In effect, Board did not ask the oil companies to treat the Board as a separate class of customer and the discounted value as assessable value. Failure to do so resulted in excess payment of Central Excise Duty (Rs.1.24 crore) and Sales Tax (Rs.10 lakh) on excess portion of Central Excise Duty on purchase of 79,512 MT of Naptha and 61,420 KL of FO from these companies during the period June 1999 to September 2001. It is pertinent to point out that from October 2001 onwards, BPCL is supplying furnace oil to the Board by excluding the discount offered from the assessable value for Excise Duty, thereby levying the same as per the provisions of Central Excise Act, 1944.

The matter was reported to the Board and the Government in May 2002; their replies had not been received (September 2002).

4B.1.7 Avoidable payment for fuel not utilised in Power Station

Delay on the part of the Board to reduce the contracted quantity of natural gas resulted in avoidable payment of Rs.0.97 crore.

In order to meet the fuel requirement of the Gas Turbine Power Station at Narimanam (NGTPS), which uses natural gas for generation of electricity, the Board entered (June 1991) in to an agreement with Oil and Natural Gas Commission Limited (ONGC), {subsequently supply of natural gas was taken over by Gas Authority of India Limited (GAIL)} for supply of 57,000 Standard Cubic Metre Per Day (SCMD) of natural gas for a period of 10 years from June 1991.

The agreement, *inter alia,* provided that if the purchaser (Board) failed to draw Minimum Guaranteed Off-take (MGO) of 45,600 SCMD i.e., 80 *per cent* of 57,000 SCMD, the Board would pay to the seller (ONGC/GAIL) for MGO.

It was observed that one of the units in NGTPS tripped (June 1999) and was scrapped by the Board, resulting in lower off-take of gas. However, the Board did not take any action till March 2000 to get the quantity of natural gas reduced to match the requirement for one turbine only. When the Board took up (7 March 2000) the matter of reduction in the contracted quantity from 57,000 SCMD to 30,000 SCMD, GAIL responded immediately by reducing the contracted quantity to 30,000 SCMD (with a corresponding MGO quantity of 24,000 SCMD) effective from 7 March 2000.

Thus, the failure of the Board to get the contracted quantity of natural gas reduced from 57,000 SCMD immediately after scrapping of one unit, resulted in avoidable payment of Rs.0.97 crore during the period from July 1999 to February 2000 (being the difference in cost between MGO quantity and quantity actually utilised).

The Board (February 2002) replied that as it proposed to install one 5 MW Gas Diesel Engine to have an alternate source of power generation in case of any break down, no decision to reduce the allotted gas quantity was taken. The Board further stated that only in December 1999, it was decided not to order the above Diesel Engine based on the recommendations of a Committee.

The reply is not tenable, as the Board had taken a policy decision as early as in October 1998, not to go in for power plants of 15 MW and below.

The matter was reported to the Government in May 2002; their reply had not been received (September 2002).

4B.1.8 Avoidable extra expenditure

Purchase of furnace oil at higher price and without discount resulted in avoidable extra expenditure of Rs.22.53 lakh.

Tuticorin Thermal Power Station (TTPS) is purchasing furnace oil from Indian Oil Corporation Limited (IOC). IOC, which was allowing a discount of Rs.585 per Kilolitre (KL), withdrew the discount with effect from 31 May 2000 on the ground of the directives of the Ministry of Petroleum and Natural Gas.

It was observed in Audit that other thermal power stations of the Board were purchasing even after May 2000 furnace oil from Bharat Petroleum Corporation Limited (BPCL) with a discount of Rs.585 per KL. It was also observed that the basic price charged by IOC was higher compared to the basic price charged by BPCL, at the time of withdrawal of discount in June 2000 and this basic price difference continued to exist till September 2001. This being so, TTPS should have ascertained from other thermal power stations about the discount and basic price offered by BPCL and other oil companies. In as much as, both these oil companies are Government of India Undertakings, the Board should have taken up the matter with IOC to continue the discount or should have shifted the source of supply from IOC to BPCL. Failure to do so had resulted in an avoidable extra expenditure of Rs.22.53 lakh on purchase of 5,890.003 KL of furnace oil. It is pertinent to mention that TTPS switched over to BPCL for purchase of furnace oil from October 2001 onwards.

It was replied by the Board (August 2001) that though IOC and BPCL were Government of India Undertakings, they were adopting different marketing strategies and that no reference was made to other thermal power stations as the withdrawal of discount was enforced by IOC citing Government of India directives. The reply is not tenable as the fact remained that the decision to procure furnace oil from IOC was not revised/reviewed after withdrawal of discount by IOC.

The matter was reported to the Government in May 2002; their reply had not been received (September 2002).

4B.1.9 Revenue loss due to non-withdrawal of concession

Failure to withdraw concession, extended to an ineligible consumer, resulted in revenue loss of Rs.21.19 lakh.

Concessional tariff was applicable to new High Tension (HT) industries for period of three years *vide* G.O. No.29 dated 31 October 1995. The term "new industry" was defined in the above G.O. as a new investment by any entrepreneur including by an existing industry provided that assets other than cash of the existing industry are not transferred and shown as assets of the new industry.

M/s. S & S Minerals Limited, Neervalur, Kanchipuram District was given (October 1996) High Tension (HT) service connection (SC No.148) with a sanctioned demand of 325 kVA. The consumer commenced commercial production in October 1996 and applied (January 1997) for tariff concession under "New Industry" category. The tariff concession was sanctioned by the Board in February 1998 for three years from October 1996 to October 1999 (at 40, 30, and 20 *per cent* of current consumption and demand charges for the 1st, 2nd and 3rd year respectively).

On inspection of the industrial premises of the consumer (October 1999), it was observed by Superintending Engineer, Kancheepuram Electricity Distribution Circle that the consumer was using old machinery taken on lease from M/s. W. S. Industries (India) Limited, Chennai and the consumer also accepted this. It was also observed that the certificate issued by the chartered accountant (at the time of application for tariff concession) that the industry was a new one and assets other than cash had not been transferred from any of the existing industry, was not correct. Additional Chief Engineer, Industrial Energy Management Cell (IEMC), however, stated (December 1999) that since the consumer had taken only some machinery on lease basis, the same could be taken as only cash flow and not transfer of assets and that as such the chartered accountant's certificate might not be considered as incorrect. The argument of the Additional Chief Engineer, IEMC is untenable in view of the fact that major portion of machinery (of capacity 345 HP out of total 410 HP) was taken on lease from M/s. W. S. Industries (India) Limited and as such there was no significant new investment on machinery.

As the consumer did not fulfill the condition laid down in GO dated 31 January 1995, the new industry concession extended to him should have been withdrawn and amount recovered forthwith but the Board did not do so.

Thus, non-withdrawal of tariff concession extended to an ineligible consumer resulted in a revenue loss of Rs.21.19 lakh to the Board.

The Government in reply stated (September 2002) that necessary instruction had been issued to withdraw the new industries tariff concession and recover the amount from the consumer.

4B.1.10 Undue benefit to consumer

Incorrect application of tariff resulted in undue benefit of Rs.15.49 lakh to consumers.

Consumers of the Board availing High Tension (HT) electricity supply have been classified in to five categories for the purpose of billing *viz.*, Tariff I to V. Tariff III covers commercial and all other categories of consumers not covered under the other four tariff structures. Accordingly, software industries and hardware units, which were not covered by other four tariff structures were billed under Category III up to February 1999. The State Government, thereafter, issued amendment to Tamil Nadu Revision of Tariff rates on supply of Electrical Energy Act, stipulating that all Information Technology/Software Industries including maintenance, service and training institutions availing High Tension supply may be categorised under Tariff I with effect from 1 March 1999.

It was observed in Audit that though the categorisation of Software Industries under Tariff I was effective from 1 March 1999 only, M/s.Pentafour Software Exports Limited and M/s Computer Graphics Limited coming under III category were billed under Tariff I even prior to March 1999 instead of under Tariff III. This resulted in undue benefit of Rs.15.49 lakh to the consumers.

The matter was reported to the Board and the Government in August 2002; their replies had not been received (September 2002).

4B.1.11 Revenue loss due to non-levy of penalty for low Power Factor

The Board suffered revenue loss of Rs.11.80 lakh due to its failure to levy penalty for low Power Factor.

In order to improve Power Factor (PF) and to reduce line losses, the Board decided (March 1998) to instal electronic meters in all the Low Tension (LT) consumers having metering arrangement through Current Transformer (CT) system (LT CT consumers). It was also decided to levy a penalty on those LT CT consumers who failed to maintain a stipulated PF.

Accordingly, in the Tariff Revision effected by the Government in 19 July 1998, it was stipulated that the LT CT category consumers, after provision of electronic meters, should maintain a PF of not less than 0.85. Non-maintenance of required PF would entail penalty of one *per cent* of the current consumption charges for every reduction of 0.01 in PF from 0.85 up to 0.75 and one and half *per cent* of current consumption charges for every reduction of 0.01 in PF for PF below 0.75. This condition was included in the subsequent Tariff Revision of January 2000 also.

It was, however, observed in Audit that in Dharapuram and Guindy Revenue Branches of the Board, penalty for low power factor was not levied on LT CT consumers having installed electronic meters in these services resulting in revenue loss of Rs.14.08 lakh. On being pointed out by Audit, the Board recovered Rs.2.28 lakh in Guindy Revenue Branch. The remaining amount of Rs.11.80 lakh is yet to be recovered (Dharapuram Rs.5.30 lakh and Guindy Rs.6.50 lakh).

The matter was reported to the Board and the Government in August 2002; their replies had not been received (September 2002).

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

Chennai
The 13 March 2003

Countersigned

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

New Delhi
The 21 March 2003

ANNEXURES

*2-15—19a

ANNEXURE-1

(Referred to in Paragraph 1.2.1.1, 1.2.1.2, 1.2.2, 1.3.1 and 1.3.2)

Statement showing particulars of up-to-date paid-up capital, budgetary outgo, loans given out of budget and loans outstanding as on 31 March 2002 in respect of Government companies and Statutory corporations

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

Sl. No.	Sector and Name of the Company	Paid-up capital as at the end of the current year					Equity/loans received out of budget during the year		Other loans received during the year	Loans outstanding at the close of 2001-02*			Debt equity ratio for 2002 (previous year) 4(f)/3(e)
		State Govern-ment	Central Govern-ment	Holding com-panies	Others	Total	Equity	Loans		Govern-ment	Others	Total	
(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
A.	**WORKING COMPANIES**												
	AGRICULTURE												
1.	Tamil Nadu Fisheries Development Corporation Limited	445.52	---	---	---	445.52	---	---	---	---	---	---	---
2.	Tamil Nadu Tea Plantation Corporation Limited	596.18	---	---	---	596.18	---	---	---	---	287.75	287.75	0.48:1 (0.57:1)
	Sector-wise total	**1,041.70**	**---**	**---**	**---**	**1,041.70**	**---**	**---**	**---**	**---**	**287.75**	**287.75**	**0.28:1 (0.57:1)**
	INDUSTRY												
3.	Tamil Nadu Industrial Development Corporation Limited (TIDCO)	9,417.31	---	---	---	9,417.31	---	---	---	209.78	26,624.00	26,833.78	2.85:1 (0.02:1)
4.	Tamil Nadu Industrial Explosives Limited (Subsidiary of TIDCO)	---	---	2,214.14	481.54	2,695.68	---	---	---	3,188.06	---	3,188.06	1.18:1 (1.18:1)
5.	Tamil Nadu Paints and Allied Products Limited (Subsidiary of TANSI)	---	---	2.05	---	2.05	---	---	---	---	---	---	---
6.	Tamil Nadu Small Industries Corporation Limited (TANSI)	1,505.26	---	---	---	1,505.26	---	---	---	---	3,891.14	3,891.14	2.59:1 (1.93:1)
7.	Tamil Nadu Small Industries Development Corporation Limited (SIDCO)	730.00	---	---	---	730.00	---	---	---	---	---	---	----- (0.08:1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
8.	State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT)	5,791.25	---	---	---	5,791.25	---	---	---	1,979.50	15,807.28	17,786.78	3.07:1 (2.81:1)
9.	Tamil Nadu Salt Corporation Limited	317.01	---	---	---	317.01	---	---	---	---	---	---	---
10.	Tamil Nadu Magnesite Limited	1,665.00	---	---	---	1,665.00	---	---	---	---	---	---	--- (1.16:1)
11.	Tamil Nadu Leather Development Corporation Limited	250.00	---	---	---	250.00	---	---	---	294.33	---	294.33	1.18:1 (1.16:1)
12.	Arasu Rubber Corporation Limited	200.00	---	---	---	200.00	---	---	---	26.44	408.86	435.30	2.18:1 (2.18:1)
13.	Tamil Nadu Graphites Limited	10.00	---	---	---	10.00	---	---	---	---	---	---	---
	Sector-wise total	**19,885.83**	**---**	**2,216.19**	**481.54**	**22,583.56**	**---**	**---**	**---**	**5,698.11**	**46,731.28**	**52,429.39**	**2.32:1 (1.12:1)**
	ENGINEERING												
14.	State Engineering and Servicing Company of Tamil Nadu Limited (SESCOT) (Subsidiary of TANSI)	---	---	49.71	---	49.71	---	66.80	---	444.34	---	444.34	8.94:1 (19.78:1)
15.	Southern Structurals Limited	3,435.50	---	---	18.80	3,454.30	---	1,415.50	---	3,651.70	---	3,651.70	1.06:1 (0.65:1)
	Sector-wise total	**3,435.50**	**---**	**49.71**	**18.80**	**3,504.01**	**---**	**1,482.30**	**---**	**4,096.04**	**---**	**4,096.04**	**1.17:1 (0.64:1)**
	ELECTRONICS												
16.	Electronics Corporation of Tamil Nadu Limited (ELCOT)	2,593.05	---	---	---	2,593.05	---	---	---	---	---	---	---
17.	Tamil Nadu Institute of Information Technology	1,000.00	---	---	---	1,000.00	---	---	---	---	---	---	---
	Sector-wise total	**3,593.05**	**---**	**---**	**---**	**3,593.05**	**---**	**---**	**---**	**---**	**---**	**---**	**---**
	TEXTILES												
18.	Tamil Nadu Textile Corporation Limited	154.00	---	---	---	154.00	---	134.56	---	235.43	---	235.43	1.53:1 (0.66:1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
19.	Tamil Nadu Zari Limited	34.40	---	---	---	34.40	---	---	---	20.00	21.63	41.63	1.21:1
	Sector-wise total	**188.40**	---	---	---	**188.40**	---	**134.56**	---	**255.43**	**21.63**	**277.06**	**1.47:1 (0.54:1)**
	HANDLOOM AND HANDICRAFTS												
20.	Tamil Nadu Handicrafts Development Corporation Limited	176.69	116.00	---	0.70	293.39	---	---	---	75.49	70.11	145.60	0.50:1 (0.11:1)
21.	Tamil Nadu Handloom Development Corporation Limited	267.00 (1.55)	---	---	162.13	429.13 (1.55)	---	---	---	---	---	---	--- (0.01:1)
	Sector-wise total	**443.69 (1.55)**	**116.00**	---	**162.83**	**722.52 (1.55)**	---	---	---	**75.49**	**70.11**	**145.60**	**0.20:1 (0.05:1)**
	FOREST												
22.	Tamil Nadu Forest Plantation Corporation Limited	300.00	---	---	---	300.00	---	---	---	---	---	---	---
	Sector-wise total	**300.00**	---	---	---	**300.00**	---	---	---	---	---	---	---
	MINING												
23.	Tamil Nadu Minerals Limited (TAMIN)	786.90	---	---	---	786.90	---	---	---	---	---	---	---
	Sector-wise total	**786.90**	---	---	---	**786.90**	---	---	---	---	---	---	---
	CONSTRUCTION												
24.	Tamil Nadu State Construction Corporation Limited	500.00	---	---	---	500.00	---	---	2,594.00	100.00	8,835.43	8,935.43	17.87:1 (0.20:1)
25.	Tamil Nadu Police Housing Corporation Limited	100.00	---	---	---	100.00	---	---	1,579.00	---	24,699.39	24,699.39	246.99:1 (277.96:1)
	Sector-wise total	**600.00**	---	---	---	**600.00**	---	---	**4,173.00**	**100.00**	**33,534.82**	**33,634.82**	**56.06:1 (46.49:1)**
	DRUGS AND CHEMICALS												
26.	Tamil Nadu Medicinal Plant Farms and Herbal Medicine Corporation Limited	20.75	---	---	---	20.75	---	---	---	---	---	---	---
27.	Tamil Medical Services Corporation Limited	300.00	---	---	---	300.00	---	---	1,319.22	---	---	---	---
	Sector-wise total	**320.75**	---	---	---	**320.75**	---	---	**1,319.22**	---	---	---	---

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
	SUGAR												
28.	Tamil Nadu Sugar Corporation Limited (TASCO)	679.15	---	---	100.00	779.15	---	---	---	---	---	---	---- (0.07:1)
29.	Perambalur Sugar Mills Limited (Subsidiary of TASCO)	---	---	226.75	190.60	417.35	---	---	---	---	---	---	---
	Sector-wise total	**679.15**	**---**	**226.75**	**290.60**	**1,196.50**	**---**	**---**	**---**	**---**	**---**	**---**	**--- (0.04:1)**
	CEMENT												
30.	Tamil Nadu Cements Corporation Limited	1,799.13	---	---	---	1,799.13	---	---	---	384.00	1,200.00	1,584.00	0.88:1 (1.14:1)
	Sector-wise total	**1,799.13**	**---**	**---**	**---**	**1,799.13**	**---**	**---**	**---**	**384.00**	**1,200.00**	**1,584.00**	**0.88:1 (1.14:1)**
	AREA DEVELOPMENT												
31.	Dharmapuri District Development Corporation Limited	15.00	---	---	---	15.00	---	---	---	---	---	---	---
	Sector-wise total	**15.00**	**---**	**---**	**---**	**15.00**	**---**	**---**	**---**	**---**	**---**	**---**	**---**
	ECONOMICALLY WEAKER SECTION												
32.	Tamil Nadu Adi Dravidar Housing and Development Corporation Limited	4,355.50	3,219.91	---	---	7,575.41	331.00	---	---	9.19	---	9.19	0.001:1 (0.001:1)
33.	Tamil Nadu Backward Classes Economic Development Corporation Limited	1,119.01	---	---	---	1,119.01	---	---	212.04	---	1,002.74	1,002.74	0.90:1 (1.1:1)
34.	Tamil Nadu Minorities Economic Development Corporation Limited	0.01 (320.00)	---	---	---	0.01 (320.00)	---	---	---	---	---	---	---
35.	Tamil Nadu Corporation for Development of Women Limited	40.00	38.42	---	---	78.42	---	---	---	---	---	---	---
36.	Tamil Nadu Ex-sercvicemen's Corporation Limited	17.91	---	---	5.00	22.91	---	---	2.50	---	22.75	22.75	0.99:1 (1.11:1)
	Sector-wise total	**5,532.43 (320.00)**	**3,258.33**	**---**	**5.00**	**8,795.76 (320.00)**	**331.00**	**---**	**214.54**	**9.19**	**1,025.49**	**1,034.68**	**0.11:1 (0.14:1)**

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
	PUBLIC DISTRIBUTION												
37.	Tamil Nadu Civil Supplies Corporation Limited	3,319.10	---	---	---	3,319.10	48.00	---	7,500.00	---	8,100.00	8,100.00	2.44:1
	Sector-wise total	**3,319.10**	---	---	---	**3,319.10**	**48.00**	---	**7,500.00**	---	**8,100.00**	**8,100.00**	**2.44:1**
	TOURISM												
38.	Tamil Nadu Tourism Development Corporation Limited	678.63	---	---	---	678.63	---	---	---	---	62.00	62.00	0.09:1 (0.54:1)
	Sector-wise total	**678.63**	---	---	---	**678.63**	---	---	---	---	**62.00**	**62.00**	**0.09:1 (0.54:1)**
	FINANCING												
39.	Tamil Nadu Industrial Investment Corporation Limited (TIIC)	2,502.28	---	---	1,747.28	4,249.56	---	---	4,882.35	9,100.00	54,807.35	63,907.35	15.04:1 (23.10:1)
	Sector-wise total	**2,502.28**	---	---	**1,747.28**	**4,249.56**	---	---	**4,882.35**	**9,100.00**	**54,807.35**	**63,907.35**	**15.04:1 (23.10:1)**
	INFRASTRUCTURE DEVELOPMENT												
40.	Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited	3,102.00	---	---	98.00	3,200.00	---	37.55	---	4,090.74	376.67	4,467.41	1.40:1 (0.41:1)
41.	Tamil Nadu Power Finance and Infrastructure Development Corporation Limited	2,200.00	---	---	---	2,200.00	--	---	---	30,625.00	4,714.00	35,339.00	16.06:1 (21.02:1)
42.	Tamil Nadu Corporation for Industrial Infrastructure Development Limited	6,600.00	1,930.00	---	---	8,530.00	---	---	---	2,716.67	---	2,716.67	0.32:1 (0.32:1)
	Sector-wise total	**11,902.00**	**1,930.00**	---	**98.00**	**13,930.00**	---	**37.55**	---	**37,432.41**	**5,090.67**	**42,523.08**	**3.05;1 (3.59:1)**
	TRANSPORT												
43.	Metropolitan Transport Corporation (Chennai) Limited	8,381.64 (15,915.17)	---	---	---	8,381.64 (15,915.17)	---	---	143.63	---	3,446.00	3,446.00	0.14:1 (0.20:1)
44.	Tamil Nadu State Transport Corporation (Madurai Division-I) Limited	4,448.57	---	---	---	4,448.57	---	---	115.19	---	1,007.86	1,007.86	0.23:1 (0.30:1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
45.	Tamil Nadu State Transport Corporation (Coimbatore Division-I) Limited	5,159.87 (569.00)	---	---	---	5,159.87 (569.00)	---	---	231.86	---	1,444.42	1,444.42	0.25:1 (0.002:1)
46.	Tamil Nadu State Transport Corporation (Kumbakonam Division-I) Limited	4,131.07	---	---	---	4,131.07	---	---	---	---	548.25	548.25	0.13:1 (0.26:1)
47.	Tamil Nadu State Transport Corporation (Salem Division-I) Limited	2,162.00	---	---	---	2,162.00	---	---	58.60	---	1,246.68	1,246.68	0.58:1 (0.97:1)
48.	Tamil Nadu State Transport Corporation (Madurai Division-II) Limited	7,193.57	---	---	---	7,193.57	---	---	---	---	1,022.06	1,022.06	0.14:1 (0.19:1)
49.	Poompuhar Shipping Corporation Limited	2,053.00	---	---	---	2,053.00	---	---	475.00	---	1,850.00	1,850.00	0.90:1 (1.9:1)
50.	Tamil Nadu State Transport Corporation (Villupuram Division-I) Limited	2,149.00	---	---	---	2,149.00	---	---	1,246.05	---	2,547.34	2,547.34	1.19:1 (1.09:1)
51.	Tamil Nadu Transport Development Finance Corporation Limited	4,303.00		1,871.18	---	6,174.18	---	---	40.00	---	40.00	40.00	0.01:1 (0.38:1)
52.	State Express Transport Corporation Limited (Tamil Nadu Division-I) Limited	12,075.37	---	---	---	12,075.37	---	---	---	---	1,189.51	1,189.51	0.10:1 (0.13:1)
53.	Tamil Nadu State Transport Corporation (Kumbakonam Division-III) Limited	3,661.23	---	---	---	3,661.23	---	---	57.60	---	552.42	552.42	0.15:1 (0.25:1)
54.	Tamil Nadu State Transport Corporation (Villupuram Division-II) Limited	1,968.93	---	---	---	1,968.93	---	---	---	---	---	---	--- (0.79:1)
55.	Tamil Nadu State Transport Corporation (Coimbatore Division-II) Limited	2,010.22	---	---	---	2,010.22	---	---	1,048.49	---	2,046.39	2,046.39	1.02:1 (0.94:1)
56.	Tamil Nadu State Transport Corporation (Madurai Division-III) Limited	4,112.69	---	---	---	4,112.69	---	---	---	---	783.82	783.82	0.19:1 (0. 30:1)
57.	Pallavan Transport Consultancy Services Limited	10.00	---	---	---	10.00	---	---	---	---	2.77	2.77	0.28:1 (2.08:1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
58.	Tamil Nadu State Transport Corporation (Kumbakonam Division-II) Limited	2,150.69	---	---	---	2,150.69	---	---	167.67	---	1,549.52	1,549.52	0.72:1 (1.23:1)
59.	Tamil Nadu State Transport Corporation (Madurai Division-IV) Limited	1,853.13	---	---	---	1,853.13	---	---	86.87	---	612.90	612.90	0.33:1 (0.54:1)
60.	Tamil Nadu State Transport Corporation (Salem Division-II) Limited	1,465.34	---	---	---	1,465.34	---	---	631.38	---	1,646.80	1,646.80	1.12:1 (1.23:1)
61.	Tamil Nadu State Transport Corporation (Villupuram Division-III) Limited	2,492.28	---	---	---	2,492.28	---	---	230.39	---	995.94	995.94	0.40:1 (0.55:1)
62.	Tamil Nadu State Transport Corporation (Madurai Division-V) Limited	1,088.00	---	---	---	1,088.00	---	---	54.66	---	457.62	457.62	0.42:1 (0.68:1)
63.	Tamil Nadu State Transport Corporation (Kumbakonam Division-IV) Limited	541.05	---	---	---	541.05	---	---	75.19	---	528.23	528.23	0.98:1 (1.40:1)
	Sector-wise total	**73,410.65 (16,484.17)**	---	**1,871.18**	---	**75,281.83 (16,484.17)**	---	---	**4,662.58**	---	**23,518.53**	**23,518.53**	**0.25:1 (0.37:1)**
	MISCELLANEOUS												
64.	Overseas Manpower Corporation Limited	15.00	---	---	---	15.00	---	---	---	---	---	---	---
65.	Tamil Nadu Film Development Corporation Limited	1,391.00	---	---	---	1,391.00	---	---	---	607.21	525.00	1,132.21	0.81:1 (0.51:1)
66.	Tamil Nadu State Marketing Corporation Limited (TASMAC)	700.00	---	---	---	700.00	---	---	504.00	---	424.00	424.00	0.61:1 (0.72:1)
	Sector-wise total	**2,106.00**	---	---	---	**2,106.00**	---	---	**504.00**	**607.21**	**949.00**	**1,556.21**	**0.74:1 (0.58:1)**
	TOTAL (A)	**1,32,540.19 (16,805.72)**	**5,304.33**	**4,363.83**	**2,804.05**	**1,45,012.40 (16,805.72)**	**379.00**	**1,654.41**	**23,255.69**	**57,757.88**	**1,75,398.63**	**2,33,156.51**	**1.44:1 (1.5:1)**

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
B.	**WORKING STATUTORY CORPORATIONS**												
	POWER												
1.	Tamil Nadu Electricity Board	20,000.00	---	---	---	20,000.00	10,000.00	---	1,79,917.97	---	6,50,405.61	6,50,405.61	32.52:1 (55.25:1)
	Sector-wise total	**20,000.00**	**---**	**---**	**---**	**20,000.00**	**10,000.00**	**---**	**1,79,917.97**	**---**	**6,50,405.61**	**6,50,405.61**	**32.52:1 (55.25:1)**
	AGRICULTURE												
2.	Tamil Nadu Warehousing Corporation	380.50	380.50	---	---	761.00	---	---	---	---	---	---	---
	Sector-wise total	**380.50**	**380.50**	**---**	**---**	**761.00**	**---**	**---**	**---**	**---**	**---**	**---**	**---**
	TOTAL (B)	**20,380.50**	**380.50**	**---**	**---**	**20,761.00**	**10,000.00**	**---**	**1,79,917.97**	**---**	**6,50,405.61**	**6,50,405.61**	**31.33:1 (51.34:1)**
	GRAND TOTAL (A+B)	**1,52,920.69 (16,805.72)**	**5,684.83**	**4,363.83**	**2,804.05**	**1,65,773.40 (16,805.72)**	**10,379.00**	**1,654.41**	**2,03,173.66**	**57,757.88**	**8,25,804.24**	**8,83,562.12**	**4.44:1 (4.60:1)**
C.	**NON-WORKING COMPAIES**												
	AGRICULTURE												
1.	Tamil Nadu Agro Industries Corporation Limited	435.98	165.00	---	---	600.98	---	926.08	---	1,403.08	85.62	1,488.70	2.48:1 (0.99:1)
2.	Tamil Nadu Poultry Development Corporation Limited	125.43	---	---	1.25	126.68	---	213.01	---	213.01	---	213.01	1.68:1 (0.50:1)
3.	Tamil Nadu Sugarcane Farm Corporation Limited	27.50	---	---	---	27.50	---	---	---	---	---	---	---
4.	Tamil Nadu State Farms Corporation Limited	155.13	---	---	---	155.13	---	---	---	537.46	---	537.46	3.46:1 (3.46:1)
5.	Tamil Nadu State Tube wells Corporation Limited	31.50	---	---	---	31.50	---	---	---	---	---	---	---
6.	Tamil Nadu Dairy Development Corporation Limited	207.36	---	---	---	207.36	---	---	---	---	---	---	---
	Sector-wise total	**982.90**	**165.00**	**---**	**1.25**	**1,149.15**	**---**	**1,139.09**	**---**	**2,153.55**	**85.62**	**2,239.17**	**1.95:1 (1.10:1)**

*2-15—20a

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
	INDUSTRY												
7.	Tamil Nadu Magnesium and Marine Chemicals Limited (Subsidiary of TIDCO)	---	---	362.00	---	362.00	---	---	---	---	---	---	---- (3.63:1)
	Sector-wise total	**---**	**---**	**362.00**	**---**	**362.00**	**---**	**---**	**---**	**---**	**---**	**---**	**--- (2.40:1)**
	ENGINEERING												
8.	Tamil Nadu Steels Limited	392.00	---	---	---	392.00	---	---	---	584.37	465.99	1,050.36	2.68:1 (2.68:1)
	Sector-wise total	**392.00**	**---**	**---**	**---**	**392.00**	**---**	**---**	**---**	**584.37**	**465.99**	**1,050.36**	**2.68:1 (2.68:1)**
	FINANCING												
9.	The Chit Corporation of Tamil Nadu Limited	5.92	---	---	---	5.92	---	---	---	19.18	---	19.18	3.24:1
	Sector-wise total	**5.92**	**---**	**---**	**---**	**5.92**	**---**	**---**	**---**	**19.18**	**---**	**19.18**	**3.24:1**
	TRANSPORT												
10.	Tamil Nadu Goods Transport Corporation Limited	26.56	---	---	6.10	32.66	---	---	---	---	---	---	---
	Sector-wise total	**26.56**	**---**	**---**	**6.10**	**32.66**	**---**	**---**	**---**	**---**	**---**	**---**	**---**
	MISCELLANEOUS												
11.	Tamil Nadu State Sports Development Corporation Limited	0.002	---	---	---	0.002	---	---	---	---	---	---	---
12.	Tamil Nadu Spirit Corporation Limited (Subsidiary of TASMAC)	160.00	---	240.00	---	400.00	---	---	---	---	---	---	---
	Sector-wise total	**160.002**	**---**	**240.00**	**---**	**400.002**	**---**	**---**	**---**	**---**	**---**	**---**	**---**
	TOTAL (C)	**1,567.382**	**165.00**	**602.00**	**7.35**	**2,341.732**	**---**	**1,139.09**	**---**	**2,757.10**	**551.61**	**3,308.71**	**1.41:1 (1.54:1)**
	GRAND TOTAL (A+B+C)	**1,54,488.072 (16,805.72)**	**5,849.83**	**4,965.83**	**2,811.40**	**1,68,115.132 (16,805.72)**	**10,379.00**	**2,793.50**	**2,03,173.66**	**60,514.98**	**8,26,355.85**	**8,86,870.83**	**4.80:1 (4.56:1)**

Except in respect of companies which finalised their accounts for 2001-02 (Serial Numbers A-1 to 6, 9 to 14, 16 to 20, 22, 23, 25, 27, 31, 38 to 63, 65, 66, C-2, 9 and 12) the figures are provisional and as given by the companies.

Figures in brackets indicate the share application money.

Loans outstanding at the close of 2001-02 represent long term loan only.

ANNEXURE-2

(Referred to in Paragraph 1.2.3, 1.2.4, 1.2.5, 1.3.4 and 1.7)

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

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

Sl. No.	Sector and Name of the Company	Name of Department	Date of incorpo-ration	Period of accounts	Year in which accounts finalised	Net profit/ loss (-)	Net impact of audit comments	Paid-up capital	Accumu-lated profit/ loss (-)	Capital employed (A)	Total return on capital employed	Percen-tage of total return on capital emplo-yed	Arrears of accounts in terms of years	Turn over	Man power
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
A.	**WORKING COMPANIES**														
	AGRICULTURE														
1.	Tamil Nadu Fisheries Development Corporation Limited	Fisheries	11 April 1974	2001-02	2002-03	12.31	---	445.52	(-)590.00	(-)46.03	12.31	---	---	5,525.44	258
2.	Tamil Nadu Tea Plantation Corporation Limited	Environ-ment and Forest	22 August 1975	2001-02	2002-03	(-)720.78	Decrease in profit by Rs.287 lakh	596.18	(-)132.28	1,300.51	(-)671.25	---	---	4,565.27	7,289
	Sector-wise total					**(-)708.47**		**1,041.70**	**(-)722.28**	**1,254.48**	**(-)658.94**	**---**			
	INDUSTRY														
3.	Tamil Nadu Industrial Development Corporation Limited (TIDCO)	Industries	21 May 1965	2001-02	2002-03	18.62	---	9,417.31	2,152.20	1,51,690.50	3,267.51	2.15	---	17,776.21	127
4.	Tamil Nadu Industrial Explosives Limited (Subsidiary of TIDCO)	Industries	9 February 1983	2001-02	2002-03	(-)422.09	---	2,695.68	(-)550.78	6,095.87	(-)304.61	---	---	4,111.41	919

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
5.	Tamil Nadu Paints and Allied Products Limited (Subsidiary of TANSI)	Small Industries	18 November 1985	2001-02	2002-03	0.53	---	2.05	3.85	14.14	9.17	64.85	---	172.54	22
6.	Tamil Nadu Small Industries Corporation Limited (TANSI)	Small Industries	10 September 1965	2001-02	2002-03	6.39	---	1,505.26	(-)5,603.79	4,648.40	36.17	0.78	---	4,825.31	777
7.	Tamil Nadu Small Industries Development Corporation Limited (SIDCO)	Small Industries	23 March 1970	2000-01	2001-02	(-)59.84	---	730.00	199.25	874.57	(-)53.70	---	1	3,037.59	565
8.	State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT)	Industries	25 March 1971	2000-01	2001-02	(-)2,485.75	---	5,791.25	(-)5,502.66	26,720.27	(-)321.44	---	1	3,783.75	365
9.	Tamil Nadu Salt Corporation Limited	Industries	22 July 1974	2001-02	2002-03	28.18	---	317.01	144.81	484.09	28.18	5.82	---	1,079.99	88
10.	Tamil Nadu Magnesite Limited	Industries	17 January 1979	2001-02	2002-03	(-)85.50	Increase in loss by Rs.85.75 lakh	1,665.00	(-)3,479.86	(-)2,611.00	(-)30.22	---	---	2,002.73	787
11.	Tamil Nadu Leather Development Corporation Limited	Small Industries	21 March 1983	2001-02	2002-03	(-)128.93	---	250.00	(-)1,459.71	(-)549.89	(-)54.51	---	---	0.54	76
12.	Arasu Rubber Corporation Limited	Environment and Forest	10 August 1984	2001-02	2002-03	(-)646.47	Increase in loss by Rs.17.39 lakh	200.00	(-)2,616.59	(-)1,916.38	(-)480.14	---	---	1,005.77	228
13.	Tamil Nadu Graphites Limited	Industries	19 March 1997	2001-02	2002-03	0.09	---	10.00	---	3.30	0.09	2.73	---	---	NIL
	Sector-wise total					**(-)3,774.77**	**---**	**22,583.56**	**(-)16,713.28**	**1,85,453.87**	**2,096.50**	**1.13**			
	ENGINEERING														
14.	State Engineering and Servicing Company of Tamil Nadu Limited (SESCOT) (Subsidiary of TANSI)	Small Industries	25 April 1977	2001-02	2002-03	(-)93.36	---	49.71	(-)1,636.13	(-)71.48	(-)82.83	---	---	4.09	NIL

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
15.	Southern Structurals Limited	Industries	17 October 1956	2000-01	2001-02	(-)1,167.90	Increase in loss by Rs.37.28 lakh and accumulated loss by Rs.271.68 lakh	3,454.30	(-)7,075.50	(-)0.65	(-)901.05	---	1	1,047.87	571
	Sector-wise total					**(-)1,261.26**	---	**3,504.01**	**(-)8,711.63**	**(-)72.13**	**(-)983.88**	---			
	ELECTRONICS														
16.	Electronics Corporation of Tamil Nadu Limited (ELCOT)	Information and Technology	21 March 1977	2001-02	2002-03	27.27	---	2,593.05	94.51	1,541.80	29.14	1.89	---	1,631.64	215
17.	Tamil Nadu Institute of Information Technology	Higher Education	20 February 1998	2001-02	2002-03	(-)99.80	---	1,000.00	(-)371.97	628.04	(-)99.80	---	---	30.33	NIL
	Sector-wise total					**(-)72.53**	---	**3,593.05**	**(-)277.46**	**2,169.84**	**(-)70.66**				
	TEXTILES														
18.	Tamil Nadu Textile Corporation Limited	Handloom, Handicraft, Textiles and Khadi	24 April 1969	2001-02	2002-03	(-)57.44	Increase in loss by Rs.6.88 lakh	154.00	(-)342.02	122.79	(-)29.69	---	---	965.90	214
19.	Tamil Nadu Zari Limited	Handloom, Handicraft, Textiles and Khadi	6 December 1971	2001-02	2002-03	45.26	---	34.40	349.11	405.13	47.87	11.82	---	1,831.72	178
	Sector-wise total					**(-)12.18**	---	**188.40**	**7.09**	**527.92**	**18.18**	**3.44**			
	HANDLOOM AND HANDICRAFTS														
20.	Tamil Nadu Handicrafts Development Corporation Limited	Handloom, Handicraft, Textiles and Khadi	26 July 1973	2001-02	2002-03	(-)100.36	---	293.39	(-)204.05	329.88	(-)59.73	---	---	1,180.00	265
21.	Tamil Nadu Handloom Development Corporation Limited	Handloom, Handicraft, Textiles and Khadi	10 September 1964	2000-01	2001-02	20.48	---	429.13	1.12	962.58	20.48	2.13	1	163.17	46
	Sector-wise total					**(-)79.88**	---	**722.52**	**(-)202.93**	**1,292.46**	**(-)39.25**	---			

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	FOREST														
22.	Tamil Nadu Forest Plantation Corporation Limited	Environment and Forest	13 June 1974	2001-02	2002-03	347.72	---	300.00	2,349.45	3,072.49	347.72	11.32	---	1,892.27	584
	Sector-wise total					**347.72**	**---**	**300.00**	**2,349.45**	**3,072.49**	**347.72**	**11.32**	**---**		
	MINING														
23.	Tamil Nadu Minerals Limited (TAMIN)	Industries	6 April 1977	2001-02	2002-03	404.20	---	786.90	8,673.99	7,219.68	404.20	5.60	---	6,704.95	1,975
	Sector-wise total					**404.20**	**---**	**786.90**	**8,673.99**	**7,219.68**	**404.20**	**5.60**			
	CONSTRUCTION														
24.	Tamil Nadu State Construction Corporation Limited	Public Works	8 February 1980	2000-01	2001-02	(-)329.67	---	500.00	(-)1,996.27	7,597.25	(-)312.40	---	1	913.13	255
25.	Tamil Nadu Police Housing Corporation Limited	Home	30 April 1981	2001-02	2002-03	41.85	---	100.00	363.16	25,862.95	480.75	1.86	---	793.04	244
	Sector-wise total					**(-)287.82**	**---**	**600.00**	**(-)1,633.11**	**33,460.20**	**168.35**	**0.50**			
	DRUGS AND CHEMICALS														
26.	Tamil Nadu Medicinal Plant Farms and Herbal Medicine Corporation Limited	Indian Medicine and Homeopathy	27 September 1983	2000-01	2001-02	37.52	---	20.75	62.51	138.27	37.99	27.48	1	492.75	118
27.	Tamil Nadu Medical Services Corporation Limited	Health and Family Welfare	1 July 1994	2001-02	2002-03	64.64	---	300.00	98.49	2,715.76	113.92	4.19	---	1,286.04	81
	Sector-wise total					**102.16**	**---**	**320.75**	**161.00**	**2,854.03**	**151.91**	**5.32**			
	SUGAR														
28.	Tamil Nadu Sugar Corporation Limited (TASCO)	Industries	17 October 1974	2000-01	2001-02	(-)786.09	---	779.15	(-)3,084.59	3,787.52	(-)773.36	---	1	6,403.92	660

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
29.	Perambalur Sugar Mills Limited (Subsidiary of TASCO)	Industries	24 July 1976	2000-01	2001-02	(-)788.16	Increase in loss by Rs.46.09 lakh	417.35	(-)2,829.74	6,447.96	(-)788.16	---	1	5,588.20	593
	Sector-wise total					**(-)1574.25**	---	**1,196.50**	**(-)5,914.33**	**10,235.48**	**(-)1,561.52**	---			
	CEMENT														
30.	Tamil Nadu Cements Corporation Limited	Industries	11 February 1976	2000-01	2001-02	(-)2,497.22		1,799.13	(-)3,540.50	8,869.40	(-)1,778.33	---	1	16,779.38	2,239
	Sector-wise total					**(-)2,497.22**	---	**1,799.13**	**(-)3,540.50**	**8,869.40**	**(-)1,778.33**	---			
	AREA DEVELOPMENT														
31.	Dharmapuri District Development Corporation Limited	Rural Development and Local Administration	7 November 1975	2001-02	2002-03	10.66	---	15.00	74.30	128.27	10.66	8.31	---	91.87	69
	Sector-wise total					**10.66**	---	**15.00**	**74.30**	**128.27**	**10.66**	**8.31**			
	ECONOMICALLY WEAKER SECTION														
32.	Tamil Nadu Adi Dravidar Housing and Development Corporation Limited	Adi Dravidar and Tribal Welfare	15 February 1974	1999-2000	2002-03	(-)19.77	---	7,243.91	(-)95.20	10,273.24	63.26	0.62	2	961.22	540
33.	Tamil Nadu Backward Classes Economic Development Corporation Limited	Backward Classes and Most Backward Classes Welfare	16 November 1981	2000-01	2001-02	41.32	---	1,119.01	89.60	2,517.54	100.10	3.98	1	181.18	15
34.	Tamil Nadu Minorities Economic Development Corporation Limited	Backward Classes and Most Backward Classes Welfare	31 August 1999	2000-01	2001-02	5.74	---	320.01	9.84	337.18	5.74	1.70	1	27.91	10
35.	Tamil Nadu Corporation for Development of Women Limited	Social Welfare and Noon-Meal Programme	9 December 1983	1999-2000	2001-02	(-)0.67	---	78.42	(-)4.87	435.21	(-)0.67	---	2	1,481.02	541
36.	Tamil Nadu Ex-sercvicemen's Corporation Limited	Public (Ex-servicemen)	28 January 1986	1999-2000	2001-02	22.76	---	22.91	95.43	225.52	22.76	10.09		1,791.71	13
	Sector-wise total					**49.38**	---	**8,784.26**	**94.80**	**13,788.69**	**191.19**	**1.39**	---		

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	PUBLIC DISTRIBUTION														
37.	Tamil Nadu Civil Supplies Corporation Limited	Food and Consumer protection	21 April 1972	2000-01	2001-02	---	Reduction in profit by Rs.89.07 lakh and increase in accumulated loss by Rs.107.12 lakh	3,271.10	(-)7,424.29	1,71,263.55	2,699.33	1.58	1	4,18,335.95	10,738
	Sector-wise total					---	---	**3,271.10**	**(-)7,424.29**	**1,71,263.55**	**2,699.33**	**1.58**	---		
	TOURISM														
38.	Tamil Nadu Tourism Development Corporation Limited	Information and Tourism	30 June 1971	2001-02	2002-03	29.94	---	678.63	(-)193.11	1,395.62	68.11	4.88	---	3,408.61	842
	Sector-wise total					**29.94**	---	**678.63**	**(-)193.11**	**1,395.62**	**68.11**	**4.88**	---		
	FINANCING														
39.	Tamil Nadu Industrial Investment Corporation Limited (TIIC)	Small Industries	26 March 1949	2001-02	2002-03	10,116.59	Increase in loss by Rs.7,290.11 lakh	4,249.56	(-)27,698.51	1,08,706.05	2,723.85	2.51	---	12,172.67	821
	Sector-wise total					**10,116.59**	---	**4,249.56**	**(-)27,698.51**	**1,08,706.05**	**2,723.85**	**2.51**	---		
	INFRASTRUCTURE DEVELOPMENT														
40.	Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited	Municipal Administration and Water Supply	21 March 1990	2001-02	2002-03	3,515.10	---	3,200.00	1,800.12	16,370.17	4,131.70	25.24	---	3,225.46	47
41.	Tamil Nadu Power Finance and Infrastructure Development Corporation Limited	Energy	27 June 1991	2001-02	2002-03	2,035.60		2,200.00	405.88	1,29,725.66	12,205.46	9.41	---	20,903.47	22

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
42.	Tamil Nadu Corporation for Industrial Infrastructure Development Limited	Industries	21 March 1992	2001-02	2002-03	(-)1,002.97	---	8,530.00	(-)1,558.81	9,024.12	(-)603.29	---	---	31.67	36
	Sector-wise total					**4,547.73**	---	**13,930.00**	**647.19**	**1,55,119.95**	**15,733.87**	**10.14**	---		
	TRANSPORT														
43.	Metropolitan Transport Corporation (Chennai) Limited	Transport	10 December 1971	2001-02	2002-03	(-)949.90	---	24,296.81	(-)42,738.68	(-)84.52	534.41	---	---	38,723.40	20,468
44.	Tamil Nadu State Transport Corporation (Madurai Division-I) Limited	Transport	10 December 1971	2001-02	2002-03	(-)391.89	---	4,448.57	(-)13,153.71	(-)736.45	641.73	---	---	16,058.02	6,553
45.	Tamil Nadu State Transport Corporation (Coimbatore Division-I) Limited	Transport	17 February 1972	2001-02	2002-03	(-)1,150.27	---	5,728.87	(-)18,269.44	(-)4,335.07	(-)823.18	---	---	26,044.20	11,099
46.	Tamil Nadu State Transport Corporation (Kumbakonam Division-I) Limited	Transport	17 February 1972	2001-02	2002-03	219.38	---	4,131.07	(-)9,465.92	(-)435.67	483.63	---	---	17,116.19	6,624
47.	Tamil Nadu State Transport Corporation (Salem Division-I) Limited	Transport	23 January 1973	2001-02	2002-03	226.72	---	2,162.00	(-)6,808.57	(-)1,774.70	503.72	---	---	16,827.51	6,476
48.	Tamil Nadu State Transport Corporation (Madurai Division-II) Limited	Transport	12 December 1973	2001-02	2002-03	(-)3,007.17	---	7,193.57	(-)24,906.79	(-)3,789.52	(-)1,174.90	---	---	13,302.46	6,272
49.	Poompuhar Shipping Corporation Limited	Highways	11 April 1974	2001-02	2002-03	(-)1,292.13	---	2,053.00	(-)903.13	5,824.26	(-)976.81	---	---	34,029.26	176

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
50.	Tamil Nadu State Transport Corporation (Villupuram Division-I) Limited	Transport	9 January 1975	2001-02	2002-03	423.36	---	2,149.00	(-)1,901.61	3,238.60	740.83	22.88	---	20,721.59	8,120
51.	Tamil Nadu Transport Development Finance Corporation Limited	Transport	25 March 1975	2001-02	2002-03	694.22	---	6,174.18	6,132.20	98,166.83	694.22	---	---	13,267.16	48
52.	State Express Transport Corporation Limited	Transport	14 January 1980	2001-02	2002-03	(-)3,610.20	---	12,075.37	(-)32,956.58	(-)4,741.80	(-)1,483.03	---	---	19,591.73	8,069
53.	Tamil Nadu State Transport Corporation (Kumbakonam Division-III) Limited	Transport	1 September 1982	2001-02	2002-03	125.55	---	3,661.23	(-)9,717.66	(-)238.28	229.52	---	---	11,178.41	4,089
54.	Tamil Nadu State Transport Corporation (Villupuram Division-II) Limited	Transport	11 November 1982	2001-02	2002-03	(-)442.98	---	1,968.93	(-)6,899.83	(-)120.10	137.99	---	---	15,101.49	6,021
55.	Tamil Nadu State Transport Corporation (Coimbatore Division-II) Limited	Transport	28 December 1982	2001-02	2002-03	113.59	---	2,010.22	(-)3,151.54	1,167.51	372.97	31.95	---	17,260.43	6,516
56.	Tamil Nadu State Transport Corporation (Madurai Division-III) Limited	Transport	16 February 1983	2001-02	2002-03	(-)980.59	---	4,112.69	(-)13,323.51	(-)1,292.94	165.34	---	---	10,989.12	4,814

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
57.	Pallavan Transport Consultancy Services Limited	Transport	20 February 1984	2001-02	2002-03	(-)16.37	Increase in loss by Rs.6.95 lakh	10.00	(-)40.07	4.95	(-)14.41	---	---	41.02	17
58.	Tamil Nadu State Transport Corporation (Kumbakonam Division-II) Limited	Transport	1 January 1985	2001-02	2002-03	84.16	---	2,150.69	(-)4,754.56	(-)206.65	457.93	---	---	17,896.36	6,621
59.	Tamil Nadu State Transport Corporation (Madurai Division-IV) Limited	Transport	19 March 1986	2001-02	2002-03	(-)853.31	---	1,853.13	(-)7,617.61	(-)1,898.68	(-)727.90	---	---	12,843.76	5,369
60.	Tamil Nadu State Transport Corporation (Salem Division-II) Limited	Transport	26 March 1987	2001-02	2002-03	206.99	---	1,465.34	(-)2,586.84	774.24	458.23	59.18	---	12,540.92	4,794
61.	Tamil Nadu State Transport Corporation (Villupuram Division-III) Limited	Transport	24 February 1992	2001-02	2002-03	(-)122.64	---	2,492.28	(-)9,455.01	(-)457.10	48.84	---	---	13,895.73	5,708
62.	Tamil Nadu State Transport Corporation (Madurai Division-V) Limited	Transport	8 March 1996	2001-02	2002-03	184.88	---	1,088.00	(-)2,595.17	8.69	391.95	4,510.36	---	6,979.02	2,687
63.	Tamil Nadu State Transport Corporation (Kumbakonam Division-IV) Limited	Transport	8 March 1996	2001-02	2002-03	60.74	---	541.05	(-)2,679.72	18.37	359.54	1,957.21	---	6,481.29	2,536
	Sector-wise total					**(-)10,477.86**	---	**91,766.01**	**(-)2,07,793.75**	**89,091.97**	**1,020.62**	---	---		

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	MISCELLANEOUS														
64.	Overseas Manpower Corporation Limited	Labour and employment	30 November 1978	2000-01	2001-02	1.12	---	15.00	14.79	31.92	1.19	3.73	1	76.59	21
65.	Tamil Nadu Film Development Corporation Limited	Information and Tourism	12 April 1972	2001-02	2002-03	37.23	---	1,391.00	(-)1,137.30	1,376.58	62.85	4.57	---	238.60	4
66	Tamil Nadu State Marketing Corporation Limited (TASMAC)	Prohibition and Excise	23 May 1983	2001-02	2002-03	(-)136.26	---	700.00	123.73	2,219.92	(-)79.16	---	---	3,05,733.93	374
	Sector-wise total					**(-)97.91**	**---**	**2,106.00**	**(-)998.78**	**3,628.42**	**(-)15.12**	**---**	**---**		
	TOTAL (A)					**(-)5,235.77**	**---**	**1,61,437.07**	**(-)2,69,816.14**	**7,99,460.24**	**20,526.79**	**2.57**	**---**		
B.	**WORKING STATUTORY CORPORATIONS**														
	POWER														
1.	Tamil Nadu Electricity Board	Energy	1 July 1957	2000-01	2001-02	38,787.00	Net surplus decreased by Rs.1449 crore	10,000.00	3,39,413.00	9,31,835.00	93,010.00	9.98	1	8,53,607.00	90,231
	Sector-wise total					**38,787.00**	**---**	**10,000.00**	**3,39,413.00**	**9,31,835.00**	**93,010.00**	**9.98**	**---**		
	AGRICULTURE														
2.	Tamil Nadu Warehousing Corporation	Food and Consumer Protection	2 May 1958	2000-01	2002-03	454.00	---	761.00	2,492.00	3,273.00	454.00	13.87	1	2,087.00	614
	Sector-wise total					**454.00**	**---**	**761.00**	**2,492.00**	**3,273.00**	**454.00**	**13.87**	**---**		
	TOTAL (B)					**39,241.00**	**---**	**10,761.00**	**3,41,905.00**	**9,35,108.00**	**93,464.00**	**9.99**	**---**		
	GRAND TOTAL (A+B)					**34,005.23**	**---**	**1,72,198.07**	**72,088.86**	**17,34,568.24**	**1,13,990.79**	**6.57**	**---**		

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
C.	NON-WORKING COMPAIES														
	AGRICULTURE														
1.	Tamil Nadu Agro Industries Development Corporation Limited	Agriculture	15 July 1966	2000-01	2001-02	(-)313.94	---	600.98	(-)2,078.45	1,173.39	(-)210.84	---	1	3,290.79	111
2.	Tamil Nadu Poultry Development Corporation Limited	Animal Husbandry and Fisheries	12 July 1973	2001-02	2002-03	(-)25.49	---	126.68	(-)980.40	(-)61.69	(-)25.49	---	---	3.30	7
3.	Tamil Nadu Sugarcane Farm Corporation Limited	Agriculture	22 February 1975	2000-01	2001-02	(-)0.16	---	27.50	(-)17.62	9.87	(-)0.16	---	1	---	
4.	Tamil Nadu State Farms Corporation Limited	Agriculture	8 December 1974	2000-01	2001-02	(-)88.26	---	155.13	(-)1,570.75	(-)734.26	647.22	---	1	0.06	
5.	Tamil Nadu State Tube wells Corporation Limited	Public Works	19 March 1982	1998-99	2000-01	(-)2.39	---	31.50	(-)209.07	72.10	100.21	138.99	3	0.55	
6.	Tamil Nadu Dairy Development Corporation Limited	Agriculture	4 May 1972	1993-94	2001-02	(-)166.67	---	207.36	(-)207.48	(-)0.12	(-)166.67	---	8	---	
	Sector-wise total					(-)596.91	---	1,149.15	(-)5,063.77	459.29	344.27	74.96	---		
	INDUSTRY														
7.	Tamil Nadu Magnesium and Marine Chemicals Limited (Subsidiary of TIDCO)	Industries	10 February 1987	1999-2000	2000-01	(-)380.52	---	362.00	(-)1,550.81	140.38	(-)380.52	---	2	3.58	
	Sector-wise total					(-)380.52	---	362.00	(-)1,550.81	140.38	(-)380.52	---	---		
	ENGINEERING														
8.	Tamil Nadu Steels Limited	Industries	17 September 1981	1999-2000	2000-01	(-)941.19	---	392.00	(-)7,131.27	(-)2,053.95	(-)79.97	---	2	0.74	
	Sector-wise total					(-)941.19	---	392.00	(-)7,131.27	(-)2,053.95	(-)79.97	---	---		

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	FINANCING														
9.	The Chit Corporation of Tamil Nadu Limited	Commercial Taxes	11 January 1984	2001-02	2002-03	(-)4.09	---	5.92	(-)47.47	25.60	(-)0.63	---	---	0.20	
	Sector-wise total					**(-)4.09**	---	**5.92**	**(-)47.47**	**25.60**	**(-)0.63**	---	---		
	TRANSPORT														
10.	Tamil Nadu Goods Transport Corporation Limited	Transport	26 March 1975	1989-90		0.21	---	32.66	(-)132.55	(-)29.85	6.57	---	12	---	
	Sector-wise total					**0.21**	---	**32.66**	**(-)132.55**	**(-)29.85**	**6.57**	---	---	---	
	MISCELLANEOUS														
11.	Tamil Nadu State Sports Development Corporation Limited	Education	15 Novem-ber 1984	1989-90	2001-02	57.45	---	0.002	134.30	155.91	57.45	36.85	12	---	
12.	Tamil Nadu Spirit Corporation Limited	Prohibition and Excise	10 July 1989	2001-02	2002-03	(-)131.43	---	400.00	(-)1,252.57	1,499.89	(-)131.43	---	---	112.81	NIL
	Sector-wise total					**(-)73.98**	---	**400.002**	**(-)1,118.27**	**1,655.80**	**(-)73.98**	---	---		
	TOTAL (C)					**(-)1,996.48**		**2,341.732**	**(-)15,044.14**	**197.27**	**(-)184.26**	---	---		
	GRAND TOTAL (A+B+C)					**32,008.75**	---	**1,74,539.802**	**57,044.72**	**17,34,765.51**	**1,13,806.53**	**6.56**			

NOTE:

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

ANNEXURE-3

(Referred to in Paragraph 1.2.2)

Statement showing subsidy/grants received, guarantees received, waiver of dues, loans on which moratorium allowed and loans converted into equity during the year and subsidy receivable and guarantees outstanding at the end of March 2002

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

Sl. No.	Name of the Company/ Statutory Corporation	^Subsidy received during the year				*Guarantees received during the year and outstanding at the end of the year					Waiver of dues during the year				Loans on which moratorium allowed	Loans converted into equity during the year
		Central Government	State Government	Others	Total	Cash credit from banks	Loans from other sources	Letters of credit opened by banks in respect of import	Payment obligation under agreement with foreign consultants	Total	Loans repayment written off	Interest waived	Penal interest waived	Total		
(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
(A)	**WORKING COMPANIES**															
	AGRICULTURE															
1.	Tamil Nadu Tea Plantation Corporation Limited	---	---	---	---	---	(287.75)	---	---	(287.75)	---	---	---	---	---	---
	INDUSTRY															
2.	Tamil Nadu Industrial Development Corporation Limited	---	---	---	---	---	38,938.00 (1,44,546.00)	---	---	38,938.00 (1,44,546.00)	---	---	---	---	---	---
3.	Tamil Nadu Small Industries Development Corporation Limited	---	40.00	---	40.00	---	---	---	---	---	---	---	---	---	---	---
4.	State Industries Promotion Corporation of Tamil Nadu Limited	750.00	780.48	---	1,530.48	---	(3,209.00)	---	---	(3,209.00)	---	---	---	---	---	---

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
	HANDLOOM AND HANDIFRACTS															
5	Tamil Nadu Handicrafts Development Corporation Limited	1.18	---	---	1.18	---	---	---	---	---	---	---	---	---	---	---
6	Tamil Nadu Handloom Development Corporation Limited	---	---	---	---	(550.00)	---	---	---	(550.00)	---	---	---	---	---	---
	CONSTRUCTION															
7	Tamil Nadu State Construction Corporation Limited	---	---	---	---	(129.88)	(8,835.43)	---	---	(8,965.31)	---	---	---	---	---	---
8	Tamil Nadu Police Housing Corporation Limited	---	---	---	---	---	11,519.00 (24,699.39)	---	---	11,519.00 (24,699.39)	---	---	---	---	---	---
	DRUGS AND CHEMICALS															
9	Tamil Nadu Medical Services Corporation Limited	---	400.00		400.00	601.00 (601.00)	---	---	---	601.00 (601.00)	---	---	---	---	---	---
	SUGAR															
10	Tamil Nadu Sugar Corporation Limited	---	---	---	---	(4,011.94)	(1,193.00)	---	---	(5,204.94)	---	---	---	---	---	---
11	Perambalur Sugar Mills Limited	---	---	---	---	(4,429.96)	(922.00)	---	---	(5,351.96)	---	---	---	---	---	---
	CEMENT															
12	Tamil Nadu Cements Corporation Limited	---	---	---	---	(75.00)	---	---	---	(75.00)	---	---	---	---	---	---
	ECONOMICALLY WEAKER SECTION															
13	Tamil Nadu Adi Dravidar Housing and Development Corporation Limited	---	3,310.40	---	3,310.40	---	(2,816.99)	---	---	(2,816.99)	---	---	---	---	---	---
14	Tamil Nadu Backward Classes Economic Development Corporation Limited	---	10.00	---	10.00	---	(2,722.32)	---	---	(2,722.32)	---	---	---	---	---	---

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
15	Tamil Nadu Corporation for Development of Women Limited	---	700.00	---	700.00	---	---	---	---	---	---	---	---	---	---	---
	PUBLIC DISTRIBUTION															
16	Tamil Nadu Civil Supplies Corporation Limited	---	1,28,500.00	---	1,28,500.00	(2,000.00)	(7,500.00)	---	---	(9,500.00)	---	---	---	---	---	---
	TOURISM															
17	Tamil Nadu Tourism Development Corporation Limited	46.00	97.19	---	143.19	---	---	---	---	---	---	---	---	---	---	---
	FINANCING															
18	Tamil Nadu Industrial Investment Corporation Limited	---	622.00	---	622.00	---	4,882.35 (58,165.00)	---	---	4,882.35 (58,165.00)	---	---	---	---	---	---
	INFRASTRUCTURE DEVELOPMENT															
19	Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited	2,436.01	1,038.72	---	3,474.73	---	---	---	---	---	---	---	---	---	---	---
20	Tamil Nadu Power Finance and Infrastructure Development Corporation Limited	---	---	---	---	(4,714.00)	---	---	---	(4,714.00)	---	---	---	---	---	---
	TRANSPORT															
21	Tamil Nadu State Transport Corporation (Coimbatore – Division I) Limited	---	770.00	---	770.00	---	---	---	---	---	---	---	---	---	---	569.00
22	Tamil Nadu State Transport Corporation (Kumbakonam – Division I) Limited	---	465.00	---	465.00	---	---	---	---	---	---	---	---	---	---	---
23	Tamil Nadu State Transport Corporation (Villupuram – Division I) Limited	---	350.00	---	350.00	---	---	---	---	---	---	---	---	---	---	---

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
24	Tamil Nadu State Transport Corporation (Madurai – Division II) Limited	---	585.00	---	585.00	(409.96)	---	---	---	(409.96)	---	---	---	---	---	---
25	Tamil Nadu State Transport Corporation (Kumbakonam – Division II) Limited	---	440.00	---	440.00	---	---	---	---	---	---	---	---	---	---	---
26	Tamil Nadu State Transport Corporation (Villupuram – Division II) Limited	---	425.00	---	425.00	---	---	---	---	---	---	---	---	---	---	---
27	Tamil Nadu State Transport Corporation (Salem – Division II) Limited	---	375.00	---	375.00	---	---	---	---	---	---	---	---	---	---	---
28	Tamil Nadu State Transport Corporation (Madurai – Division III) Limited	---	575.00	---	575.00	(393.21)	---	---	---	(393.21)	---	---	---	---	---	---
29	Tamil Nadu State Transport Corporation (Villupuram – Division III) Limited	---	390.00	---	390.00	---	---	---	---	---	---	---	---	---	---	---
30	Tamil Nadu State Transport Corporation (Madurai – Division IV) Limited	---	450.00	---	450.00	(100.00)	---	---	---	(100.00)	---	---	---	---	---	---
31	Tamil Nadu State Transport Corporation (Kumbakonam – Division IV) Limited	---	270.00	---	270.00	---	---	---	---	---	---	---	---	---	---	---
32	Tamil Nadu State Transport Corporation (Madurai – Division V) Limited	---	300.00	---	300.00	(75.00)	---	---	---	(75.00)	---	---	---	---	---	---
33	Tamil Nadu Transport Development Finance Corporation Limited	---	---	---	---	---	(4,000.00)			(4,000.00)						
34	State Express Transport Corporation Limited	---	---	---	---	(510.00)	---	---	---	(510.00)	---	---	---	---	---	---
	MISCELLANEOUS															
35	Tamil Nadu State Marketing Corporation Limited	---	---	---	---	(221.00)	---	---	---	(221.00)	---	---	---	---	---	---
	TOTAL (A)	**3,233.19**	**1,40,893.79**	---	**1,44,126.98**	**601.00 (18,220.95)**	**55,339.35 (2,58,896.88)**	---	---	**55,940.35 (2,77,117.83)**	---	---	---	---	---	**569.00**

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
(B)	**STATUTORY CORPORATIONS**															
36.	Tamil Nadu Electricity Board	612.98	36,611.81	287.26	37,512.55	---	1,18,493.00 (4,31,687.00)	---	---	1,18,493.00 (4,31,687.00)	---	---	---	---	---	---
	TOTAL (B)	**612.98**	**36,611.81**	**287.26**	**37,512.55**	**---**	**1,18,493.00 (4,31,687.00)**	**---**	**---**	**1,18,493.00 (4,31,687.00)**	**---**	**---**	**---**	**---**	**---**	**---**
	GRAND TOTAL (A+B)	**3,846.17**	**1,77,505.60**	**287.26**	**1,81,639.53**	**601.00 (18,220.95)**	**1,73,832.35 (6,90,583.88)**	**---**	**---**	**1,74,433.35 (7,08,804.83)**	**---**	**---**	**---**	**---**	**---**	**569.00**
(C)	**NON WORKING COMPANIES**															
1.	Tamil Nadu Agro Industries Corporation Limited	---	---	---	---	(85.62)	----	---	---	(85.62)	---	---	---	---	---	---
	TOTAL (C)	**---**	**---**	**---**	**---**	**(85.62)**	**---**	**---**	**---**	**(85.62)**	**---**	**---**	**---**	**---**	**---**	**---**
	GRAND TOTAL (A+B+C)	**3,846.17**	**1,77,505.60**	**287.26**	**1,81,639.53**	**601.00 (18,306.57)**	**1,73,832.35 (6,90,583.88)**	**---**	**---**	**1,74,433.35 (7,08,890.45)**						**569.00**

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

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

ANNEXURE-4

(Referred to in Paragraph 1.2.4)

Statement showing financial position of Statutory corporations

(Rupees in crore)

Particulars	1999-2000	2000-01	2001-02
1.TAMIL NADU ELECTRICITY BOARD			(Provisional)
A. LIABILITIES			
Equity capital♣	---	100.00	200.00
Loans from Government	---	---	---
Other long-term loans (including bonds)	4,976.17	5,524.58	6,504.06
Reserves and surplus	4,026.88	4,532.21	2,438.41
Others (subsidy)	1,662.14	1,859.71	2,072.14
Current liabilities and provisions	4,206.72	5,734.21	7,360.49
TOTAL (A)	**14,871.91**	**17,750.71**	**18,575.10**
B. ASSETS			
Gross fixed assets	10,514.80	11,608.18	13,006.72
LESS: Depreciation	3,267.91	3,837.44	4,426.97
Net fixed assets	7,246.89	7,770.74	8,579.75
Capital works-in-progress	3,047.47	3,624.30	3,315.87
Assets not in use	0.96	1.11	1.72
Deferred cost	3.18	3.57	4.00
Current assets	3,323.04	3,657.52	3,926.19
Investments	43.48	43.37	97.47
Subsidy receivable from the Government	1,206.89	2,650.10	2,650.10
Miscellaneous expenditure	---	---	---
Deficits	---	---	---
TOTAL (B)	**14,871.91**	**17,750.71**	**18,575.10**
C. CAPITAL EMPLOYED♠	**9,410.68**	**9,318.35**	**8,461.32**

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

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

(Rupees in crore)

2.TAMIL NADU WAREHOUSING CORPORATION			
Particulars	**1999-2000**	**2000-01**	**2001-02**
A. LIABILITIES			(Provisional)
Paid-up capital	7.61	7.61	7.61
Reserves and surplus	21.04	24.92	28.62
Subsidy	0.20	0.20	0.19
Trade dues and current liabilities (including provision)	5.65	6.16	7.13
TOTAL	**34.50**	**38.89**	**43.55**
B. ASSETS			
Gross block	32.89	33.62	37.02
LESS: Depreciation	8.15	8.85	10.13
Net fixed assets	24.74	24.77	26.89
Capital works-in-progress	---	---	0.32
Current assets, loans and advances	9.76	14.12	16.34
TOTAL	**34.50**	**38.89**	**43.55**
C. CAPITAL EMPLOYED*	**28.85**	**32.73**	**36.42**

* **Capital employed represents net fixed assets PLUS working capital**

ANNEXURE-5

(Referred to in Paragraph 1.2.4)

Statement showing working results of Statutory corporations

1. TAMIL NADU ELECTRICITY BOARD

(Rupees in crore)

Sl. No	Particulars	1999-2000	2000-01	2001-02 (Provisional)
1.	(a) Revenue receipts	6,473.48	7,578.10	8,213.50
	(b) Subsidy/subvention from Government	1,776.39	1,693.21	322.57
	TOTAL	**8,249.87**	**9,271.31**	**8,536.07**
2.	Revenue expenditure (net of expenses capitalised) including write off of intangible assets but excluding depreciation and interest	6,778.52	7,503.48	9,099.18
3.	Gross surplus (+) / deficit (-) for the year (1-2)	1,471.35	1,767.83	(-)563.11
4.	Adjustments relating to previous years	(-)78.74	(-)269.89	(-)456.85
5.	Final gross surplus (+) / deficit (-) for the year (3+4)	1,392.61	1,497.94	(-)1,019.96
6.	(a) Depreciation (LESS: Capitalised)	542.62	567.84	642.76
	(b) Interest on Government loans	---	---	---
	(c) Interest on others, bonds, advance, etc., and finance charges	719.80	792.13	780.70
	(d) Total interest on loans and finance charges (b) + (c)	719.80	792.13	780.70
	(e) LESS: Interest capitalized	226.06	249.90	237.52
	(f) Net interest charged to revenue (d) – (e)	493.74	542.23	543.18
	(g) Total appropriations (a) + (f)	1,036.36	1,110.07	1,185.94
7.	Surplus (+) / deficit (-) before accounting for subsidy from State Government {(5) – 6 (g) – 1 (b)}	(-)1,420.14	(-)1,305.34	(-)2,528.47
8.	Net surplus (+)/ deficit (-) {(5) – 6(g)}	356.25	387.87	(-)2,205.90
9.	**Total return on capital employed•**	**849.99**	**930.10**	**(-)1,662.72**
10.	**Percentage of return on capital employed**	**9.0**	**9.98**	---

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

(Rupees in crore)

2.TAMIL NADU WAREHOUSING CORPORATION

	Particulars	1999-2000	2000-01	2001-02
1.	**Income**			(Provisional)
(a)	Warehousing charges	12.60	16.56	19.41
(b)	Other income	1.24	1.21	1.46
	TOTAL	**13.84**	**17.77**	**20.87**
2.	**Expenses**			
(a)	Establishment charges	6.72	6.81	7.00
(b)	Other expenses	3.61	6.42	9.91
	TOTAL	**10.33**	**13.23**	**16.91**
3.	Profit (+) / Loss (-) before tax	3.51	4.54	3.96
4.	Other appropriations/adjustments	---	0.01	(-)0.26
5.	Amount available for dividend	3.55	4.55	3.70
6.	Dividend for the year	0.76	0.61	0.46
7.	**Total return on capital employed**	**3.51**	**4.55**	**3.70**
8.	**Percentage of return on capital employed**	**12.17**	**13.90**	**10.16**

ANNEXURE-6

(Referred to in Paragraph 1.2.4.2.2)

Statement showing operational performance of Statutory corporations

1. TAMIL NADU ELECTRICITY BOARD

Sl. No	Particulars	1999-2000	2000-01	2001-02 (Provisional)
1.	Installed capacity		(MW)	
(a)	Thermal	2,970	2,970	2,970
(b)	Hydel	1,993	1,996	1,996
(c)	Gas	130	227	227
(d)	Other	19	19	19
	TOTAL	**5,112**	**5,212**	**5,212**
2.	Normal maximum demand	5,580	6,290	6,687
3.	Power generated		(MKWH)	
(a)	Thermal	18,861	19,464	20,325
(b)	Hydel	4,444	5,450	4,350
(c)	Gas	217	215	870
(d)	Other	27	18	17
	TOTAL	**23,549**	**25,147**	**25,562**
	LESS: Auxiliary consumption			
(a)	Thermal	1,697	1,650	1,772
	(Percentage)	9.00	8.48	8.72
(b)	Hydel	59	92	115
	(Percentage)	1.33	1.69	2.64
(c)	Gas	0	0	0
	TOTAL	**1,756**	**1,742**	**1,887**
	(Percentage)	7.5	6.9	7.4
5.	Net power generated	21,793	23,405	23,675
6.	Power purchased			
(a)	Within the State			
	(i) Government	---	---	---
	(ii) private	3,096	3,353	5,340
(b)	Other States	880	129	937
(c)	Central grid	10,788	13,135	12,081
7.	**Total power available for sale**	**36,557**	**40,022**	**42,033**

Sl. No	Particulars	1999-2000	2000-01	2001-02 (Provisional)
8.	Power sold			
	(a) Within the State	30,238	33,418	35,064
	(b) Outside the State	196	---	138
9.	Transmission and distribution losses	6,123	6,604	6,831
10.	Load factor (Percentage)			
(a)	Hydel	25.2	31.2	25
(b)	Thermal	71.3	78.0	78.1
11.	Percentage of transmission and distribution losses to total power available for sale	16.8	16.5	16.3
12	Number of villages/towns electrified (in lakh)	0.64	0.64	0.64
13.	Number of pump sets/wells energised (in lakh)	16.79	16.19	16.45
14.	Number of sub-stations	876	913	948
15.	Transmission and Distribution lines (in lakh KMs)			
(a)	High/medium voltage	1.37	1.39	1.40
(b)	Low voltage	4.15	4.23	4.32
16.	Connected load (in MW)	23,416	25,373	26,173
17	Number of consumers (in lakh)	133.03	143.57	152.03
18.	Number of employees (in lakh)	0.99	0.94	0.90
19.	Consumer/employees ratio (No. of consumers per employee)	134.37	152.73	168.92
20.	Total expenditure on staff during the year (Rupees in crore)	1,504.28	1,518.59	1,598.76
21.	Percentage of expenditure on staff to total revenue expenditure	20.8	18.5	16.26
22.	Units sold		(MKWH)	
(a)	Agriculture	8,838	9,191	9,527
	Percentage share to total units sold	29.0	27.5	27.06
(b)	Industrial	11,152	11,751	12,046
	Percentage share to total units sold	36.6	35.2	34.22
(c)	Commercial	2,731	3,148	3,563
	Percentage share to total units sold	9.0	9.4	10.12
(d)	Domestic	6,019	7,311	7,872
	Percentage share to total units sold	19.8	21.9	22.36
(e)	Others	1,694	2,017	2,194
	Percentage share to total units sold	5.6	6.0	6.24
	TOTAL	**30,434**	**33,418**	**35,202**

Sl. No	Particulars	1999-2000	2000-01	2001-02 (Provisional)
		(Paise per KWH)		
(a)	Revenue (excluding subsidy from Government)	213	221	233
(b)	Expenditure♣	232	223	257
(c)	Profit (+) / Loss (-)	(-)19	(-)2	(-)24
(d)	Average subsidy claimed from Government	58	7	9
(e)	Average interest charges	24	24	22

2. TAMIL NADU WARE HOUSING CORPORATION

	Particulars	1999-2000	2000-01	2001-02 (Provisional)
	Number of stations covered	65	68	67
	Storage capacity created up to the end of the year (tonne in lakh)			
(a)	Owned	5.98	5.98	5.98
(b)	Hired	0.29	0.97	0.54
	TOTAL	**6.27**	**6.95**	**6.52**
	Average capacity utilised during the year (tonne in lakh)	5.11	6.15	6.16
	Percentage of utilization	82	88	94
	Average revenue per metric tonne per year (Rupees)	271.61	288.83	320.09
	Average expenses per metric tonne per year (Rupees)	202.46	215.12	263.34

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

ANNEXURE-7

(Referred to in Paragraph 1.8)

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

Sl. No	Name of Department	Number of PSUs	Number of outstanding IRs	Number of outstanding paragraphs	Years from which paragraphs outstanding
1.	Industry	14	44	208	1994-95
2.	Small Industry	4	13	62	1994-95
3.	Information Technology	3	7	14	1997-98
4.	Commercial Taxes	1	3	6	1995-96
5.	Information and Tourism	2	7	49	1994-95
6.	Agriculture	2	4	20	1998-99
7.	Public Information	1	5	21	1997-98
8.	Prohibition and Excise	2	5	21	1998-99
9.	Social Welfare	1	4	19	1996-97
10.	Energy	1	1	3	2000-01
11.	Municipal Administration and Water Supply	1	2	5	2000-01
12.	Transport	23	84	368	1995-96
13.	Animal Husbandry	2	11	45	1994-95
14.	Labour and Employment	1	2	3	1997-98
15.	Public	1	5	31	1996-97
16.	Health and Family Welfare	2	7	22	1998-99
17.	Adi Dravidar and Tribal Welfare	1	6	63	1994-95
18.	Backward Classes, Most Backward Classes and Minority Welfare	2	4	6	1996-97
19.	Rural	1	4	7	1995-96
20.	Home	1	2	4	2000-01
21.	Public Works	2	7	43	1995-96
22.	Highways	1	6	40	1995-96
23.	Handloom, Handicrafts, Khadi and Textiles	3	9	31	1997-98
24.	Environment and Forest	3	8	72	1997-98
25.	Food and Consumer Protection	2	11	122	1994-95
26.	Tamil Nadu Electricity Board	1	438	1332	1994-95
	Grand Total	**78**	**699**	**2617**	

ANNEXURE-8

(Referred to in Paragraph 1.8)

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

Sl. No	Name of Department	Number of draft paragraphs	Number of reviews	Period of issue
1.	Industry	8	1	July 2001, April and June 2002
2.	Energy	8	---	April , May and June 2002
3.	Adi Dravidar and Tribal Welfare	1	---	June 2002
4.	Small Industry	4	---	July 2001, May and June 2002
5.	Handloom, Handicrafts, Textiles and Khadi	1	1	May 2002
6.	Social Welfare	1	---	May 2002
7.	Highways	1	---	June 2002
	TOTAL	**24**	**2**	

ANNEXURE-9

(Referred to in Paragraph 1.10)

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

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

Sl. No.	Name of Company	Status	Year of account	Paid-up capital	Equity by				Loans/Grants by			Total investment by way of equity, loans and grants			Profit (+)/ Loss (-)	Accumulated Profit (+)/ Loss (-)
					State Govt.	State Govt. companies	Central Govt. and its companies	Others	State Govt.	State Govt. companies	Central Govt.	State Govt.	State Govt. companies	Central Govt.		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
1.	Tamil Nadu Telecommunications Limited	Working	2001-02	2,266.50	---	668.40 (29.5%)	695.10 (30.7%)	903.00 (39.8%)	---	---	---	---	668.40	---	30.68	67.45
2.	Tidel Park Limited	Working	2001-02	4,400.00	---	1,275.00 (29.0%)	---	3,125.00 (71.0%)	---	---	---	---	1,275.00	---	2,891.06	3,096.17
3.	Tamil Nadu Newsprints and Papers Limited	Working	2001-02	6,858.30	2,444.49 (35.7%)	236.02 (3.4%)	---	4,177.79 (60.9%)	---	---	---	2,444.49	236.02	---	3,530.87	13,717.74

ANNEXURE-10

(Referred to in Paragraph 2A.7)

Financial position of State Industries Promotion Corporation of Tamil Nadu Limited for the five years ended 31 March 2002

(Amount – Rupees in crore)

		1997-98	1998-99	1999-2000	2000-01	2001-02 (Provisional)
	LIABILITIES					
(a)	Paid-up capital (including advances for shares)	57.91	57.91	57.91	57.91	57.91
(b)	Reserves and surplus	3.38	2.39	2.86	2.86	2.86
(c)	Borrowings:					
(i)	Short term and long term loans	240.13	194.72	180.69	232.17	222.96
(ii)	Cash credit	---	---	---	---	---
(d)	Trade dues and other liabilities (including provisions)	134.50	164.38	166.65	73.84	61.14
	TOTAL	**435.92**	**419.40**	**408.11**	**366.78**	**344.87**
	ASSETS					
(a)	Gross block	64.41	74.24	122.08	123.12	145.83
(b)	LESS: Depreciation	13.36	15.49	19.85	23.85	28.41
(c)	Net fixed assets	**51.05**	**58.75**	**102.23**	**99.27**	**117.42**
(d)	Capital work-in-progress	2.67	35.58	52.54	15.25	1.66
(e)	Other assets/investments	5.28	5.28	5.36	5.24	3.56
(f)	(i) Current assets	112.99	53.44	19.19	14.05	8.63
	(ii) Loans and advances	263.93	249.91	198.62	177.94	150.44
(g)	Accumulated losses	---	16.44	30.17	55.03	63.16
	TOTAL	**435.92**	**419.40**	**408.11**	**366.78**	**344.87**
	Capital employed	**292.56**	**278.22**	**248.24**	**267.20**	**288.34**
	Net worth	**61.29**	**43.86**	**30.60**	**5.74**	**(-)2.39**

Note:

1. **Capital employed represents mean of paid-up capital, reserves and surplus and borrowings of the current year and the previous year.**
2. **Net worth represents paid-up capital PLUS reserves LESS intangible assets.**

ANNEXURE-11

(Referred to in Paragraph 2A.7)

Working results of State Industries Promotion Corporation of Tamil Nadu Limited for the five years ended 31 March 2002

(Amount – Rupees in crore)

		1997-98	1998-99	1999-2000	2000-01	2001-02 (Provisional)
(i)	**Income**					
(a)	Financial activities	44.31	34.39	25.90	25.45	20.78
(b)	Area development activities and Others	4.74	6.98	27.10	12.39	13.50
	TOTAL	**49.05**	**41.37**	**53.00**	**37.84**	**34.28**
(ii)	**Expenditure**					
(a)	Financial activities	32.97	31.08	26.44	21.79	19.09
(b)	Area development activities	3.31	4.35	5.05	5.72	7.20
(c)	Administrative and other expenditure	5.11	8.43	8.11	7.94	7.11
(d)	Depreciation	1.65	2.11	4.22	3.89	4.23
(e)	Bad debts/sundries written off	---	0.47	8.01	---	---
(f)	Provision for doubtful debts	5.34	12.36	8.83	22.09	4.78
	TOTAL	**48.38**	**58.80**	**60.66**	**61.43**	**42.41**
(iii)	**Profit(+)/Loss(-) as per accounts**	**0.67**	**(-)17.43**	**(-)7.66**	**(-)23.59**	**(-)8.13**
(iv)	Add/Deduct prior period adjustment	---	---	---	---	---
(v)	Profit(+)/Loss(-) for the year before tax	0.67	(-)17.43	(-)7.66	(-)23.59	(-)8.13
(vi)	Tax provision	1.28	---	5.60	1.27	---
(vii)	Special reserve	2.33	---	0.47	---	---
(viii)	**Profit(+)/Loss(-) after tax/special reserve**	**(-)2.94**	**(-)17.43**	**(-)13.73**	**(-)24.86**	**(-)8.13**

ANNEXURE-12

(Referred to in Paragraph 2A.7)

Financial position of Tamil Nadu Corporation for Industrial Infrastructure Development Limited for the five years ended 31 March 2002

(Amount – Rupees in crore)

		1997-98	1998-99	1999-2000	2000-01	2001-02 (Provisional)
	LIABILITIES					
(a)	Paid-up capital (including advances for shares)	85.30	85.30	85.30	85.80	85.30
(b)	Reserves and surplus	0.34	0.18	0.18	---	---
(c)	Borrowings:					
	Short term and long term loans	30.50	28.83	27.17	27.17	27.17
(d)	Trade dues and other liabilities (including provisions)	8.65	14.52	25.39	36.44	48.08
	TOTAL	**124.79**	**128.83**	**138.04**	**149.41**	**160.55**
	ASSETS					
(a)	Gross block	0.56	0.70	0.70	55.35	91.96
(b)	LESS: Depreciation	0.22	0.31	0.38	2.96	7.59
(c)	Net fixed assets	**0.34**	**0.39**	**0.32**	**52.39**	**84.37**
(d)	Capital work-in-progress	---	---	---	80.44	47.25
(e)	Other assets/investments	---	---	---	6.64	6.64
(f)	(i) Current assets, loans and advances	124.35	128.37	137.68	4.37	6.70
(g)	Intangible assets:					
	(i) Miscellaneous expenditure	0.10	0.07	0.04	0.01	---
	(ii) Accumulated losses	---	---	---	5.56	15.59
	TOTAL	**124.79**	**128.83**	**138.04**	**149.41**	**160.55**
	Capital employed	**116.04**	**114.24**	**112.61**	**100.76**	**90.24**
	Net worth	**85.54**	**85.41**	**85.44**	**80.23**	**69.71**

Note:

1. **Capital employed represents Net fixed assets (including capital working progress) PLUS Working capital.**
2. **Net worth represents paid-up capital PLUS reserves LESS intangible assets.**

ANNEXURE-13

(Referred to in Paragraph 2A.7)

Working results of Tamil Nadu Corporation for Industrial Infrastructure Development Limited for the five years ended 31 March 2002

(Amount – Rupees in crore)

		1997-98	1998-99	1999-2000	2000-01	2001-02 (Provisional)
(i)	**Income**					
(a)	Interest	1.26	1.36	0.94	0.27	0.07
(b)	Other Receipts	0.04	0.13	0.13	0.03	0.06
(c)	Water charges	---	---	---	0.03	0.19
	TOTAL	**1.30**	**1.49**	**1.07**	**0.33**	**0.32**
(ii)	**Expenditure**					
(a)	Establishment charges	0.60	0.81	0.80	0.62	0.70
(b)	Administrative expenses	0.40	0.48	0.21	0.68	0.47
(c)	Expenditure on abandoned projects	---	---	---	1.39	---
(d)	Miscellaneous expenses written off	0.03	0.03	0.03	0.03	0.55
(e)	Depreciation	0.04	0.05	0.05	2.58	4.63
	(i) Interest	---	----	---	---	4.00
(f)	Provision for taxation	0.08	0.04	---	---	---
(g)	Others	0.05	0.24	---	---	---
	TOTAL	**1.20**	**1.65**	**1.09**	**5.30**	**10.35**
(iii)	**Profit(+)/Loss(-) as per accounts**	**0.10**	**(-)0.16**	**(-)0.02**	**(-)4.97**	**(-)10.03**
(iv)	Add/Deduct adjustment for prior period	0.05	0.24	0.02	0.03	---
(v)	**Profit(+)/Loss(-) for the year**	**0.15**	**0.08**	---	**(-)4.94**	**(-)10.03**
(vi)	Profit(+)/Loss(-) before tax	0.18	(-)0.12	---	(-)5.21	(-)10.03
(vii)	Tax provision	0.08	0.04	---	0.27	---
(viii)	**Profit(+)/Loss(-) after tax**	**0.10**	**(-)0.16**	---	**(-)4.94**	**(-)10.03**

ANNEXURE-14

(Referred to in Paragraph 2A.8.1)

Details of land acquired, developed and sold by SIPCOT and TACID up to 31 March 2002

Sl. No.	Name of the scheme/project	Year of acquisition	Acquisition cost (Rupees in lakh)	Extent of land acquired	Extent of land kept vacant	Extent of land developed	Extent of land sold so far	Remarks
				(In acre)				
A	**Developed by SIPCOT**							
1.	Irungattukottai	1996-97	874.49	1,844	NIL	1,844	810	This includes 591 acres of lands allotted to Hyundai and its ancillaries as per MOU with Government.
2.	Sriperumbudur	1998-2001	1,800.71	2,031	1,551	480	160	Separately discussed vide Paragraph.2A.8.2.1
3.	Siruseri	1999-2000	1,830.00*	608	378	230	159	Separately discussed vide Paragraph.2A.8.2.1
4.	Cheyyar	1997-98	223.67	511	511	NIL	NIL	Separately discussed vide Paragraph.2A.8.2.2
5.	Ranipet (Phase-III)		296.08	496	496	NIL	NIL	Further acquisition of land was stopped due to poor demand and non-availability of water.
6.	Cuddalore (Phase-II)	1999-2000	206.79	154	154	NIL	19	No remarks
7.	Hosur (Phase-II) Additional-I		295.71	179	NIL	179	104	No remarks
B.	**Developed by TACID**							
8.	Gangaikondan	1995-97	266.60	2,035	2,035	NIL	6	Separately discussed vide Paragraph.2A.8.2.1
9.	Niiakottai	1995-96	272.73	388	NIL	388	NIL	No sale of plots. Large area is under encroachment.
10.	Bargur	1995-99	309.90	1,253	1,253	NIL	30	No preliminary study was conducted and the entire area remains undeveloped.
11.	Perundurai	1996-99	3,653.41	2,460	1,160	1,300	349	Separately discussed vide Paragraph.2A.8.2.3

Sl. No.	Name of the scheme/project	Year of acquisition	Acquisition cost (Rupees in lakh)	Extent of land acquired	Extent of land kept vacant	Extent of land developed	Extent of land sold so far	Remarks
				(In acre)				
12.	Oragadam	1997-01	1,047.71	1,288	1,288	NIL	NIL	There is no dependable water source since the Chembarambakkam lake could not meet the water requirement of already developed complexes.
13.	Cuddalore	1997-98	707.52	978	978	NIL	NIL	Separately discussed vide Paragraph.2A.8.2.4
	TOTAL		11,785.32	14,225	9,804	4,421	1,637	

* **Final valuation details awaited from Government**

ANNEXURE-15

(Referred to in Paragraph 2A.8.4.1)

Details of plots sold by SIPCOT and TACID during the last five years ended 31 March 2002

(In acre)

Sl. No.	Name of the complex	Year-wise allotment of plots					Total allotments excluding cancellations*	Balance area available for sale on 31.3.2002
		1997-98	1998-99	1999-2000	2000-01	2001-02		
1.	Irungattukottai	153	65	50	41	55	364	532
2.	Sriperumbudur	120	22	108	12	31	160	1,771
3.	Siruseri	---	---	12	80	120	159	527
4.	Cheyyar	---	---	---	---	---	---	511
5.	Ranipet (Phase-III)	---	---	---	---	---	---	496
6.	Cuddalore (Phase-II)	---	---	---	21	1	19	121
7.	Hosur (Phase-II)	---	102	---	---	2	104	22
8.	Gangaikondan	---	1	---	---	5	6	1,556
9.	Nilakottai	---	---	---	---	---	---	280
10.	Bargur	30	---	---	---	---	30	1,152
11.	Perundurai	60	25	71	183	10	349	1,513
12.	Oragadam	---	---	---	---	---	---	902
13.	EPIP, Gummidipoondi	---	---	---	---	---	---	160
14.	Cuddalore Industrial Park	---	---	---	---	---	---	978
15.	Other three complexes	20	21	34	15	20	110	519
	TOTAL	**383**	**236**	**275**	**352**	**244**	**1,301**	**11,040**

* **Excludes sale of plots made prior to 1997-98 in respect of Irungattukottai complex (446 acre) and also allotment made but not yet sold {(a) 133 acre at Sripermbudur (b) 53 acre at Siruseri (c) 3 acre at Cuddalore}**

ANNEXURE-16

(Referred to in Paragraph 2A.8.4.2)

Details of selling price to cost in respect of plots developed by SIPCOT and TACID

(Amount – Rupees in lakh per acre)

Sl. No.	Name of Complex	Land cost	Development cost	Total expenditure	Add interest (15.5%) and service charges (20%)	Total cost	Selling price	Percentage of		
								Development cost to land cost	Selling price to land cost	Selling price to total cost
1.	Nilakottai	0.70	1.51	2.21	0.78	2.99	6.00	216	857	200
2.	Sriperumbudur	0.89	6.45	7.34	2.61	9.95	12.00	725	1,348	121
3.	Irungattukottai	0.47	2.64	3.11	1.10	4.21	12.00	562	2,553	285
4.	Perundurai	1.49	6.86	8.35	2.96	11.31	6.00	460	403	53

ANNEXURE-17

(Referred to in Paragraph 2A.8.5)

Details of infrastructure created by SIPCOT and TACID

(Amount – Rupees in lakh)

Sl. No.	Name of the scheme	Extent of land developed (in acre)	Road works		Sewerage system		Street light works		Total cost incurred on infrastructure excluding water supply	Remarks
			In km.	Amount	In km.	Amount	Nos.	Amount		
1.	Nilakottai	388	8.77	92.82	7.58	81.25	332	133.38	307.45	All works barring a portion of water supply scheme completed.
2.	Sriperumbudur	480	5.00	447.94	4.0	63.05	N.A.	20.52	531.51	Sewerage works are in progress.
3.	Siruseri	230	6.50	431.94	NIL	---	73	33.41	465.35	Except sewerage works all works have almost been completed.
4.	Perundurai	1,300	34.00	944.99	21	689.48	1,138	377.63	2,012.10	All works completed except construction of oxidation pond.
5.	Irrungattukottai	1,844	19.50	1,849.85	29.50	663.31	351	154.09	2,667.25	All works completed except oxidation pond.
	TOTAL		**73.77**	**3,767.54**	**62.08**	**1,497.09**	**1,894**	**719.03**	**5,983.66**	

ANNEXURE-18

(Referred to in Paragraph 2A.8.5.4)

Details of Water Supply Schemes executed by SIPCOT and TACID during the five years ended 31 March 2002

Sl. No.	Name of the scheme	Year of completion	Pipe length (in km.)	Expenditure incurred so far (Rupees in lakh)	Water supply capacity created (in MGD)	Actual consumption (in MGD)	Remarks
1.	Chembarampakkam scheme for Irungattukottai and Sriperumbudur complexes	1998	24	3,528.74	10	0.5	Approval obtained for 5 MGD
2.	Araniyar scheme for Gummidipoondi complex	1997	12	428.00	2	0.6	Poor yield at source
3.	Scheme for Sterlite Industries, Tuticorin	1999	12	528.00	5	1.3	Poor demand
4.	Kelavarapalli scheme for Hosur	1995	8	360.50	2	0.4	Poor demand due to contamination in water
5.	Scheme for Perundurai complex	1998	24	1,796.00	4	0.03	Poor demand
6.	Scheme for Nilakottai complex	1999	14	343.39	2	NIL	No industry has been established
7.	Gangaikondan growth centre	Under implementation	9	283.77	2	NIL	Only two small industries have been established.
8.	Scheme for Bargur complex	Under implementation	15	667.00	1.3	NIL	Only one industry has been established.
	TOTAL			**7,935.40**	**28.3**	**2.83**	

ANNEXURE – 19

(Referred to in Paragraph 2A.11.2)

Recovery of dues in respect of term loans extended by State Industries Promotion Corporation of Tamil Nadu Limited

(Rupees in lakh)

	Particulars	1997-98		1998-99		1999-2000		2000-01		2001-02	
		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
I.	**Demand**										
(a)	Arrears at the beginning of the year	4,051.09	10,435.21	4,775.84	13,277.51	5,587.52	17,021.62	6,114.95	20,654.30	6,725.23	24,016.78
(b)	Amount fell due during the year	4,254.05	6,330.50	4,128.11	6,540.20	3,852.66	6,046.27	2,996.72	5,757.90	3,321.61	6,826.78
	Total dues	**8,305.14**	**16,765.71**	**8,903.95**	**19,817.71**	**9,440.18**	**23,067.89**	**9,111.67**	**26,412.20**	**10,046.84**	**30,843.56**
II.	Target for recovery	6,000.00	4,000.00	4,090.00	3,800.00	4,150.00	3,300.00	2,660.00	2,250.00	2,300.00	2,250.00
III.	Percentage of target to outstanding	72	24	46	19	44	14	29	9	23	7
IV.	**Recovery**										
(a)	Against I (a)	1,329.90	548.17	1,312.14	750.19	961.40	716.86	1,195.50	860.14	533.64	646.39
(b)	Against I (b)	2,199.40	2,940.03	2,004.29	2,045.90	1,563.23	1,696.73	1,190.94	1,535.28	1,582.36	1,265.56
	Total collection	**3,529.30**	**3,488.20**	**3,316.43**	**2,796.09**	**2,524.63**	**2,413.59**	**2,386.44**	**2,395.42**	**2,116.00**	**1,911.95**
V.	**Outstanding**										
(a)	Against I (a)	2,721.19	9,887.04	3,463.70	12,527.32	3,825.52*	16,304.76	4,919.45	19,794.16	6,191.59	23,370.39
(b)	Against I (b)	2,054.65	3,390.47	2,123.82	4,494.30	2,289.43	4,349.54	1,805.78	4,222.62	1,739.25	5,561.22
	Total	**4,775.84**	**13,277.51**	**5,587.52**	**17,021.62**	**6,114.95**	**20,654.30**	**6,725.23**	**24,016.78**	**7,930.84**	**28,931.61**
VI.	**Percentage of recovery**										
(a)	Against I (a)	32.83	5.25	27.47	5.65	17.21	4.21	19.55	4.16	7.93	2.69
(b)	Against I (b)	51.70	46.44	48.55	31.28	40.58	28.06	39.74	26.66	47.64	18.54
(c)	Against I (a) & I (b)	42.50	20.80	37.25	14.11	29.22	10.46	26.19	9.07	21.06	6.19
(d)	Against Principal and Interest	27.99		21.28		15.19		13.46		9.85	

* **Excluding written off of Rs.800 lakh during the year.**

ANNEXURE-20

(Referred to in Paragraph 2A.11.4)

Analysis of non-recovery of dues under term loans scheme in State Industries Promotion Corporation of Tamil Nadu Limited

Sl. No	Name of the Unit	Amount disbursed (Rupees in lakh)	Overdue amounts (Rupees in lakh)			Remarks
			Principal	Interest	Total	
1.	Aswin Chitra	138.64	138.64	118.49	257.13	Unit failed mainly due to inception working capital which was not properly appraised by the company before disbursal. Present value of assets after meeting statutory customs dues Rs.1.95 lakh only
2.	Arasan Air Products	67.00	42.06	16.07	58.13	Failure to assess market potential before sanction, non-achievement of rated production by the unit due to technical defect and commencement of parallel unit by one of the promoters.
3.	Cheran Cements	246.41	246.41	150.64	397.05	Failure to assess before sanction about the cost involved in transportation of raw materials and finished products. Low capacity utilization also contributed to the failure of the project.
4.	Gold Star Apparels	27.49	27.49	69.75	97.24	Failure to obtain collateral security. Inadequate follow-up led to shifting of major machines to other places without the knowledge of the company.
5.	Hotel Kanchana	181.65	60.50	117.64	178.14	Loan was disbursed deviating from the conditions stipulated for sanction. The company was also failed to conduct periodical inspections. The loanee unit did not create assets as envisaged in the project report.
6.	Sri Krishna Smelters	53.26	53.26	15.44	68.70	Follow up failure due to non-obtaining of progress report and accounts of the unit to access its financial position.
7.	Monumarx Granites (P) Ltd.	88.69	88.69	32.60	121.29	Company failed to ascertain the procedure involved in import of machinery and restrictions imposed by RBI. There was also an inordinate delay of more than six years in disposing of the assets.
8.	Om Sakthi Polyemers	148.00	148.00	131.97	279.97	The loan was disbursed without (a) verifying whether the unit had obtained power connection, (b) Obtaining collateral security, (c) ascertaining arrears of sales tax payable by the previous sick unit and (d) verifying the completion of construction of building.
9.	Orient Organics	19.15	19.15	22.11	41.26	The project failed mainly due to delay in mobilisation of promoters' contribution and delay in conducting laboratory test.

Sl. No	Name of the Unit	Amount disbursed (Rupees in lakh)	Overdue amounts (Rupees in lakh)			Remarks
			Principal	Interest	Total	
10.	Pamban Oil	80.00	80.00	21.78	101.78	Pre-sanction failure to ascertain the availability of raw material (i.e.,) rice bran. Company extended loan assistance to a unit engaged in finance and jewellery business.
11.	Raipur Abrasives Ltd.	100.24	100.24	69.54	169.78	Non-availability of professional managerial skill, increase in material and power cost, adverse market conditions and inefficient management led to closure of the unit (April 2000) and non-recovery of dues.
12.	Sikora Knits	71.09	71.09	46.23	117.32	Ineffective pre-sanction appraisal of financial statements and availability of export quota. Company accepted overvalued collateral security.
13.	Shripet Industries	152.80	32.68	16.46	49.14	Unhealthy competition by Multi-National Companies (MNCs) resulted in failure of the project.
14.	SSD Spinning Mills	188.40	188.40	153.51	341.91	Delay in taking over possession of the closed unit. Recession in textile industry also led to failure of the project.
15.	Sri Subramanya Spinning Mills	295.50 & 39.59	127.09	88.31	215.40	Inadequate post sanction follow-up. Non availability of working capital led to failure of the project.
16.	Sunrise Jewellery	51.46	15.75	16.66	32.41	Failure to assets the market potential and over dependence on single costumer had resulted in loss.
17.	Surya Chakra	150.00	150.00	175.42	325.42	Though the cheques given by the unit towards repayment were dishonoured undue favour was extended by the company. The account was not foreclosed and no further effective action was taken by the company.
18.	Hotel Saranya	252.13	252.13	68.18	320.31	As against 34 rooms envisaged in the project report and for which the loan disbursed, the unit constructed only 17 rooms. Even after re-schedulement of loan (August 2000) the unit failed to pay the dues.
19.	United Machinery Works	150.00	150.00	143.95	293.95	The unit defaulted in repayment from the beginning. Even though the unit had not honoured the one time settlement, no further action had been taken by the Company.
20.	Indus Steel Alloy	150.00	81.75	80.69	162.44	Rift in management coupled with inadequate working capital had resulted in failure of the project and non-recovery of overdues.
21.	Golden Garden Processed Food (P) Ltd.	148.62	145.03	234.62	379.65	The term loan was sanctioned without assessing the working capital requirement and seasonal nature of sales. Company accepted inadequate and inflated collateral security. Though cheques given by the unit towards repayment were dishonour no

Sl. No	Name of the Unit	Amount disbursed (Rupees in lakh)	Overdue amounts (Rupees in lakh)			Remarks
			Principal	Interest	Total	
						action was taken by the company. Though the unit was closed in 1999 itself, this facts was not known to the company till 2002 indicating that the company did not conduct periodical inspections of the unit.
22.	World fashions	138.04	32.00	50.76	82.76	Though the company was aware that the unit was situated in Madras Export Processing Zone (MEPZ) and that first charge on the units assets vested with the MEPZ authorities, the company failed to obtain proper and sufficient collateral security.
23.	NEPC MICON	121.46	95.00	64.61	159.61	Loan amount was disbursed without verification of invoices for purchase of assets. After default by the loanee unit, the company took possession of the assets (April 1998). Without taking action to sell the assets, the company handed over the same to NEPC Textiles Limited, a sister concern of the loanee unit who offered (November 1999) to take over the dues.
24.	Saturn Information	237.24	237.24	139.49	376.73	The unit, software concern suffered due to lack of orders from USA. Though the company was aware (June 1999) that the Customs Department had an overriding charge over the assets of the unit and that the life of software/hardware was only 5 years, it decided to reschedule the loan beyond 9 years which lacked justification.
25.	Surya Gears	94.89	94.89	92.28	187.17	After sanction of term loan no periodical inspections were conducted. When the unit defaulted in repayment of the dues, the company while taking over the assets found that the machinery purchased out of the term loan were missing.
26.	Deakar Hotels Limited	423.00	29.00	154.13	183.13	Sanction of loan for entertainment business not connected with industrial activity, failure to ensure viability before sanction and follow-up failures resulted in non-recovery.
27.	Soorya Poly Clinics (Private) Limited	103.00	53.00	40.00	93.00	The promoters were already running a hospital in the adjacent complex. The Company later found that the unit was only an extension of the hospital and the assets created out of the loan amount could not be identified due to non-maintenance of separate accounts. Foreclosure notice issued in February 2001 was not followed up further.
	TOTAL	**3,917.75**	**2,759.49**	**2,331.33**	**5,090.82**	

ANNEXURE-21

(Referred to in Paragraph 2B.6.1)

Financial Position of Tamil Nadu Textile Corporation Limited for the five years ended 31 March 2002

(Amount – Rupees in crore)

	Particulars	1997-98	1998-99	1999-2000	2000-01	2001-02
	Source of Funds					
(a)	Paid-up Capital	1.54	1.54	1.54	1.54	1.54
(b)	Reserves and Surplus	0.12	0.12	0.12	0.12	0.12
(c)	Loan Funds					
(i)	Secured Loans	0.22	0.22	0.23	0.20	0.20
(ii)	Unsecured Loans	5.36	6.01	6.13	6.25	7.87
(d)	Current Liabilities	13.35	10.57	11.17	12.12	9.88
	TOTAL	**20.59**	**18.47**	**19.19**	**20.23**	**19.60**
	Application of Funds					
(a)	Gross block	1.75	1.76	1.76	1.77	1.77
(b)	LESS: Depreciation	1.45	1.48	1.48	1.51	1.54
(c)	Net Block	0.30	0.28	0.28	0.26	0.23
(d)	Investments	0.36	0.36	0.36	0.36	0.36
(e)	Current assets	17.92	15.91	16.60	16.77	15.59
(f)	Profit and Loss account	2.01	1.92	1.95	2.84	3.42
	TOTAL	**20.59**	**18.47**	**19.19**	**20.23**	**19.60**
	Capital Employed	1.46	1.56	1.35	0.46	1.23
	Net Worth	(-)0.35	(-)0.25	(-)0.29	(-)1.18	(-)1.76

Note:

1. **Capital employed represents net fixed assets PLUS working capital.**
2. **Net worth represents paid-up capital PLUS reserves LESS intangible assets.**

*2-15—26

ANNEXURE-22

(Referred to in Paragraph 2B.6.2)

Working results of Tamil Nadu Textile Corporation Limited for the five years ended 31 March 2002

(Amount – Rupees in crore)

	Details	1997-98	1998-99	1999-2000	2000-01	2001-02
	INCOME					
(a)	Sales	44.35	22.58	16.78	16.18	9.59
(b)	Other income	0.36	0.69	0.15	0.06	0.07
	TOTAL	**44.71**	**23.27**	**16.93**	**16.24**	**9.66**
	EXPENDITURE					
(a)	Raw materials, purchases and conversion charges	36.21	19.13	15.99	12.15	9.54
(b)	Stores	0.07	0.06	0.05	0.04	0.04
(c)	Power	0.23	0.24	0.19	0.19	0.18
(d)	Salaries and wages	2.23	1.98	1.54	1.75	1.67
(e)	Interest	0.32	0.16	0.12	0.12	0.28
(f)	Depreciation	0.04	0.03	0.03	0.03	0.03
(g)	Other expenses	0.60	0.95	0.89	0.37	0.37
(h)	Adjustments for stock	4.57	0.62	(-)1.89	1.78	(-)1.90
	TOTAL	**44.27**	**23.17**	**16.92**	**16.43**	**10.21**
	Profit (+)/Loss (-) for the year	0.44	0.10	0.01	(-)0.19	(-)0.55
	Prior period and other accounts	0.04	(-)0.01	(-)0.05	(-)0.70	(-)0.02
	Profit (+)/Loss (-) carried to balance sheet	0.48	0.09	(-)0.04	(-)0.89	(-)0.57

ANNEXURE-22A

(Referred to in Paragraph 2B.6.2)

Particulars showing the decrease in profit/increase in loss of Tamil Nadu Textile Corporation Limited due to the vesting of defunct SSS Mills

(Amount – Rupees in lakh)

	Details	1997-98	1998-99	1999-2000	2000-01	2001-02
(a)	Overall profit/loss of the Company	48.21	9.39	(-)3.72	(-)89.04	(-)57.43
(b)	Loss of SSS Mills	(-)7.12	(-)49.64	(-)39.49	(-)74.88	(-)63.53
(c)	Company's working results without vesting of SSS Mills (profit (+)/Loss (-)	(+)55.33	(+)59.03	(+)35.77	(-)14.16	(+)6.10

ANNEXURE-23

(Referred to in Paragraph 2B.7)

Production budget and finance budget of Tamil Nadu Textile Corporation Limited for the five years ended 31 March 2002

Details	1997-98	1998-99	1999-2000	2000-01	2001-02
			(In lakh metre)		
(i) Production Budget					
Budgeted production	45.46	38.49	19.73	22.59	17.64
Actual production	31.93	24.32	20.72	14.42	15.98
Variation	(-)13.63	(-)14.17	(+)0.99	(-)8.17	(-)1.66
Percentage of variation	(-)29.92	(-)36.81	(+)5.02	(-)36.17	(-)9.41
(ii) Finance budget			(Rupees in crore)		
Income					
Budgeted	16.42	42.44	19.82	23.04	18.64
Actual	44.71	23.27	16.94	16.24	9.85
Variation	28.29	(-)19.17	(-)2.88	(-)6.80	(-)8.79
Percentage of variation	172.29	45.17	14.53	29.51	47.16
Expenditure					
Variable					
Budgeted	13.99	40.25	18.40	21.60	16.63
Actual	42.72	21.88	15.28	14.99	9.85
Variation	(-)28.73	18.37	3.12	6.61	6.78
Percentage of variation	205.36	45.64	16.96	30.60	40.77
Fixed					
Budgeted	0.90	1.18	0.99	0.72	0.80
Actual	1.19	1.14	1.58	2.02	0.97
Variation	(-)0.29	0.04	(-)0.59	(-)1.30	(-)0.17
Percentage of variation	32.22	3.39	59.60	180.56	21.25

Note: Minus figures indicate negative variance.

ANNEXURE-24

(Referred to in Paragraph 2B.8.2)

Capacity utilisation of looms in Tamil Nadu Textile Corporation Limited

Year and Unit	Number of loom hours			Percentage of loom hours		
	Available	Worked	Lost	Worked	Loss	Lost due to VRS
Aruppukottai						
1997-98	6,56,640	4,66,313	1,90,327	71.01	28.99	---
1998-99	5,99,400	4,36,418	1,62,982	72.81	27.19	---
1999-2000	6,63,120	2,71,448	3,91,672	40.93	59.07	50.00
2000-01	6,52,320	2,50,253	4,02,067	38.36	61.64	50.00
2001-02	6,71,760	2,44,890	4,26,870	36.45	63.55	50.00
Total	**32,43,240**	**16,69,322**	**15,73,918**			
Jayankondam						
1997-98	6,54,480	3,58,170	2,96,310	54.73	45.27	---
1998-99	4,67,808	2,57,657	2,10,151	55.08	44.92	---
1999-2000	5,01,744	1,94,459	3,07,285	38.76	61.24	50.00
2000-01	4,64,640	1,65,848	2,98,792	35.69	64.31	50.00
2001-02	4,91,424	1,64,510	3,26,914	33.48	66.52	50.00
Total	**25,80,096**	**11,40,644**	**14,39,452**			
Sivagiri						
1997-98	6,56,640	4,11,495	2,45,145	62.67	37.33	---
1998-99	6,56,640	4,37,505	2,19,135	66.63	33.37	---
1999-2000	7,38,000	3,13,072	4,24,928	42.42	57.58	50.00
2000-01	6,54,480	2,66,805	3,87,675	40.77	59.23	50.00
2001-02	6,68,160	2,70,518	3,97,642	40.49	59.51	50.00
Total	**33,73,920**	**16,99,395**	**16,74,525**			
Kurichi						
1997-98	80,730	56,805	23,925	70.36	29.64	---
1998-99	82,080	62,895	19,185	76.62	23.38	---
1999-2000	81,810	60,503	21,307	73.95	26.05	---
2000-01	81,810	55,523	26,287	67.87	32.13	---
2001-02	81,270	48,900	32,370	60.17	39.83	---
Total	**4,07,700**	**2,84,626**	**1,23,074**			
Grand Total	**96,04,956**	**47,93,987**	**48,10,969**			

	1997-98	1998-99	1999-2000	2000-01	2001-02
Overall capacity utilisation (Percentage)	**63.11**	**66.14**	**42.32**	**39.85**	**38.11**

ANNEXURE-25

(Referred to in Paragraph 2B.8.2)

Analysis of loom hours (percentage) lost in Tamil Nadu Textile Corporation Limited

Details	Loss of loom hours (percentage) due to						Others*
	Percentage of loom hours lost	Avoidable reasons			Unavoidable reasons		
		Want of yarn	Want of labour	Idling of looms	Beam gaiting	Repairs and maintenance	
Aruppukottai							
1997-98	28.99	1.78	9.09	---	6.56	1.54	10.01
1998-99	27.19	5.93	9.06	---	6.55	1.26	4.39
1999-2000	59.07	1.47	3.94	50.00	2.85	0.82	0.00
2000-01	61.64	0.24	5.59	50.00	2.25	0.93	2.64
2001-02	63.55	1.61	5.08	50.00	3.30	0.74	2.82
Total	**48.53**	**2.14**	**6.49**		**4.26**	**1.05**	**3.95**
Jayankondam							
1997-98	45.27	0.24	33.60	---	3.68	1.36	6.39
1998-99	44.92	4.52	28.71	---	6.53	2.55	2.61
1999-2000	61.24	1.75	6.65	50.00	2.15	0.58	0.11
2000-01	64.31	0.00	12.26	50.00	1.01	1.04	0.00
2001-02	66.52	1.04	12.47	50.00	1.52	0.95	0.55
Total	**55.79**	**1.41**	**19.61**		**3.01**	**1.29**	**2.22**
Sivagiri							
1997-98	37.33	1.05	22.28	---	8.70	2.35	2.95
1998-99	33.37	5.47	15.86	---	8.93	3.11	0.00
1999-2000	57.58	0.61	4.70	50.00	1.81	0.47	0.00
2000-01	59.23	0.00	5.90	50.00	1.91	0.76	0.66
2001-02	59.51	1.90	3.99	50.00	2.00	0.68	0.95
Total	**49.63**	**1.78**	**10.39**		**4.59**	**1.45**	**0.89**
Kurichi							
1997-98	29.64	6.86	8.63	---	8.00	5.74	0.41
1998-99	23.37	3.61	1.47	---	9.76	7.33	1.21
1999-2000	26.05	5.30	1.83	---	7.73	7.92	3.27
2000-01	32.13	1.87	14.21	---	7.36	8.04	0.65
2001-02	39.83	0.92	26.09	---	7.48	4.64	0.70
Total	**30.19**	**3.60**	**10.43**		**8.07**	**6.74**	**1.25**
Total hours lost		**1,80,906**	**11,09,341**	**27,52,824**	**4,03,654**	**1,43,546**	**2,20,698**
Overall loss (Percentage)	**50.09**	**1.89**	**11.55**	**28.66**	**4.20**	**1.49**	**2.30**

* **Note: "others" include factors like strike, lay off, want of diesel, want of spares, generator break down, lorry strike, go-slow strike, etc.**

ANNEXURE-26
(Referred to in Paragraph 2B.8.3)
Analysis of loom shed efficiency in Tamil Nadu Textile Corporation Limited

Year and unit	Expected total production at utilisation of 80% for PLCs and 90% for ALS with 70% efficiency (In metres)	Actual production		Loss in production		Sale value per Metre (Rs.)	Loss of sale due to loss of production (Rupees)
		Quantity (In metre)	Percentage to expected production	Quantity (in metre)	Percentage		
Aruppukottai							
1997-98	13,18,628	12,25,628	92.95	93,000	7.05	26.15	24,31,950
1998-99	10,59986	9,33,861	88.10	1,26,125	11.90	24.03	30,30,784
1999-2000	13,47,913	7,08,024	52.53	6,39,889	47.47	39.28	251,34,839
2000-01	10,57,447	4,87,605	46.11	5,69,842	53.89	23.28	132,65,921
2001-02	12,57,825	5,65,535	44.96	6,92,290	55.04	27.58	190,93,358
TOTAL	**60,41,799**	**39,20,653**	**64.89**	**21,21,146**	**35.11**		**629,56,852**
Jayankondam							
1997-98	12,67,991	8,08,673	63.78	4,59,318	36.22	24.94	114,55,390
1998-99	7,10,915	5,02,799	70.73	2,08,116	29.27	22.89	47,63,775
1999-2000	9,45,943	4,55,292	48.13	4,90,651	51.87	21.14	103,72,362
2000-01	7,48,503	2,99,682	40.04	4,48,821	59.96	23.09	103,63,276
2001-02	8,76,385	3,19,936	36.51	5,56,449	63.49	22.21	123,58,732
TOTAL	**45,49,737**	**23,86,382**	**52.45**	**21,63,355**	**47.55**		**493,13,535**
Sivagiri							
1997-98	14,68,941	9,97,240	67.89	4,71,701	32.11	26.68	125,84,982
1998-99	10,44,451	8,07,143	77.28	2,37,308	22.72	24.71	58,63,881
1999-2000	13,39,898	7,33,091	54.71	6,06,807	45.29	31.90	193,57,143
2000-01	10,82,154	5,00,200	46.22	5,81,954	53.78	27.10	157,709,53
2001-02	11,55,760	5,82,840	50.43	5,72,920	49.57	32.08	183,79,273
TOTAL	**60,91,204**	**36,20,514**	**59.44**	**24,70,690**	**40.56**		**719,56,232**
Kurichi							
1997-98	1,59,679	1,17,186	73.39	42,493	26.61	58.15	24,70,968
1998-99	1,94,406	1,45,536	74.86	48,870	25.14	78.61	38,41,671
1999-2000	2,03,757	1,70,083	83.47	33,674	16.53	85.59	28,82,158
2000-01	2,03,757	1,37,450	67.46	66,307	32.54	72.55	48,10,573
2001-02	1,70,132	1,29,023	75.84	41,109	24.16	93.44	38,41,225
TOTAL	**9,31,731**	**6,99,278**	**75.05**	**2,32,453**	**24.95**		**178,46,595**
GRAND TOTAL	**176,14,471**	**106,26,827**	**60.33**	**69,87,644**	**39.67**		**20,20,73,214**

ANNEXURE-27

(Referred to in Paragraph 2B.8.5)

Loss on account of excess crimpage in Tamil Nadu Textile Corporation Limited

Year	Sort Number and crimp percentage norm (actuals given in brackets)	Quantity input (In metre)	Expected quantity (In metre)	Actual output (In metre)	Quantity lost due to crimpage (In metre)	Average sale value per metre (Rupees)	Aver-age process -ing cost (Rs. per metre)	Value lost (Rs. in lakh) [(7-8)X6)]
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1997-98	LC 5004 Norm 15 (15.25 to 21.61)	6,71,672	5,84,062	5,75,409	8,653	26.56	3.87	1.96
1998-99		17,98,876	15,64,240	15,40,337	23,903	29.18	2.92	6.28
1999-2000		72,820	63,321	59,878	3,443	27.11	3.26	0.82
2001-02		1,34,007	1,16,528	1,16,266	262	24.94	2.60	0.06
Total		**26,77,375**	**23,28,151**	**22,91,890**	**36,261**	---	---	**9.12**
1997-98	LC 3117 Norm 15 (16.43 to 18.27)	9,91,762	8,62,402	8,33,675	28,727	26.56	3.87	6.52
1998-99		66,663	57,965	53,387	4,578	29.18	2.92	1.20
Total		**10,58,425**	**9,20,367**	**8,87,062**	**33,305**	---	---	**7.72**
1997-98	LC 1001 Norm 15 (16.58 to 26.26)	2,78,598	2,42,259	2,37,621	4,638	26.56	3.87	1.05
1998-99		1,25,293	1,08,950	1,07,217	1,733	29.18	2.92	0.46
Total		**4,03,891**	**3,51,209**	**3,44,838**	**6,371**	---	--	**1.51**
1997-98	PC 8005 Norm 13 (13.70 to 18.47)	34,350	30,398	29,543	855	26.56	3.87	0.19
1998-99		1,44,531	1,27,903	1,23,313	4,590	29.18	2.92	1.21
1999-2000		3,82,434	3,38,437	3,27,241	11,196	27.11	3.26	2.67
2000-01		1,77,942	1,57,471	1,55,462	2,009	24.37	2.79	0.43
2001-02		1,83,719	1,62,583	1,60,802	1,781	24.94	2.60	0.40
Total		**9,22,976**	**8,16,792**	**7,96,361**	**20,431**	---	---	**4.90**
1997-98	PC 8006 Norm 14 (16.07)	26,610	23,342	22,925	417	26.56	3.87	0.09
Total		**26,610**	**23,342**	**22,925**	**417**	---	---	**0.09**
Grand Total		**50,89,277**	**44,39,861**	**43,43,076**	**96,785**	---	---	**23.34**

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Printed at Government Central Press, Chennai 600 079