REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR 1972-73

GOVERNMENT OF ORISSA (COMMERCIAL)

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Page	Para.	Further reference	For	Read
iv	4	lines 2-3	Coporation	Corporation
1	2	lines 7-8	Corporaporation	Corporation
4	9 (*a*)	Column for 1970-71	150·71	1,50·71
4	9 (*a*)	column for 1971-72	155·11	1,55·11
6	11 (2)	column under "output capability"	2.924	2,924
7	11 (4)	line 1	instaled	installed
7	11 (5)	line 9 from bottom	under utilisation	under-utilisation
8	11 (6) (*b*)	line 8	of the 24 m.w.	of two 24 m.w.
8	11 (6) (*c*)	line 11	insert ',' after "April 1969"	
9	11 (6) (*d*)	line 1	380 M.W.	360 M.W.
10	11 (6) (*g*)	Statement	Delete lines below the figures against "power available for sale" and insert similar lines below the figures against "power sold".	
12	12 (3) (*iii*)	line 2	surcharges	surcharge
13	13	line 5	Year	Years
15	16	Sub-para 2—line 5	Unit	unit
16	16	line 9	Hira cable	Hira Cables
17	17	line 24	air transport	air-transport
17	17	line 5	Cross mandated	Cross-mandated
17	17	line 28	bwetween	between
17	18	line 2	leived	levied
18	19	line 2	post-audit	post audit
22	23 (*a*)	Item 4 of the table	Cocacol	Cocacola
23	23 (*d*)	line 2	insert "," after "each"	
23	23 (*d*) (10)	column 2	products	Products
23	23 (*d*) (11)	column 2	products	Products
23	24	line 3	(at page 59)	(at pages 58-59)
24	25	line 7	work	works
24	25	line 28	Delete ',' after 'April'	
24	25	line 32	insert '.' in place ',' after "draft"	
26	25	Statement under "Inventory"—column 1	stock	stocks
27	25	line 12	re	re-

Page	Para.	Further reference	For	Read
28	25	line 1	las	last
28	25	Sub-para 4—line 2	insert ":—" after "1962-63"	
29	25	lines 1-2	contract	contracts
33	25	line 10 from bottom	auth rities	authorities
34	26 (*i*) (b)	line 2	paid up	paid-up
35	26 (2)	line 1	a ter	after
35	26 (2)	Statement—item (*i*)—Col.1	Kalinga indus—	Kalinga Indus-
35	26 (2)	Statement—item (*ii*)—col. 2	Febrication	Fabrication
35	26 (2)	Statement—item (*iv*)—col. 4	(+) 1·36	(+)1·76
36	26 (3)	Statement—item (*iv*)	Exporters, Ltd.	Exporters Ltd.,
36	26 (3)	line 6 from bottom	preferene	preference
37	26 (3)	line 5	pruchase	purchase
37	26 (3)	line 13 from bottom	99·00	19·00
37	26 (3)	last line	Rs. 10·00 lakhs	Rs. 10·50 lakhs
39	27	line 9	April 1964	April 1964,
42	27 (3)	line 7 from bottom	tender	tenderer
44	27 (4) (*a*)	line 2 from bottom—col. 7	2.547	2,547
45	27 (4) (*a*)	line 9	suources	sources
45	27 (4) (*c*)	line 2	delete the word "the" between the word "during"and the year "1971-72"	
46	27 (4) (*c*)	line 2	insert ',' after the word "markets"	
46	27 (4) (*e*)	sub-para 4—line 2	insert ',' after the word "production"	
47	27 (4) (*e*)	sub-para below the statement—line 2.	insert '.' after the word "produce"	
47	27 (4) (*f*)	line 2	projects	Projects
47	27 (4) (*f*)	line 6	projects	Projects
48	28	line 6 from bottom	complection	completion
51		para no. in line 7 of the page	29	30
51	30	line 10	remaining	remained
51	31	line 7	paid up	paid-up
51	31	line 14	audi :—	audit :—
52	31 (4)	line 5	Rseident	Resident
58		Appendix III—Col. 2 Section (b)—line 2.	Govelment	Government
58		Appendix III—Sl. no. 11 4—col. 4.	24-2-1969	24-2-1961
61		Appendix IV—Sl. no. 49—col. 4	(—) 0·053	(+) 0·053

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REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA FOR THE YEAR 1972-73 (COMMERCIAL)

CHAPTER II

GOVERNMENT COMPANIES

PREFATORY REMARKS

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

(*i*) Statutory Corporations;

(*ii*) Government Companies; and

(*iii*) Departmentally managed commercial and *quasi*-commercial undertakings.

2. This Report deals with the results of audit of the accounts of Statutory Corporations including the Orissa State Electricity Board and Government companies. The Report (Civil) of the Comptroller and Auditor General of India for the year 1972-73 contains the results of audit relating to departmentally managed commercial and *quasi*-commercial undertakings.

3. There are, however, certain companies where Government have invested funds but the accounts of which are not subject to audit by the Comptroller and Auditor General of India. Names of companies where Government investment is more than Rs. 10 lakhs are given below:—

Name	Investment (Rupees in lakhs)	Percentage of Government investment to the total paid-up capital
(1) Orissa Cement Limited, Rajgangpur ..	40·00	12·9
(2) Orissa Textile Mills Limited, Choudwar, Cuttack	12·75	17·3

4. In the case of Orissa State Electricity Board the Comptroller and Auditor General is the sole auditor while in respect of Orissa State Financial Coporation and Orissa State Warehousing Corporation he has the right to conduct the audit of the concerns independently of the audit conducted by the professional auditors appointed under the respective Acts. Separate audit reports are forwarded to the State Government annually in respect of Orissa State Electricity Board and Orissa State Financial Corporation for being presented to the State Legislature, in terms of the provisions contained in the relevant Acts under which they are constituted.

5. In respect of Government Companies, audit is conducted by professional auditors appointed on the advice of the Comptroller and Auditor General of India, but the latter is authorised under Section 619 (3) (b) of the Companies Act, 1956 to conduct a supplementary or test audit. He is also empowered to comment upon or supplement the report submitted by the professional auditors. The Companies Act further empowers the Comptroller and Auditor General to issue directives to the auditors in regard to the performance of their functions. In November 1962 such directives were issued to the auditors for looking into certain specific aspects of the working of Government Companies. These were revised in December 1965 and in February 1969.

6. The points brought out in this Report are those which have come to notice during the course of test audit of the accounts of the above undertakings. They are not intended to convey or to be understood as conveying any general reflection on the financial administration of the undertakings concerned.

CHAPTER I

SECTION A

Statutory Corporations

General

1. There were three statutory Corporations in the State as on 31st March 1973 *viz.*,

(*i*) The Orissa State Electricity Board,

(*ii*) The Orissa State Financial Corporation and

(*iii*) The Orissa State Warehousing Corporation.

A general analysis of capital structure, working results, etc. of these Corporations is given as under, separately in respect of (*a*) Orissa State Electricity Board, and (b) the other Statutory Corporations.

(*a*) *Orissa State Electricity Board:—*

2. *Capital*:—The loan capital provided by the State Government under Section 60 of the Electricity (Supply) Act, 1948 being the value of assets transferred to the Board on its formation on 1st March 1961 was Rs. 16,72·36 lakhs, which increased to Rs. 63,75·78 lakhs by end of 1972-73. Besides, the State Government provided cash loans to the Board. The Board also raised loans from time to time from the market (by issue of bonds), the Life Insurance Corporation of India, etc. and borrowed from Rural Electrification Corporation Limited. The total long term loans outstanding as on 31st March 1973 was Rs. 120,66·85 lakhs.

3. The Board made a profit of Rs. 58·91 lakhs during 1972-73 as against profit of Rs. 2,08·33 lakhs in the previous year. A synoptic statement showing the summarised results of working of the Board for 1972-73 is given in Appendix I at page 56.

(*b*) *Other Statutory Corporations—*

4. Under Section 31 (10) of the Warehousing Corporations Act, 1962, the annual accounts of the Corporation together with the audit report thereon is required to be placed before annual general meeting of the Corporation within six months of the close of the financial year, but the accounts of the Corporation for 1972-73 have not been placed before annual general meeting so far (July 1974).

5. *Share capital:*—The following table shows the paid-up capital of these corporations and its break-up according to contributions made by Central Government, State Government and others:—

As on 31st March 1972

	Orissa State Financial Corporation (Rs. in lakhs)	Percentage of paid up capital	Orissa State Warehousing Corporation (Rs. in lakhs)	Percentage of paid up capital	Total (Rs. in lakhs)	Percentage of paid up capital
Central Government	20·00*	20·0	11·80**	50·0	31·80	25·7
State Government	64·17	64·2	11·80	50·0	75·97	61·5
Others ..	15·83	15·8	Nil	..	15·83	12·8
Total ..	1,00·00	..	23·60	..	1,23·60	..

In respect of Orissa State Financial Corporation, the capital structure remained the same at the end of 1972-73.

The State Government have guaranteed repayment of the share capital raised by the Orissa State Financial Corporation.

6. *Long term loans:*—The following table shows the long term loans obtained by the Orissa State Financial Corporaton:—

Source from which loan raised	As on 31st March 1972	As on 31st March 1973
	(In lakhs of Rupees)	
Open market by issue of bonds and debentures ..	2,40·00	2,95·00
Reserve Bank of India ..	20·00	10·00
Industrial Development Bank of India ..	39·96	48·72
Total ..	2,99·96	3,53·72

The Government have guaranteed repayment of loans raised by the Orissa State Financial Corporation and payment of interest thereon.

The Orissa State Warehousing Corporation had not raised any long term loan upto 1971-72.

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* Represents investment made by Reserve Bank of India.

** Represents contribution by the Central Warehousing Corporation.

7. *Financial results:*—A synoptic statement showing the financial results of these corporations is given in Appendix II (at page 57). The following table shows the position in summary:—

(*i*) *Return on capital invested:*—

	Orissa State Financial Corporation		Orissa State Warehousing Corporation
	1971-72	1972-73	1971-72
	(In lakhs of Rupees)		
Capital invested ..	4,30·87	4,87·83	23·81
Return on capital invested ..	25·82	30·22	1·75
Percentage of return ..	6·0	6·2	7·4

(*ii*) *Return on capital employed:*—

	1971-72
	(Rupees in lakhs)
Capital employed in Orissa State Warehousing Corporation	7·83
Return on capital employed ..	1·75
Percentage of return ..	22·35

8. *Profits:*—According to the annual accounts of these Corporations the total net profit earned during 1971-72 was Rs. 12·00 lakhs as against the total net profit of Rs. 13·48 lakhs in the previous year. The net profit for 1971-72 was 9·7 per cent of the paid-up capital of Rs. 1,23·60 lakhs.

Orissa State Financial Corporation earned a profit of Rs. 11·59 lakhs in 1972-73 which was 11·6 per cent on the paid-up capital of Rs. 100·00 lakhs.

The Government have guaranteed payment of minimum dividend at 3·5 per cent on the initial share capital of Rs. 50 lakhs and at 4 per cent on additional capital of Rs. 50 lakhs in respect of Orissa State Financial Corporation. Up to 1971-72, Government had paid Rs. 14·87 lakhs to the Corporation as subvention to meet this obligation.

9. *Rates of growth:*—(*a*) *Paid-up capital and reserves and surplus:*—The paid up capital and reserves and surplus of these corporations increased in 1971-72 as compared with those of 1970-71 as indicated below:—

Paid-up capital and reserves and surplus 1970-71	1971-72	Rate of growth (1971-72)
(Rupees in lakhs)		
150·71	155·11	2·91 per cent

(*b*) *Gross assets:*—The total gross assets of these corporations increased in 1971-72 as compared with those of 1970-71 as detailed below:—

Total gross assets 1970-71	1971-72	Rate of growth (1971-72)
(Rupees in lakhs)		
4,59·46	5,10·54	11·11 per cent

(*c*) *Value of production:*—The value of production/ business of these corpotations increased in 1971-72 as compared with that of 1970-71 as indicated below:—

Value of production/business 1970-71	1971-72	Rate of growth (1971-72)
(Rupees in lakhs)		
34·93	72·30	107 per cent

The table below indicates the paid up capital and reserves and surpluses, gross assets, value of business and the rate of growth of Orissa Financial Corporation for 1972-73 as compared with that of 1971-72:—

	1971-72	1972-73	Rate of growth (1972-73)
	(Rupees in lakhs)		
(*i*) Paid-up capital, reserves and surplus ..	1,30·91	1,34·11	2·45 per cent
(*ii*) Gross assets ..	4,83·48	5,46·12	13·00 per cent
(*iii*) Value of business ..	64·20	88·35	37·62 per cent

SECTION B

ORISSA STATE ELECTRICITY BOARD

10. *General*—The Orissa State Electricity Board was formed on the 1st March 1961. The accounts of the Board for 1972-73 together with audit certificate and Report were forwarded to the Government in December 1973 for being placed before the State Legislature in terms of Section 69(4) of the Electricity (Supply) Act, 1948. The accounts together with audit certificate and Report were placed before the Legislature on the 30th March 1974.

The break up of loans, etc., raised by the Board according to the sources of finance, at the end of 1972-73 compared with the previous year's figures was as follows :—

(Amount in lakhs of Rupees)

	1971-72		1972-73		Increase (+)/Decrease (—) over previous year	
	Amount	Percentage of total investments	Amount	Percentage of total investments	Amount	Percentage
Loans by Government—						
Loans by way of assets transferred	64,45·00		63,75·78		(—)69·22	(—)1·1
Cash loans ..	10,96·64		12,63·60		(+)1,66·96	(+)15·3
Investment in loan bonds	2,92·87		2,64·02		(—)28·85	(—)9·8
Total ..	78,34·51	70·4	79,03·40	65·5	(+)68·89	(+)0·9
Loans—						
(*i*) Life Insurance Corporation of India (by mortgage of assets).	13,07·50		15,23·75		(+)2,16·25	(+)16·5
(*ii*) Rural Electrification Corporation Ltd., New Delhi	2,19·58		5,14·42		(+)2,94·84	(+)134·0
(*iii*) Industrial Development Bank of India.	..		39·09		(+)39·09	..
(*iv*) Canara Bank ..	..		10·00		(+)10·00	..
(*v*) Open market (debentures guaranteed by Government)	17,71·85		20,76·19		(+)3,04·34	(+)17·2
Total ..	32,98·93	29·6	41,63·45	34·5	(+)8,64·52	(+)26·2
Total investment ..	111,33·44		120,66·85			

11. *Generation, transmission and distribution of power*:—(1) The power system is partly hydel and partly thermal. Power generation, which was initially being managed by the State Government, was transferred to the Board by stages during 1969-70 and 1970-71.

(2) The particulars of installed capacity, firm capacity and output capability of power generation stations (excluding Choudwar Thermal Station and diesel plants for which figures are not available) under operative control of the Board as at the end of March 1973 are given below :—

Generating station	Installed capacity	Firm capacity	Output capability
	(Figures in M. W.)		(K. W. H. in millions)
I—Hydro-electric—			
(*i*) Hirakud (Multipurpose Project)	270·000	120	1,050
(*ii*) Machkund (Hydro-Electric Schemes)	34·425	34	297
II—Thermal—			
Talcher ..	250·000	180	1,577
Total ..	554·425	334	2,924

(3) *Output capability and actual generation of power*—The table below gives details of actual generation compared to the output capability for the three years ended 31st March 1973 in respect of Hirakud, Machkund and Talcher power stations :—

Year of operation	Installed capacity	Output capability	Total generation of power	Percentage of generation to	
				Installed capacity	Output capability
	(In M. K. W. H.)				
1970-71 ..	4,857	2,924	1,781	37	61
1971-72 ..	4,857	2,924	1,892	39	65
1972-73 ..	4,857	2,924	1,922	39	66

In 1972-73 and 1973-74 power-cut was imposed in the State to the extent shown below on account of low reservoir level at Hirakud and shortage of water in Machkund :—

Year	Period	Number of days	Percentage of power cut
1972-73 ..	21st June 1972 to 7th July 1972 ..	17	15
1973-74 ..	21st April 1973 to 26th April 1973 ..	6	20
	27th April 1973 to 12th July 1973 ..	77	40

Against maximum demand of 234 M. W. the average generation during the period of power-cut was as follows :—

	Hirakud	Machkund	Talcher	Total
	(In M. W.)			
1972-73 ..	63	25	116	204
1973-74 ..	41	15	113	169

(4) Against the instaled capacity of 250 M. W. and firm capacity of 180 M. W. the Talcher Thermal Power Station was scheduled to generate power of 115 M. W. during 1972-73 representing 64 per cent of the firm capacity against which it generated 116 M. W. The scheduled generation was low due, it is understood, to :—

(*i*) excessive abrasive character of coal supplied to the plant by the National Coal Development Corporation Limited from the South Balanda colliery near Talcher which reduced the generating capacity,

(*ii*) mechanical defects in Unit I since July 1972, and

(*iii*) shut-down of Unit III since May 1971 for want of imported spares which were ordered in August 1973 and expected to be received in July/August 1974.

Thus, the Talcher Thermal Project did not succeed in meeting the seasonal variations of hydro-power during dry months.

(5) The overall average cost of generation, transmission and distribution of power and average revenue per K. W. H. during 1971-72 and 1972-73 were as follows :—

	Overall average cost (Paise per KWH)	Average revenue (Paise per KWH)
1971-72 ..	9·6	7·3
1972-73 ..	10·2	8·2

The high overall average cost was due to high cost of generation of thermal power and under utilisation of capacity.

The project report (1965) of the Talcher Thermal Power Station indicated that the cost of power at the grid sub-station would be 4·4 paise per K. W. H. The actual cost during 1971-72 and 1972-73, however, was 8·3 paise and 8·7 paise respectively. The high cost of generation was attributed to excess consumption of coal and spares like pulveriser balls and rings (compared to the standards assumed in the project estimates) due to abrasive nature of coal. Value of excess consumption of coal and spares during the three years ending 1972-73 was Rs. 1,05·83 lakhs.

(6) Some aspects of the installation and commissioning of generation stations and power generation are given below :—

(*a*) Government of Orissa had undertaken the Machkund Hydro-Electric Scheme in 1944 jointly with the then Government of Madras which was treated as executed with the Government of Andhra Pradesh on its formation in 1956. It was decided that the two Governments should share the capital expenditure on the project 70 per cent by Andhra Pradesh and 30 per cent by Orissa. The share of the Government of Orissa in the capital expenditure up to the end of 1972-73 was Rs. 4,62·64 lakhs against which it was entitled to use 34·425 M. W. of power representing 30 per cent of the installed capacity of 115 M. W. The Board was authorised (March 1961) to draw this power.

The actual drawal towards 30 per cent share of power compared to the output capability during the three years ended 31st March 1973 was as follows:—

Year of operation	Output capability (MKWH)	Actual drawal of power (MKWH)	Percentage of actual drawal to output capability
1970-71 ..	297	233	78
1971-72 ..	297	267	90
1972-73 ..	297	228	77

(*b*) In Hirakud power system there were nine generators ; four generators of 37·5 M. W. each and two of 24 M. W. each were installed at Burla (upper power house) and three of 24 M. W. each were installed at Chiplima (lower power house). As the Hirakud Dam Project could not achieve the original targets of efficiency and performance Government constituted (April 1962) a Committee of technical experts to examine the working of the Project. The Committee observed that due to inadequate power channel and installation of the 24 M. W. generators meant for lower power house in upper power house, the firm potential of the power system only would be 120 M. W.

(*c*) Talcher Thermal Scheme was sanctioned by Government in March 1961 in order to generate additional power required for development of industries and to meet shortfall of power after commissioning the Hirakud power system and Balimela power project. Talcher Power Station was expected to meet a maximum demand of 60 M. W. for 32 weeks in a year during the dry months to help Hirakud power system. Four generators of 62·5 M. W. each were installed. Against the total installed capacity of 250 M. W. the firm capacity was 180 M. W. The four units were commissioned between December 1967 and April 1969. The Board took over the power station from June 1970.

Before the power house was commissioned fully in April 1969 the demand of power was equal to the firm capacity of generation of 154 M. W. at Hirakud and Machkund against the installed capacity of 314 M. W. Since then, the power demand on the common grid has risen by 80 M. W. against creation of additional firm capacity of 180 M. W. Thus, by end of 1972-73, against total installed capacity of Hirakud-Talcher grid and Machkund power system of 554 M. W., the firm potential capacity was 334 M. W. and the maximum demand was 234 M. W., creating a surplus capacity of 100 M. W.

The following table shows the energy capacity of existing power systems (including diesel power houses), the quantity of energy generated and sold during the three years ending 1972-73 :—

	Firm potential capacity M. W.	Firm potential capacity M. K. W. H. in a year	Energy generated M. K. W. H.	Energy sold M. K. W. H.
1970-71 ..	335	2,934	1,781	1,616
1971-72 ..	335	2,934	1,892	1,661
1972-73 ..	335	2,934	1,922	1,664

Thirty-five per cent of the firm capacity remained unutilised during 1972-73.

Growth of demand for power did not match the expectations according to which the additional capacity was created. This resulted in the Board having burdened itself with higher capital outlay without getting full benefit out of it.

(*d*) Balimela Hydro-power project with installed capacity of 380 M. W. and a firm capacity of 134 M. W. was sanctioned in 1960. The civil work of the Project was taken up by Government in 1961-62 and the scheduled date of completion was December 1971. The Project has not yet (August 1974) been transferred to the Board.

Transmission and distribution of power to be generated in this project was entrusted by Government to the Board, which had spent Rs. 13·96 lakhs upto 1972-73 on construction of transmission lines over a length of 312 kilometres against 534 kilometres planned for. The first unit of the power house with 60 M. W. capacity was commissioned in August 1973. The Board could not utilise power from this unit as the transmission lines connecting the power house with the Hirakud-Talcher grid had not been completed (July 1974). Delay in construction of transmission lines was attributed by the Board to delay in getting steel, delay in manufacture of towers by Hirakud Industrial Works (an unit of Orissa Industrial Development Corporation Ltd., a State Government Company) and paucity of funds in earlier years. The power was, therefore, being transferred to Andhra grid. (The transfer of power to Andhra grid was treated by Government as sale to the Board and by the Board as sale to the Andhra State Electricity Board.) During the period from August 1973 to January 1974, 239·159 M. K. W. H. of power were, thus, transferred to Andhra grid and the cost of power was realised by the Board from the Andhra State Electricity Board at an *ad hoc* rate of 6 paise per K. W. H. The rate at which the State Government would charge the Board has not been finalised as the Project is still under construction and as such the Board has not so far (February 1974) paid the sale proceeds of power to the Government.

(*e*) With the full commissioning of the Balimela Hydro-power house the firm capacity will rise further by 134 M. W. to 468 M. W. (overall availability of 4,100 million K. W. H.) by 1977-78. The future projections of growth of demand and sales for the years 1973-74 to 1977-78 worked out by the Board, taking into account commissioning of Balimela Power House in stages, are as follows :—

	Anticipated demand	Anticipated sales
	(In million K. W. H.)	
1973-74 ..	2,590	2,300
1974-75 ..	2,875	2,584
1975-76 ..	3,300	2,997
1976-77 ..	3,530	3,180
1977-78 ..	3,780	3,413

Even by the end of 1977-78, the projected demand and anticipated sales would be less than the overall availability of 4,100 million K. W. H.

(*f*) Power was not generated in the thermal power station installed in 1950 at Choudwar during 1971-72 and 1972-73 and it was retained as a stand-by. During 1971-72 and 1972-73, expenditure on salaries of staff retained in the thermal station was Rs. 4·76 lakhs. Further, Rs. 0·72 lakh were spent on fuel supplies, station supplies, etc. to keep the station in running condition during 1971-72. The Board has yet to decide (July 1974) how to utilise the thermal unit in future.

(*g*) The power generated (including the power drawn from Machkund), power available for sale and the extent of line (transformation, transmission and distribution) losses during the three years ending 1972-73 were as follows:—

	1970-71	1971-72	1972-73
	(K. W. H. in millions)		
Power generated ..	1,781	1,892	1,922
Less—Auxiliary consumption and station losses	82	79	93
Power available for sale ..	1,699	1,813	1,829
Power sold ..	1,616	1,661	1,664
Line losses ..	83	152	165
Percentage of line losses to available power	5	8	9

Standards have not been fixed by the Board for line losses.

A test check of two out of twenty-two divisions of the Board revealed that the distribution losses were as follows :—

Period		Division	Units received MKWH	Units sold MKWH	Loss: Units MKWH	Loss: Amount (Rupees in lakhs)	Loss: Percentage of loss to units received
1971-72	..	Ganjam Electrical	193·97	129·60	64·37	46·99	33
1972-73	..	Ganjam Electrical	177·33	134·18	43·15	35·38	24
1972-73	..	Dhenkanal Electrical	310·79	243·04	67·75	55·55	22

The losses have not been analysed to identify the reasons such as low load factor, pilferage, defective meters, etc.

12. (1) *Working results* :—The working results of the Board for the last three years ended 1972-73 are summarised below :—

	1970-71	1971-72	1972-73
	(In lakhs of Rupees)		
(*i*) Revenue receipts ..	12,06·47	13,28·75	14,39·36
(*ii*) (*a*) Subsidy from Government for power intensive industries	..	28·82	24·98
(*b*) Subsidy for loss on rural electrification	..	..	90·00(*x*)
(*iii*) Expenses on revenue accounts ..	9,83·13	10,78·00	12,59·07
(*iv*) Net surplus ..	2,23·34	2,79·57	2,95·27
(*v*) Appropriation towards general and other reserves and interest on bonds, etc.	85·71	1,25·37	1,68·33
(*vi*) Balance available for appropriation towards interest on loans from Government.	1,37·63	1,54·20	1,26·94
(*vii*) Interest due on loans from Government—			
(*a*) for the year ..	2,76·48	3,14·67	3,30·74
(*b*) arrears of interest carried over from previous year	..	1,38·85(*y*)	2,99·32
(*viii*) Deficit for the year (towards interest due to Government) [(*vii*) (*a*)—(*vi*)]	1,38·85(*y*)	1,60·47	2,03·80
(*ix*) Progressive deficit towards interest charges due to Government	3·70(*y*)	[2,99·32	5,03·12

(*x*) Relates to 1971-72 received during 1972-73.

(*y*) During 1970-71 interest of Rs. 1,35·15 lakhs was paid in excess which was adjusted during 1971-72.

(2) *Sundry debtors for supply of power:*—The outstanding dues on account of supply of power as on 31st March of 1971-72 and 1972-73, as per general ledger were as follows :—

Date		Amount (Rupeees in lakhs)
31st March 1972	..	3,61·90
31st March 1973	..	4,46·17

The increase (Rs. 84·27 lakhs) in dues during 1972-73 was mainly due to disputes in payment of 10 per cent general surcharge levied from 1st July 1972, certain disputes in payment of coal surcharge and surcharge for delay in payment of bills. Yearwise details of the claims were not available with the Board.

The dues as on 31st March 1973 included :—

(*i*) Rupees 10·87 lakhs as time-barred claims in Cuttack Electricial Division,

(*ii*) Rupees 3·58 lakhs shown against dead consumers in Khurda Electrical Division,

(*iii*) Rupees 1·39 lakhs being surcharge included in the monthly bills pertaining to February 1971 to December 1972 rejected by Bihar State Electricity Board in April 1973, and

(*iv*) Rupees 96·98 lakhs on account of electricity duty payable to Government.

Against the balance of sundry debtors (Rs. 4,46·17 lakhs) as on 31st March 1973, Rs. 0·60 lakh only were provided for bad and doubtful debts.

(3) *Under-charges*—On test check it was noticed that during the period April-December 1972, 13 consumers were charged Rs. 4·53 lakhs less than the amount chargeable, as shown below :—

	Number of divisions	Number of cases	Amount under-charged (Rupees in lakhs)
(*i*) Under-charges due to application of wrong tariff	2	3	0·28
(*ii*) Under-charges due to wrong billing ..	2	3	1·41
(*iii*) Under-charges due to non-levy of interest/surcharges for delayed payment of energy charges	2	4	2·67
(*iv*) Under-charges due to non-levy of penalty for excess drawal of power	1	1	0·17

(4) *Loss due to reduction of contract demand*:—In Balasore Electrical Division, remission of energy charges of Rs. 0·67 lakh was allowed to a consumer in October 1971 for reduction of the contract demand from 186·5 K. V. A. (the contract, was for supply of power from March 1970 for a period of ten years) to 130 K. V. A. from November 1971.

(5) *Cases of alleged misappropriations*:—In three cases Rs. 0·25 lakh were alleged to have been misappropriated in two divisions between December 1971 and October 1972. The concerned employees were kept under suspension. Final action is yet to be taken (May 1974).

13. *Power supply at uneconomic/concessional rates*:—Mention was made in paragraph 79 of the Report for the year 1970-71 about supply of power at concessional rate to four power intensive industries and payment of subsidy by Government to the Board for the loss sustained by the Board in such supply. In February 1971 the Board claimed subsidy of Rs. 93·73 lakhs for the year 1967-68 to 1970-71 on this account. Government decided (January 1972) to pay subsidy with effect from 1971-72 on the ground that the cost of generation of power went up only with the transfer of the Talcher Thermal Power Station by Government to the Board, and that the revenue realised by the Board earlier was enough to cover the total expenses on supply of power. The Board claimed Rs. 28·82 lakhs and Rs. 24·98 lakhs for 1971-72 and 1972-73 respectively on that account which was paid by Government.

Rural electrification schemes were taken up by the Board mainly for (i) village electrification, (ii) energisation of lift irrigation points, and (iii) installation of agro-based industries. The schemes were financed by borrowing funds from Government, Life Insurance Corporation of India, Rural Electrification Corporation Limited and open market. There was no separate tariff for the rural electrification schemes. The general tariff was applicable. The Board decided (January 1970) that the schemes should give a return of 15 per cent when these were in developed areas of the State and 10 per cent if these were in under-developed areas. On schemes completed and opened for service the Board had spent Rs. 22·23 lakhs upto the end of 1972-73 from out of borrowed funds. The schemes being unremunerative and the interest burden on borrowings being heavy the Board has been incurring loss on operation of the rural electrification schemes. The Board incurred loss of Rs. 165 lakhs during 1969-70 and 1970-71. The loss for the period from 1971-72 to 1977-78 was estimated to be of the order of Rs. 10,11 lakhs. The actual loss for 1971-72 was Rs. 90 lakhs which was re-imbursed by Government during 1972-73. The loss for 1972-73 has not been worked out by the Board and no subsidy has been claimed from Government so far (July 1974).

14. *Purchase procedure*:—According to the stores accounting procedure, the Superintending Engineer (Stores and Purchase) is primarily responsible for purchase, custody and distribution of stores required for execution of works. Indents are consolidated and tenders are obtained by the Superintending Engineer. Purchase decisions where they are beyond the purchase powers delegated to the Executive Engineers are, however, to be taken by a Contract Scrutiny Committee after considering the recommendations of the Superintending Engineer and the Finance Branch of the Board. Approval of the Board is to be obtained if the value of the purchase exceeds Rs. 10 lakhs. Normally, the tender should be finalised as soon as possible and in any case not later than two months after receipt of tenders.

15. *Purchase of A. C. S. R. (Fox) conductors*:—In May 1970, the Superintending Engineer, Stores and Purchase, assessed the requirement of ACSR (Fox) conductors for 1970-71 as 1,200 Kms. and invited open tenders for supply of 1,500 Kms. Out of 17 tenders received (June 1970) the lowest two valid offers were as follows:—

Tenderer		Rate	Remarks
Firm A, Madras	..	Rs. 1,226 per Km. for 300 Kms. and Rs. 1,286 per Km. for 500 Kms.	Fixed rate
Firm B, Satna (M.P)	..	Rs. 1,250 per Km.	Subject to price variation depending on price of metal limited to a ceiling of 10 per cent.

Firm A stated that the rate for quantities in excess of 800 kilometres might be settled by mutual negotiation.

Validity of the offers of firms A and B expired on 30th July 1970 and 28th August 1970 respectively. Firm B on its own initiative extended validity of its tender upto 30th September 1970. Firm A was not contacted for extending the validity of its tender. The Contract Scrutiny Committee considered the tenders on 12th and 16th September 1970.

Purchase order was placed on Firm B on 25th September 1970 for supply of 1,200 Kms. of conductors at Rs. 1,250 per Km. (value: Rs. 15·00 lakhs) subject to price variation depending on price of metal, without obtaining approval of the Board. Supplies commenced in March 1971 and payment was made at Rs. 1,375 per Km. allowing maximum increase in price under the price variation clause. If 800 Kms. offered by Firm A at fixed price had been accepted there would have been a saving of Rs. 0·89 lakh.

Subsequently, the following repeat orders were also placed on firm B at the same rate without calling for tenders and without obtaining approval of the Board:

Date of Purchase order		Quantity ordered (Kilometres)	Value (Rupees in lakhs)	Year for which required	Approving authority when purchase order was issued
December 1970	..	6,000	82·50	1971-72	Contract Scrutiny Committee
April 1971	..	3,000	41·25	1971-72	Superintending Engineer
April 1971	..	6,000	82·50	Stock	Superintending Engineer
Total	..	15,000	2,06·25		

The Board accorded (March 1972) *ex-post-facto* approval for the purchase and observed that the repeat orders beyond 20 per cent of the quantity originally tendered for should not have ordinarily been issued without its prior concurrence.

Supply of all the conductors (16,200 Kms.) was completed by the firm by April-May 1972 and full payment was also made. Information about utilisation of the conductors has not been furnished by the Board (July 1974).

16. *Purchase of all-aluminium (Ant) conductors*:—In September 1972 the Superintending Engineer, Stores and Purchases, invited tenders for supply of one years' requirement (14,700 Kms.) of all-aluminium (Ant) conductors. The tenders were opened in October 1972. The lowest rate of Rs. 1,158·47 per Km. was rejected as the tenderer was not registered with the Director-General of Supplies and Disposals. The other lowest valid offers received were as follows:—

Tenderer	Rate (Rupees per Kilometre)
Firm I	1,160·85
Firm II	1,161·92
Firm III	1,162·00 for the first 5,000 Kms. 1,182·00 for subsequent 5,000 Kms. 1,192·00 for balance 4,700 Kms.

The Contract Scrutiny Committee considered the tenders in February 1973 and decided to limit the purchase to 8,000 Kms. required for the first three to four months during 1973-74. To get more supplies at a time each month, the Committee also decided to purchase from all the three firms and from Hira Cables Unit of Industrial Development Corporation of Orissa Limited (which quoted a rate of Rs. 1,241·92 per Km. for the first 1,000 Kms., Rs. 1,270·92 per Km. for the subsequent 1,000 Kms. and Rs. 1,266 per Km. for the balance quantity and was the 17th lowest tenderer) if it was willing to reduce its rate to Rs. 1,162 per Km. Letters of intent were issued in February 1973 to all the four suppliers for a total of 7,000 Kms. of conductors. Firm I intimated (March 1973) its inability to supply owing to non-acceptance by the Board of the terms of payment and also because large export commitments were undertaken. Firm II did not accept (March 1973) the purchase order because it was delayed and heavy power cut was imposed on its premises. Firm III agreed to supply at its quoted rate. Purchase order for supply of 3,000 Kms. of conductors was placed on Firm III in March 1973. The Board approved the purchase *ex-post-facto* in April 1973. The supplies were to be completed by August 1973. Firm III supplied only 2,213 Kms. of conductors. No action was taken to get the remaining supplies.

The Hira Cables claimed in March 1973 a price preference of 5 per cent over the lowest quoted rate as it was a public sector undertaking wholly owned by Government. The Contract Scrutiny Committee agreed (May 1973) to purchase 2,500 Kms. from Hira Cables at Rs. 1,204·81 per Km. after allowing a price preference of 4 per cent over the lowest acceptable rate of Rs. 1,160·85 per Km. (including excise duty of Rs. 61·92) and placed purchase order on the unit. Approval of the Board for this purchase was not obtained. It was the policy of Government to give price preference only to small scale industries.

The extra cost due to grant of price preference to Hira cables was Rs. 0·97 lakh compared to the rates of Firm III.

The matter was reported to the Board in December 1973; reply is awaited (July 1974).

17. *Import of pulveriser balls and rings*:—Talcher Thermal Power Station has four generators, each having three pulveriser (grinding) mills for grinding coal. Twelve sets of grinding rings and balls were purchased between December 1964 and January 1966 from the foreign (U. S. A.) supplier as part of the twelve pulveriser mills. Eleven more sets as spares along with the pulveriser mills were also obtained. According to the foreign manufacturer, a set of pulveriser ring and two balls was expected to last for 11,500 hours of operation, but the average life of the sets in actual operation was only 2,700 hours. The short life of the rings and balls was attributed (April 1971) by the Board to excessive silica and quartz in the coal obtained from the South Balanda Colliery of the National Coal Development Corporation Limited.

Between February and August 1969, thirty-six sets of pulveriser balls and rings were obtained from the same foreign firm at the cost of Rs. 36 lakhs in foreign exchange.

In April 1970, the Management proposed to import 36 additional sets of pulveriser rings and balls. The Central Water and Power Commission pointed out (August 1970) to the Board that the rate of consumption was heavy and that it was proving to be a costly drain of foreign exchange from free sources. The Commission further suggested that indigenous sources of supply should be explored.

The Board approached the Commission again in November 1970 for import of at least 20 sets of pulveriser balls and rings stating that spares in stock would last only 8 months and supplies from indigenous sources would not be suitable for efficient functioning of the power station and that they could be used only on experimental basis. The Commission again insisted (February 1971) on purchase of the materials from indigenous sources. A list of the firms who were supplying similar material to other power stations in the country was obtained from the Commission in April 1971. In June 1971 the Management called for quotations from indigenous firms and again approached the Commission for import of at least 12 sets of pulveriser rings and 72 sets of balls on the ground that procurement from indigenous sources would take more than one year.

The Central Water and Power Commission gave clearance for import of nine sets of rings in August 1971 and 20 sets of balls in December 1971 releasing foreign exchange of Rs. 5·47 lakhs in January 1972 and Rs. 3·72 lakhs in April 1972 respectively. The Management placed indent for the rings and balls in January 1972 and May 1972 which were cross mandated by the Director General of Supplies and Disposals to the India Supply Mission in April 1972 and June 1972. In June 1972 purchase orders were placed by the India Supply Mission on the foreign firm for supply of 9 sets of rings and in August 1972 for 20 sets of balls. Delivery was to be completed by 10th September 1972 in the case of rings and by 30th November 1972 in the case of balls.

When the purchase order was placed (June 1972) the power station had only one pulveriser ring in stock. Air-lifting of three sets of rings was arranged in October 1972 and Rs. 3·59 lakhs were spent on freight. Owing to absence of release instructions from the Board, the supplier held up shipment of four rings and despatched only two sets by ship. In December 1972, these four sets were also air-lifted and Rs. 4·78 lakhs were spent on freight. The two sets sent by ocean transport were received in January 1973.

As there was no stock of pulveriser balls in October 1972 arrangement was made in November 1972 to air lift eight sets spending Rs. 5·10 lakhs on freight. These were received in January 1973. The remaining twelve sets were received in April 1973 by ocean transport.

For transporting materials worth Rs. 9·19 lakhs, Rs. 13·88 lakhs were spent on transport including Rs. 13·47 lakhs on air transport. The cost of ocean transport for these materials would have been Rs. 0·92 lakh only.

On the basis of quotations received (June 1971) orders were placed in December 1971 on three indigenous firms for three pulveriser rings at Rs. 1·10 lakhs each and 22 sets of balls at rates bwetween Rs. 0·26 lakh and Rs. 0·32 lakh. One set of pulveriser rings was obtained in December 1972 and another in April 1973 from indigenous firms. Pulveriser balls from indigenous firms were obtained in December 1972. Performance of these was found to be satisfactory.

Had indigenous sources been exploited in time as advised by the Central Water and Power Commission in August 1970, the material could have been obtained between August and December 1972 and expenditure of Rs. 9·19 lakhs in foreign exchange and extra expenditure of Rs. 12·95 lakhs in airlifting the materials could have been avoided.

18. *Electricity duty*:—(*i*) Under the Orissa Electricity (Duty) Act, 1961 duty on consumption of electrical energy was leived from 1961. Up to October 1970, the Executive Engineers of Electrical Divisions both under Government and the Board were "appointed authorities" under the Act for assessment, collection and remittance of duty to Government. The duty collected had to be remitted to Government within 30 days of expiry of the month in which it was collected. From November 1970, while the Executive Engineers of Electrical Divisions of the Board continued to be the "appointed authorities" for assessment and collection, remittance to Government was centralised at the Board's headquarters. As this arrangement was incompatible with the provisions of the Act, as per Government's instructions the earlier procedure of remittance by the Executive Engineers themselves was restored from August 1973.

(ii) *Arrears in collection of duty*:—By end of March 1973, the arrears in collection of duty from the consumers of the Board were Rs. 96·98 lakhs. Assessment made by the divisions of the Board, collection and the arrears at the end of 1971-72 and 1972-73 were as follows:—

Year		Opening balance	Assessment	Collection	Closing balance
			(In lakhs of Rupees)		
1971-72	..	69·28	2,32·30	2,25·54	76·04
1972-73	..	76·04	2,33·49	2,12·55	96·98

The arrears were mainly due to delay in payment by consumers of energy demand bills in which the duty was included.

Year-wise analysis of the arrears has not been furnished by the Board. The arrears include Rs. 15·06 lakhs assessed on Indian Metals and Ferro Alloys Ltd., Theruvali (a joint stock company) pertaining to the period April 1967 to March 1973, which has been contested in a court of law and is *sub judice* (July 1974).

(iii) A test check of the records of assessment, collection, etc., of electricity duty in four out of twenty two divisions and the headquarters of the Board revealed the following :—

(a) *Retention of duty collected beyond the prescribed period*:—During November 1970 to March 1973, when the system of centralised remittance (of duty collected) to Government by the headquarters was in vogue, delay in remittance of duty collected ranged between 5 days and 144 days over the prescribed period of 30 days. The amount of duty ranged between Rs. 7·46 lakhs and Rs. 30·97 lakhs each month.

At the end of March 1973 four divisions had not remitted Rs. 13·62 lakhs to Government.

(b) *Under-assessment of duty*:—Hindustan Steel Ltd., was drawing power for its Rourkela Steel Plant and for the energy consumed two-part tariff was applicable. The consumer was required to pay a variable charge for the units actually consumed and also a fixed charge for the energy reserved for its consumption. According to the Orissa Electricity (Duty) Act, 1961 as amended in 1970, where two-part tariff was applicable for billing, electricity duty was to be levied on the fixed charges at 15 per cent in addition to the duty leviable on the units consumed at the usual rates. The Executive Engineer, Rourkela Electrical Division (under the Board) did not levy the duty of Rs. 10·52 lakhs on the fixed charges for 10 months during 1972-73.

19. *Internal audit*:—An internal audit wing constituted in April 1965 has been conducting post-audit of transactions. Defects noticed in internal audit are pursued with the circles and divisions. There is no system of bringing to the notice of the Board periodically, the results of internal audit. Internal audit wing has not also conducted a critical review of the operations of the Board. The work of internal audit is in arrears (August 1974).

CHAPTER II

SECTION C

Government Companies

20. *General*:—There were 46 Government Companies (including one subsidiary) in the State at the end of March 1973 with a total investment of Rs. 34,41·79 lakhs by Government as share capital.

Of these, 33 companies were floated under the Pilot Project Scheme embarked upon by the State Government in March 1958 to help accelerated promotion of small scale industries in the State by providing financial and technical assistance.

Of the 45 companies (excluding one subsidiary), 7 were wholly owned by Government and 38 companies including all the 33 pilot project companies were partly owned by Government. Government investment in these companies was as follows :—

	Number of Companies	Government investment
		(Rs. in lakhs)
(*a*) Companies wholly owned by Government ..	7	32,51·15
(*b*) Companies partly owned by Government—		
(*i*) Other than those floated under Pilot Project Scheme	5	1,33·72
(*ii*) Companies floated under the Pilot Project Scheme	33	56·92

According to Section 210 of the Companies Act, 1956, the accounts of each company are to be placed before the Annual General Meeting within nine months after close of the year. The accounts of all the companies except one *viz*., Orissa Small Industries Corporation Limited, were in arrears for various periods as detailed below. The accounts of 11 companies under the Pilot Project Scheme were in arrears since 1965-66 or earlier years.

Year from which accounts are due	Pilot project companies (partly owned) by Government	Other companies		Total
		Wholly owned by Government	Partly owned by Government	
1972-73 ..	33	6	3	42
1971-72 ..	31	4	2	37
1970-71 ..	31	3	2	37
1969-70 ..	28	2	2	32
1968-69 ..	26	2	..	28
1967-68 ..	19	1	..	20
1966-67 ..	16	1	..	17

Of the partly owned other Government Companies, the following with Government investment indicated against each were liquidated and their assets were disposed of; details of amounts realised by Government against its share capital contribution are awaited (June 1974).

Company		Investment by Government (Rupees in lakhs)
Mayurbhanj Spinning and Weaving Mills, Rairangpur	..	12·00
Koshal Industrial Development Syndicate, Bolangir	..	4·50

21. *Guarantees by Government*:—Government have guaranteed the repayment of loans of Rs. 20,40·84 lakhs raised by 14 Government companies as against which Rs. 14,83·82 lakhs were outstanding on 31st March 1973 as shown below:—

		Number of companies	Extent to which guaranteed	Amount of outstanding guarantee
			(In lakhs of Rupees)	
Wholly owned companies	..	3	20,20·79	14,69·77
Partly owned pilot project companies		11	20·05	14·05

The concerned Government Companies were to pay to Government guarantee commission at rates varying from $\frac{1}{4}$ per cent to $1\frac{1}{2}$ per cent of the outstanding guarantee. All the 14 companies defaulted in payment of guarantee commission. Rupees 30·88 lakhs were outstanding from these companies towards guarantee commission.

During 1972-73, Orissa Board Mills Limited (a pilot project company) defaulted in repayment of loans obtained by it for which Government had given guarantee. Rupees 9·57 lakhs were paid by Government during 1972-73 in repayment of principal and interest in fulfilment of the guarantee obligation.

22. *Profits* :—The following table shows the financial results of the Government companies which submitted accounts for five years ending 1972-73 :—

Year	Number of companies which finalised accounts	Companies earning profit				Companies sustaining loss			Total	
		Number	Paid-up capital	Total profit	Per centage	Number	Paid-up capital	Total loss	Paid-up capital	Profit (+) Loss (—)
			(Rupees in lakhs)				(Rupees in lakhs)		(Rupees in lakhs)	
PILOT PROJECT COMPANIES—										
1968-69 ..	7	4	10·98	1·31	11·9	3	7·47	1·28	18·45	(+)0·03
1969-70 ..	5	2	6·65	1·23	18·5	3	7·27	0·95	13·92	(+)0·28
1970-71 ..	2	1	3·00	0·72	24·0	1	2·69	0·32	5·69	(+)0·40
1971-72 ..	2	2	5·69	1·63	28·6	Nil	Nil	Nil	5·69	(+)1·63
1972-73 ..	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
OTHER COMPANIES—										
1968-69 ..	7	2	4,54·38	33·96	7·5	5	15,86·69	85·80	20,41·07	(—)51·84
1969-70 ..	5	3	17,63·36	18·21	1·0	2	4,96·52	30·98	22,59·88	(—)12·77
1970-71 ..	4	3	19,42·00	50·72	2·6	1	7,08·89	36·25	26,50·89	(+)14·47
1971-72 ..	3	1	30·00	24·11	8·0	2	19,22·15	54·73	19,52·15	(—)30·62
1972-73 ..	1	1	8·50	6·40	75·3	Nil	Nil	Nil	8·50	(+)6·40

In respect of Orissa Forest Corporation (a wholly owned Government Company), the accumulated loss of Rs. 1,02·00 lakhs at the end of 1969-70 was more than the share capital of Rs. 69·00 lakhs.

23. *Companies floated under the Pilot Project Scheme* :—On 31st March 1973 there were 38 companies floated under the pilot project scheme with Government investment of Rs. 58·21 lakhs.

(*a*) Of these, the following five companies were liquidated and Rs. 1·29 lakhs being Government investment in these companies awaited realisation or write off as per details given below :—

Name of Company		Government investment (Rs. in lakhs)	Date of liquidation
Orissa Fruit Products Limited, Cuttack	..	0·16	Not available
Kalinga Fruit Products Limited, Parlakhemundi	..	0·17	February 1964
Barabati Fruit Products Limited, Cuttack	..	0·12	November 1963
Cocacol (India) Limited, Puri	..	0·82	Not available
Kalinga Hard Board Limited, Sambalpur	..	0·02	July 1965
Total	..	1·29	

(*b*) The following five companies with total Government investment of Rs. 3·25 lakhs were under liquidation from the dates indicated against each :—

Name of Company		Government Investment (Rs. in lakhs)	Year from which under liquidation
Madhusudan Chemical Industries, Ltd., Cuttack	..	0·60	1964-65
Orissa Trunk and Enamel Works Ltd., Cuttack	..	1·34	1968-69
Chilika Cashew Manufacturing Co., Balugaon	..	0·47	Closed from 1962-63. Under liquida tion from 1971-72.
Konark Processing Works Ltd., Cuttack	..	0·70	1962-63
Utkal Fruit products Ltd., Angul	..	0·14	July 1966

(*c*) In respect of the following four companies the shares and / or assets were sold by Government to other parties and the value awaited realisation :—

		Government investment (Rupees in lakhs)
Utkal Metal Products Limited, Berhampur	..	1·00
Hansnath Cermamic Industries Limited, Cuttack	..	0·42
Eastern Acquatic Products Limited, Cuttack	..	0·53
Kalinga Foundry Limited, Dhanmandal	..	0·85

(*d*) The following thirteen companies stopped production or were closed for the reasons indicated against each Government have not decided (July 1974) whether to revive the companies or to liquidate them :—

	Company	Investment of Govern-ment (Rupees in lakhs)	Date from which stopped production or closed	Reasons
1.	Modern Electrionic Lim i t e d, Cuttack	2.48	August 1967	Want of working capital
2.	Orissa Electrical Manufacturing Limited, Cuttack	4·34	August 1968	(Not available)
3.	Premier Bolts and nuts Factory Limited, Cuttack	1·26	October 1966	Want of working capital
4.	Modern Malleable casting Co. Limited, Berhampur	3·70	1970-71	Want of working capital
5.	Orissa Board Mills Limited, Cuttack	3·67	(Not available)	Financial difficulties
6.	Manorama Foundry works Limited, Rairangpur	1·56	1969-70	Difficulties in marketing the products of the company
7.	Orissa Sports Manufactures and Fabricators Limited, Cuttack	1·08	September 1967	(Not abailable)
8.	Orissa Foundry Co. Limited, Berhampur	2·25	1965-66	Difficulties in marketing the products of the company
9.	Jagannath Chemical a n d and Pharmaceutical works Limited, Cuttack	1·87	(Not available)	Want of working capital
10.	Kalinga Steel and Wire products Limited, Cuttack	1·15	1966-67	Want of working capital
11.	Cuttack Iron and Steel products Limited, Cuttack	0·58	(Not available)	(Not available)
12.	Manufacture Electro Limited, Cuttack	0·36	1962-63	Want of working capital
13.	Balanga Iron Works Limited, Balasore	1·59	(Not available)	Financial difficulties

24. *Return on capital invested and capital employed* :—A synoptic statement showing the summarised financial results of the thirteen companies on the basis of latest available accounts is given in Appendix III (at page 59). The statement also depicts the return (comprising net profits/losses and interest on all borrowings including short term loans) on capital employed which comprised net fixed assets and working capital.

SECTION D

ORISSA CONSTRUCTION CORPORATION LIMITED

25. *Introductory* :—The Orissa Construction Corporation Limited was incorporated in May 1962 as a wholly owned State Government Company with the main object of eliminating the monopolistic tendency on the part of private contractors in the execution of construction works for which they were quoting exhorbitant rates, especially where large capital outlay and use of heavy machinery were involved.

The Company was expected to help in completion of work in time, reducing construction costs and ensuring quality control.

The accounts of the Company for 1972-73 have not been made available. The Management stated that the accounts for 1972-73 were under finalisation (June 1974).

Capital Structure :—The authorised capital of the Company is Rs. 100 lakhs. As on 31st March 1972, its paid-up capital was Rs. 82·14 lakhs (raised to Rs. 92·14 lakhs in October 1972). In addition, the Company had also obtained loans; the outstanding balance of loans on 31st March 1972 was Rs. 119·55 lakhs.

The debt-equity ratio on 31st March 1972 was 0·07 : 1 against 0·08 : 1 in 1970-71 and 0·07 : 1 in 1969-70.

The borrowings as on 31st March 1972 included overdraft of Rs. 27·47 lakhs bearing interest at 7 per cent taken from the State Bank of India on the security of fixed deposits.

Mention was made in paragraph 92 (5) of the Report of the Comptroller and Auditor General of India for 1970-71 regarding drawal of advance of Rs. 50 lakhs on 31st March 1971 from Government bearing interest of 7 per cent for utilisation as working capital and purchase of machinery in connection with the construction of dykes II and III of Balimela Dam Project and investment of Rs. 30 lakhs therefrom in fixed deposit with the State Bank of India for one year bearing interest at 6 per cent. During December 1971 to April, 1972 the Company drew Rs. 29·40 lakhs as overdraft from the State Bank of India at interest of 7 per cent per annum on the security of the fixed deposit. On maturity of the fixed deposit in April 1972 it was adjusted against the overdraft. Thus, the Company paid interest at 14 per cent on the amount (i. e., 7 per cent to Government and 7 per cent to the Bank) against which it received interest at 6 per cent on the fixed deposit; interest paid on the overdraft was Rs. 0·19 lakh.

The net expenditure at the end of 1971-72 representing the working capital, which remained to be reimbursed by Government (Rs. 9·31 lakhs) and cost of machinery employed on Balimela works (Rs. 9·49 lakhs) for which the advance was drawn, totalled Rs. 18·80 lakhs. The advance of Rs. 50 lakhs was, therefore, not fully utilised on those works.

In June 1972, the Company obtained a loan of Rs. 10 lakhs from Government at interest of 6½ per cent for purchase of machinery for works entrusted by the Paradeep Port Trust. The entire loan of Rs. 10 lakhs was utilised for expenditure on Paradeep Port works during 1972-73, of which expenditure on plant and machinery was Rs. 0·27 lakh. The loan of Rs. 10 lakhs was thus not fully utilised for purchase of machinery for which it was taken.

Financial position :—The following table shows the financial position of the Company at the end of three years up to 1971-72 :—

	1969-70	1970-71	1971-72
Liabilities—		(Rupees in lakhs)	
(*a*) Paid-up capital including advance for shares	72·14	72·14	82·14
(*b*) Reserve and Surplus ..	4·65	5·07	5·73
(*c*) Borrowing (including overdraft)	8·06	5·72	33·18
(*d*) Trade dues and other liabilities (including provision and advances for works)	108·05	179·24	197·81
	192·90	262·17	318·86
Assets—			
(*e*) Gross block ..	76·07	101·93	130·98
(*f*) Less depreciation ..	31·17	36·71	44·64
(*g*) Net fixed assets ..	44·90	65·22	86·34
(*h*) Investments ..	3·88	3·88	3·88
(*i*) Current assets and loans and advances	111·08	187·67	220·80
(*j*) Profit and loss account ..	33·04	5·40	7·84
	192·90	262·17	318·86
Capital employed ..	47·93	73·65	109·33
Net worth ..	43·75	71·81	80·03

Note : (*i*) Capital employed represents net fixed assets *plus* working capital.

(*ii*) Net worth represents paid-up capital *plus* reserves *less* intangible assets.

Fixed assets :—As on 31st March 1972 the fixed assets of the Company were for Rs. 86·34 lakhs of which value of plant and machinery, trucks, tractors, etc. were as follows :—

	(Rupees in lakhs)
Plant and machinery ..	34·93
Trucks ..	26·08
Trolleys, trailers and tractors ..	1·42

The Company has not maintained any record to show how these plant and equipment were being utilised. Some cranes and other equipment valued at Rs. 6·77 lakhs were idle during 1971-72 and 1972-73 for want of work.

Sundry debtors :—The following table shows sundry debtors and turnover at the end of each of the three years ending March 1972 :—

	Total book debts	Turnover	Percentage of debts to turnover
	(Rupees in	lakhs)	
As on 31st March 1970 ..	38·38	86·18	44·4
As on 31st March 1971 ..	35·37	1,60·51	22·0
As on 31st March 1972 ..	60·24	3,19·48	18·9

Of Rs. 60·24 lakhs due to the Company from sundry debtors as on 31st March 1972, Rs. 58·75 lakhs constituting 97 per cent were due from Government. According to paragraph XVII of the Report of the Company Auditors for the year 1971-72 (July 1973), Rs. 21·33 lakhs were outstanding for several years and the chances of their recovery were remote, as they were not admitted by the debtors.

Inventory:—The following table shows the value of stores in stock at the end of each of the three years ending 1971-72 :—

	1969-70	1970-71	1971-72
		(In lakhs of Rupees)	
Stores ..	32·44	39·78	46·88
Loose tools ..	0·52	0·99	1·79
Stock of quarry products ..	0·65	0·59	0·63

The value of stores in stock represented 41·7 per cent in 1969-70, 25·8 per cent in 1970-71 and 15·5 per cent in 1971-72 of the value of work done.

Stores in stock as on 31st March 1972 included unserviceable stores of Rs. 1·08 lakhs. Although the Board of Directors had approved (April 1973) disposal of these stores, these were yet to be disposed of (June 1974).

In March/April 1973, the Project Engineer in charge of the works at Talcher Fertiliser Project reported that the following stores had been stolen :—

Material	Quantities	Value
		(Rupees in lakh)
Mild steel rounds ..	42·768 tonnes	1·41
Petrol vibrator ..	One	0·03

The circumstances under which the theft took place had not been investigated (June 1974).

The Company procured 223·9 tonnes of broad gauge rails during 1970-71 to 1972-73 for the port works at Visakhapatnam from the port authorities at the cost of Rs. 0·77 lakh. Of these, 56·7 tonnes were consumed on work and 40·4 tonnes were sold to a private party for Rs. 0·45 lakh. The stock on hand was 9 tonnes leaving a balance of 117·8 tonnes unaccounted for. The book value of the shortage of rails was Rs. 0·41 lakh but computed with reference to the sale price realised its value was Rs. 1·33 lakhs. The Company Auditors in their report on the accounts for 1971-72 observed that "the explanation given to audit in this regard was not at all satisfactory".

Stores valued at Rs. 1·09 lakhs issued to the following works were reported by the Management as lost in transit :—

		Rs.
(*i*) Mahanadi bridge	..	90,229
(*ii*) Birupa bridge	..	697
(*iii*) Kabar quarry	..	9,447
(*iv*) Burudung aqueduct	..	199
(*v*) Ghodahada aqueduct	..	8,678
Total	..	1,09,250

Although the accounts of these works had been closed, the losses had not been investigated so far (June 1974).

The Company Auditors in their report on the accounts for 1971-72 made the following comments on the stores transactions of the Company :—

(*i*) The details of consumption of stores valued at Rs. 15 lakhs (including deisel and petrol for of Rs. 9 lakhs) were not available at works site of dyke III of Balimela Dam Project.

(*ii*) Materials purchased were issued to works directly without taking them to stock. There was no record to show the quantity received or issued to the works.

(*iii*) Closing stocks of materials were not physically verified.

(*iv*) Details of materials issued to job-workers were not maintained properly to verify their utilisation or return.

Working Results :—The working results of the Company for the las three years are given below :—

Year		Profit (+)/Loss (—) (Rupees in lakhs)
1969-70	..	(—)7·00
1970-71	..	(+)27·64
1971-72	..	(—)2·79

The accumulated loss sufferred by the Company up to March 1972 was Rs. 7·84 lakhs. During 1970-71 the Company earned a profit of Rs. 42·79 lakhs out of turnover of Rs. 93·40 lakhs from the gap-closing work at Balimela. As such, during that year the Company could show a net profit of Rs. 27·64 lakhs.

The works executed by the Company since its inception upto 31st March 1972 and the financial results thereof are given in the Appendix IV (at page 60).

The following table shows the number and value of works undertaken (upto 31st March 1972) and completed since 1962-63.

		By negotiation		By tender	
		Number	Value (Rupees in lakhs)	Number	Value (Rupees in lakhs)
Works taken up	..	27	10,31·41	33	6,12·96
Works completed	..	16	4,42·27	20	3,77·81

The following table shows customer composition of works undertaken by the Company up to 31st March 1973 :—

Customer		Number of works	Value (In lakhs of Rupees)
Government of Orissa	..	51	19,32·49
Government of India	..	5	21·93
Autonomous bodies	..	17	4,12·35
Others	..	3	17·11

The Company had not maintained any record to show the number of tenders in which it participated, the number of tenders in which it was not successful and the reasons therefor. On review by Audit it was noticed that during 1971-72, out of 14 works secured for execution, six were against competitive tenders, the rates of the Company being lowest and seven were on the basis of negotiation ; in one case although the tenders submitted by the Company were comparatively higher, the contract was awarded to it by negotiation at the lowest tendered rates.

During the period from 1962-63 to 1972-73 the Company accepted contract from Government for works of the total value of Rs. 19,32·49 lakhs of which contracts for Rs. 16,23·00 lakhs were awarded by negotiation.

There were no data to verify how the agreed rates compared with the prevailing market rates and whether any advantage accrued to Government by awarding the contracts to the Company by negotiation.

In two cases the rates offered to the Company were higher than the schedule of rates ranging from 9 to 85 per cent.

In November 1971, Government issued a directive to the Company that in taking up any new contract scheme or project, it should aim at a minimum return of 10 per cent on investment. The Board considered the matter in December 1971 and replied to Government that it might not always be practicable to follow the directive. It was stated that the Company might at times take up works at low rates in the interest of overall economy or works might be entrusted to the Company by Government at negotiated rates ; investment would also vary with different types of works. It might not, therefore, be possible always to guarantee a minimum return of 10 per cent on each work.

The Company had no alternative profit plan of its own to ensure its viability.

In November 1973 the Management estimated that the Company would break even at a turnover of Rs. 3,00·00 lakhs per annum. In 1971-72 although the turnover exceeded Rs. 300 lakhs the Company had sustained loss of Rs. 2·79 lakhs.

Construction performance:—Up to March 1972 the Company completed 36 out of 60 works for which contracts had been accepted. Nineteen works were in progress. The remaining five works which had been accepted during 1971-72 had not started. The following table shows the financial results of the 55 works up to 31st March 1972 :—

	Number of works	Value of work done	Profit(+)/ loss(—)
		(In lakhs of Rupees)	
Completed works on which profit was made ..	20	3,69·85	(+)27·78
Completed works on which loss was incurred	16	4,50·23	(—)40·09
Works in progress on which profit has been made so far	6	2,29·58	(+)49·68
Works in progress on which loss has been incurred so far	13	3,39·25	(—)37·81

Some of the works on which substantial profits were made are mentioned below :—

Name of work	Value of work done	Profit made
	(In lakhs of Rupees)	
Balimela gap-closing work ..	93·40	42·79
Salandi Dam ..	79·38	4·42

The works on which the Company suffered heavy losses are mentioned below :—

Name of work	Value of work	Loss incurred
	(In lakhs of Rupees)	
Sunabeda building and road works	1,75·34	18·13
Haridaspur quarry	77·63	15·10
Dyke works at Balimela	1,45·44	7·39
Mahanadi bridge	1,26·30	6·07

The following reasons were attributed (November 1973) by the Management for the losses and decrease in profits suffered from time to time :—

(*a*) Escalations in costs and prices ;

(*b*) increase in overheads due to delay in execution ;

(*c*) inadequancy of working capital ; and

(*d*) acceptance of work at uneconomic rates.

Operation of quarries:—In the Annual Reports from 1965-66 the Management stated that uneconomic working of quarries was one of the reasons for losses suffered by the Company. The following quarries were worked for supply of rock products for its own and other construction works, at various times :—

(*i*) Hindol road quarry

(*ii*) Kabar quarry (Tapang quarry)

(*iii*) Sunabeda quarries

(*iv*) Haridaspur quarry

Of these, the Hindol road quarry and Sunabeda quarries were closed during 1966-67 and 1968-69 respectively. Kabar quarry was surrendered after expiry of the lease in October 1968. The following table shows the financial results of these quarries.

Quarry	Total value of work done	Profit(+)/ Loss(—)
	(Rupees in lakhs)	
Hindol road	10·89	(+)4·37
Kabar (Tapang)	25·90	(—)2·13
Sunabeda	35·60	(—)11·98

The quarries were closed/surrendered because either it was uneconomical to work them or the connected projects were completed.

Mention was made in paragraph 42 of the Report of the Comptroller and Auditor General of India for 1971-72 regarding transfer of the Kabar (Tapang) quarry by Government to the Company. It was also mentioned therein that Government had purchased certain new equipment (value Rs. 1·32 lakhs) and transferred them to the quarry. The whereabouts of these plant and equipment after the surrender of the quarry were not known. The Management could not also state what was done with the plant and equipment deployed in the other two quarries which were closed.

The Haridaspur quarry was transferred to the Company by Government in September 1962 "in the interest of State's Development Programme" with a view to improve its operational efficiency.

Mention was made in paragraph 104 (*a*) of the Report of the Comptroller and Auditor General of India for 1969-70 regarding the transfer of the quarry and non-settlement of accounts between Government and the Company. Mention was also made in paragraph 65 of the Audit Report 1966 about payment of advance of Rs. 25 lakhs by Government to the Company for operation of the quarry and supply of rock products for Paradeep Port works.

The accounts and transactions of the quarry remain to be settled (June 1974). Out of Rs. 25 lakhs advance paid, Rs. 5 lakhs only have been adjusted. The balance is yet to be recovered or adjusted (June 1974). The Company agreed (March 1970) to pay Rs. 12·54 lakhs as transfer price which had not so far been paid (July 1974).

The following table shows the results of the working of the quarry :—

Year	Value of production	Cumulative loss at the end of the year
	(In lakhs of Rupees)	
1968-69	94·59	(−)8·30
1969-70	13·57	(−)9·22
1970-71	4·49	(−)10·73
1971-72	1·08	(−)11·65

The continuing losses were stated to be due to :—

(*i*) lack of demand for rock products,

(*ii*) rise in costs, and

(*iii*) heavy retrenchment compensation.

The Management estimated that the minimum turnover for operating the quarry economically was Rs. 25 lakhs per annum. It expected an assured demand for rock products of Rs. 186 lakhs for construction of the Expressway and Paradeep Port works. During the 11 years of its operation up to March 1973 the average annual turnover was Rs. 7·48 lakhs. The total value of the rock products supplied for Expressway and Paradeep Port works was only Rs. 15·75 lakhs.

In April 1970, the Company decided to transfer back the quarry to Government. Decision of Government to take back the quarry is awaited (June 1974).

Construction of a high level bridge over the river Jeera :—The work of "construction of a high level bridge over river Jeera on National Highway near Bargarh" was awarded by Government to the Company in March 1970 on the basis of competitive tenders, for Rs. 16·84 lakhs against the Government estimate of Rs. 17·93 lakhs. It was to be completed by 26th November 1971. The Company obtained advance of Rs. 2·00 lakhs from Government as working capital, made preparations for starting the work soon after receipt of the work order in March 1970 and requested Government to supply the drawings. The first set of drawings were supplied in June 1970 when rains had already set in and the river was in flood. The layout work was started in October 1970 after the flood subsided. The Company started the work in November 1970.

The work consisted of sinking wells, laying well caps and constructing superstructure. According to the procedure laid down by the Government of India in August 1970 for works in respect of National Highways, bearing capacity of wells sunk at the bottom of the wells has to be ascertained before plugging the wells at levels higher than the designed depth to ensure that the wells did not sink after the superstructure was built and approval of Government of India obtained. Five, out of the eight wells sunk, were plugged in June/July 1972 at levels 13·69 feet to 16·89 feet higher than the designed depth on the orders of the Government Executive Engineer-in-charge of the work. As the prescribed tests were not conducted and approval of Government of India was not obtained, laying well caps and superstructure work were held up. In respect of the other three wells, tilts and shifts were observed. According to the agreement, the Company (as contractor) should have conducted borings and furnished undisturbed soil samples for arriving at the safe bearing capacity of soil before plugging of the wells. The tilts and shifts were to be remedied by the Company at its own cost and it had also to bear the cost of conducting load test for the plugged wells. It was agreed (December 1972) by the Company to take out core samples by the side of the plugged wells and to conduct the safe bearing capacity tests.

It was revealed in the discussion between the representatives of the Government and the Company in December 1972 that tilt and shift in respect of two wells could be corrected by further sinking beyond the designed depth and that it could not be corrected in respect of the third well.

The Company had not done further sinking to correct the tilt and shift in respect of the two wells. Core samples in respect of the five plugged wells were not obtained on the ground of non-availability of required drilling machine.

The Company stopped the work in April 1973 and later in November 1973 closed its site office except for a skeleton staff.

Up to March 1973 the Company spent Rs. 10·72 lakhs on the works including Rs. 0·80 lakh towards cost of establishment during the period from April to November 1973 against which the value of work done as per contract rates was Rs. 7·66 lakhs resulting in a loss of Rs. 3·06 lakhs.

It was estimated (February 1973) that for completion of the remaining portion of the work Rs. 13·28 lakhs would be required, thus exceeding the original value of contract by Rs. 4·84 lakhs.

Government had since revised the estimate to Rs. 27·00 lakhs. Government stated (May 1974) that soil strata near the base of the wells sunk had been collected and test reports were awaited after which work would be resumed.

Construction of bridge over Sundar river:—In order to provide an all weather road connecting Bhawanipatna with Bhubaneswar it was decided by Government (March 1970) to construct a 752′-6″ long road bridge over Sundar river near Khariar. The work was awarded (May 1970) by Government to the Company on the basis of competitive tenders for Rs. 18 lakhs. The agreement entered into on 30th May 1970 stipulated that the work should be completed within 18 months from the date of issue of work order i. e., by 21st November 1971. The work was commenced on 30th May 1970 and was still in progress (June 1974). The question of extending the contract period of the construction of work up to 30th June 1974 was under consideration. The delay in completion of the work was stated to be due to :—

(*i*) delay in getting approval for designs and drawings, and

(*ii*) delay in supply of steel and cement.

Delay in getting approval of the designs was attributable to the frequent revision of designs at various stages.

The Company lodged a claim for Rs. 1·70 lakhs (March 1972) with Government towards cost of establishment and machinery for the periods of delay calculated up to September 1971. The claim has not so far (June 1974) been accepted by Government.

The lumpsum contract stipulated sinking of wells up to a depth of 386·24 feet. The Company estimated that sinking of wells would cost Rs. 800 per foot. The agreement, however, specified that when in actual execution wells were sunk to reduced depth, deduction would be made for each running foot of shortfall at Rs. 1,200 from the lumpsum contract amount. As the wells were sunk to a depth of 158·87 feet only, the contract amount was reduced by Rs. 2·73 lakhs. The actual cost incurred by the Company in sinking the wells was Rs. 805 per foot. The saving that accrued to the Company for non-execution of the work for 227·37 feet was only Rs. 1·83 lakhs against the reduction of lumpsum contract by Rs. 2·73 lakhs.

R.C.C. lay by Jetty:—The work was awarded (July 1970) to the Company by the Visakhapatanam Port Trust on the basis of competitive tenders. The work (estimated cost : Rs. 14·80 lakhs) was to be completed by 31st July 1972 ; the date of completion was later on extended to 31st July 1973. The work was actually completed by 30th September 1973. Request for extension of time up to 30th September 1973 is pending with the port authorities (June 1974). One of the reasons for delay in completion of the work was non-availability of floating crane and compressors. According to agreement the crane and compressors were to be supplied by the port auth rities to the Company on hire basis, subject to availability. The port authorities did not have any financial liability for non-supply of equipment. The Company could not also hire the equipment from any other source. Due to non-availability of crane and compressors as and when required, the Company lost 154 working days in the course of execution of the work. The money value of the idle labour and establishment and equipment was assessed at Rs. 2,000 per day and Rs. 3·08 lakhs in all. The Company has preferred a claim (February 1973) for this amount on the port authorities which has not been accepted so far (June 1974).

Financial scrutiny, internal audit and cost control :—The Company had no Financial Adviser. There was no system of financial scrutiny of or concurrence for tenders or contracts. The Company did not also have any system of internal check or audit or cost control. Although itemwise estimates were prepared for the purpose of tendering or negotiation no cost accounting was done. It was, therefore, not possible to find out to what extent the losses were due to cost variances or to acceptance of uneconomic rates. The Company Auditors in their report on the accounts for 1969-70 commented as follows :—

(*a*) It had not been possible to compare the actual consumption of stores and materials with the relevant estimates because the estimates were not made available to them.

(*b*) Bulk of the works were executed through job works ; there was no record to correlate the quantity of work done with the quantity paid for.

(*c*) There was no cost control apparatus.

(*d*) There was no control over expenditure by correlating costs with the benefits.

The Company did not have a construction programme or schedule in respect of all the works on hand to review their progress from time to time. On a review by Audit of seventeen works under execution it was seen that there was delay in completion of the works ranging from one month to twenty-four months. The following reasons were stated (November 1973) for the delay :—

(*a*) shortage of working capital,

(*b*) delay in the supply of designs and drawings,

(*c*) delay in supply of materials like steel and cement, and

(*d*) shortage of stores and spares like truck, tyres, etc.

SECTION E

INDUSTRIAL DEVELOPMENT CORPORATION OF ORISSA LIMITED

26. (1) *Introductory*:—(*a*) The Industrial Development Corporation of Orissa Limited was incorporated as a wholly owned Government Company in March 1962 with the main object of promoting, establishing and executing industries within the State.

(*b*) *Capital structure* :—The authorised capital of the Company was Rs. 50,00·00 lakhs and the paid up capital as on 31st March 1972 was Rs. 18,40·01 lakhs. The Company had also obtained loans. The outstanding amount of loan as on 31st March 1972 was Rs. 17,08·64 lakhs as detailed below ;—

	Amount (Rupees in lakhs)
Government of Orissa ..	9,19·49
Government of India ..	0·55
Scheduled banks (guaranteed by Government of Orissa) ..	5,78·55
Value of machinery obtained from foreign countries on deferred payment basis (guaranteed by Government of Orissa)	2,10·05

(2) *Financial results* :—During 1971-72 the Company, after providing for Development Rebate Reserve of Rs. 3·05 lakhs, sustained net loss of Rs. 54·87 lakhs against net loss of Rs. 82·44 lakhs in the previous year.

The accumulated loss at the end of 1971-72 stood at Rs. 6,01·98 lakhs (Development Rebate Reserve: Rs. 5,14·06 lakhs and trading loss: Rs. 87·92 lakhs).

The Company had established seven manufacturing units all of which were in production during 1971-72. The investment of the Company in these units as on 31st March 1972 and their financial results for the years 1970-71 and 1971-72 were as follows :—

Unit	Product of manufacture	Investment as on 31st March 1972	Profit(+)/Loss(−) 1970-71	1971-72
		(In lakhs of Rupees)		
(*i*) Kalinga Iron Works (acquired from Kalinga industries Ltd. in running condition in April 1963).	Pig iron	10,17·72	(−)24·65	(−)61·90
(*ii*) Hirakud Industrial Works (acquired from Government in running condition in November 1962).	Febrication work	45·00	(+)3·20	(+)5·71
(*iii*) Choudwar Tile Factory (commissioned in March 1966)	Tiles	37·33	(−)2·36	(−)2·78
(*iv*) Hira Cables (commissioned in November 1968)	ACSR and ACC conductors, copperwire	2,16·35	(+)1·36	(−)2·42
(*v*) Hira Cement Works (commissioned in February 1966)	Cement	8,32·47	(+)7·81	(+)17·81
(*vi*) Re-rolling Mills (commissioned in June 1968)	Iron rods	94·60	(+)1·04	(+)0·53
(*vii*) Ferro-chrome project (commissioned in November 1970)	Ferro-chrome	3,89·88	(−)0·04	(−)8·49
Total		17,33·35		

The Management atrributed the losses in various units during 1971-72 to the following :—

(*i*) *Kalinga Iron Works*—Increase in cost of raw materials, selling expenses and interest burden.

(*ii*) *Choudwar Tile Factory*—Poor demand for tiles in the market, under-utilisation of capacity and high cost of production.

(*iii*) *Hira Cables unit*—Increase in cost of raw materials for aluminium conductors and sale price of copper wire not covering the cost of production.

(*iv*) *Ferro-chrome Project*—Higher costs on account of low production, shut down of a slag furnace and slump in market for the finished product.

(3) *Investments* :—According to the policy laid down by the Company in 1963, its funds could be utilised to aid, assist and finance industrial undertakings, with a view to promote or to establish any industry considered necessary for the development of the State or as a means of profitable investment to improve the financial results of the Company. Accordingly, the Company had invested Rs. 32·50 lakhs up to March 1972 in the shares of the following five other companies :—

	Year of investment	Investment in shares				
		Type	Number of shares	Value of each	Amount (Rupees in lakhs)	(Percentage to total paid up capital of the Company)
(*i*) Jayashree Chemicals Ltd., Ganjam	1966	Equity	1,49,606	10	14·96	10·80
(*ii*) Aska Co-operative Sugar Industries Ltd., Aska	1962	Ordinary	3,000	100	3·00	4·55
(*iii*) East Coast Salt and Chemical Industries Ltd., Sumandi	1966	Equity	1,146	1,000	11·46	99·65
(*iv*) Kalinga Exporters, Ltd. Bhubaneswar	1970	Equity (partly paid up)	1,300	100	0·33	25·90
(*v*) East Coast Breweries and Distilleries Ltd., Cuttack	1972	Equity	27,500	10	2·75	14·60

No dividend was received by the Company from these investments up to March 1972.

East Coast Salt and Chemical Industries Limited is a subsidiary of the Company. Besides investing Rs. 11·46 lakhs in share capital of the subsidiary company, the Company had advanced Rs. 20·67 lakhs (as on 31st March 1972) for financing its capital and revenue works. The subsidiary company has finalised its accounts up to September 1970 which show a cumulative loss of Rs. 9·68 lakhs. Further loss of Rs. 2·53 lakhs for the subsequent period upto 30th September 1972 has also been estimated.

In May 1963, the Company accepted a proposal to underwrite 20 per cent of the redeemable cumulative preferene shares (value : Rs. 15 lakhs) issued by Jayashree Chemicals Limited, Ganjam, in the hope of an assured return of 9·5 per cent on condition that the promoters would buy back the shares so underwritten. In April 1965, Jayashree Chemicals Limited approached the Company to underwrite equity shares of Rs. 15·00 lakhs instead of cumulative preference shares on the ground that it was facing difficulty in getting equity share capital of Rs. 49·00 lakhs under-written in the market. The Company agreed (April 1965) to the proposal as the investment was of promotional nature. The agreement provided that 30/98 fraction of the capital left unsubscribed would be subscribed by the Company but it did not provide for the pruchase back of those shares by the promotors. In 1966, the Company purchased equity shares of Rs. 14·96 lakhs (30/98 of Rs. 49·00 lakhs left unsubscribed) although according to the original proposal it was to buy shares of Rs. 9·80 lakhs only (20 per cent of the redeemable preference shares issued). These shares are still with the Company yielding no return.

East Coast Breweries and Distilleries Ltd., Cuttack was registered in April 1969 with an authorised capital of Rs. 50 lakhs. In May 1969, the Brewery Company approached the Industrial Development Corporation of Orissa to underwrite the public issue of equity shares of Rs. 14 lakhs for establishment of a brewery at Paradeep at an estimated cost of Rs. 45 lakhs. The Company did not accept the proposal for want of funds. In February 1970 the Brewery Company submitted a fresh proposal to set up a plant with higher capacity involving investment of Rs. 94·28 lakhs and requested the Company to invest in equity to the extent of Rs. 20 lakhs and to underwrite shares of Rs. 23·90 lakhs. The Company decided to go in for the investment and requested the Government to provide funds. Government called for feasibility report, and Engineers India Ltd., who were appointed to prepare the feasibility report, submitted the report in January 1971, confirming the viability of the project. Fifty per cent of the cost of Rs. 40,000 for preparation of the feasibility report was borne by Government. The capital cost of the project was estimated at Rs. 150 lakhs to be divided 1 : 1 between debt and equity. The authorised capital of the Brewery Company was raised to Rs. 75 lakhs. In March 1971 Government decided to participate in equity capital of the Company on the following basis :—

		Amount of investment (Rs. in lakhs)
State Government	..	38·00
Entrepreneur	..	7·50
Underwriting by the Company	..	10·50
Underwriting to be secured by the Entrepreneur		99·00

In December 1971 Government decided to invest Rs. 33 lakhs directly and Rs. 5 lakhs through the Company in the Brewery Company. A token subscription of Rs. 1 lakh by Government and Rs. 2·75 lakhs by the Company were made in 1972 to enable the promoters to float the public issue.

The Brewery Company, however, requested the Company that the scope of underwriting commitment of the Company should be raised to Rs. 24 lakhs as it would be difficult for them to arrange for underwriting to that extent themselves. The Company accepted the request and decided to move Government to provide funds required in case it was required to purchase shares to that extent. This was communicated (in July 1972) to Government but Government expressed their inability to provide funds in excess of Rs. 10·00 lakhs. The Company then decided in March 1972 to underwrite the public issue to the extent of Rs. 24 lakhs out of its own resources. An agreement was accordingly entered into with the Brewery Company in April 1972.

The Brewery Company offered shares of Rs. 29·50 lakhs to the public in May-June 1972. Public subscriptions were received only for Rs. 5·50 lakhs and the Company was called upon to subscribe to the shares of Rs. 24 lakhs under the underwriting agreement. The Company had to honour the commitment and paid Rs. 6 lakhs (in July 1972) as application money representing 25 per cent of the face value of the shares.

When Government became aware of the results of public issue, the decision to take part in the equity capital of the Brewery Company was reviewed. It was observed that with the commitment of the Company to subscribe to share capital to the extent of Rs. 24 lakhs under the underwriting agreement, State Governmental subscription to the equity capital of the Brewery Company, either directly or through the Company, would be Rs. 62 lakhs against Rs. 48·50 lakhs which Government had originally agreed. This was considered to be too high for a non-priority industry. However, in view of the commitment, further investment to the extent of Rs. 29·045 lakhs was made by Government (Rs. 15·045 lakhs in March 1973 and Rs. 14 lakhs in October 1973) increasing Government investment in the Company to Rs. 30·045 lakhs. The Brewery Company also made three more calls on the Company for the balance amount due in respect of the shares allotted to it in terms of the underwriting agreement. The total investment made by Government and the Company up to August 1974 was Rs. 56·795 lakhs representing 76 per cent of the equity capital.

The Company has decided to dispose of its holdings in the Brewery Company. Negotiations for the prupose with the promotors are reported to be in progress (August 1974).

(4) *Planning and design cell*:—On the directive (June 1969) of Government a planning and design cell was organised in November 1969 to promote various types of industries in the State. It is one of the primary objects of the Company to promote schemes for industrial development of the State. The cell was intended to offer technical advice to the Company as well as Government, scrutinise feasibility and technical reports submitted by private entrepreneurs, provide technical consultancy and to advise on feasibility of setting up new industries. The Company paid Rs. 8·00 lakhs to outside consultancy firms for getting feasibility/project studies done in respect of five projects (Tyre and tube project, Ferro-Venadium project, Chromium chemical plant, Soda ash and amonium chloride project, and Sponge iron project) during 1970-71 and 1971-72 and at the same time Rs. 2·01 lakhs were spent on the planning and design cell, of which Government reimbursed Rs. 2·00 lakhs as subsidy.

The only function performed by the planning and design cell during 1970-71 and 1971-72 appears to have been to furnish statistical data to the consultancy firm and to prepare ground work for making application for issue of letters of intent for various schemes of the Company.

The Management stated (January 1972) that the cell was not sufficiently equipped to prepare independently any feasibility or project report.

(5) *Irregularities pointed out by the Company Auditors*—The Company Auditors in their report on the accounts for the year ended 31st March 1972 pointed out the following irregularities:—

(*a*) Advances of Rs. 0·52 lakh given to staff and workmen of Hira Cement Works remained unrecovered for more than a year. Legal action was taken for recovery of Rs. 0·37 lakh.

Advances of Rs. 3·36 lakhs given for supply of materials remained outstanding for more than a year.

(*b*) Claims made by Hira Cable Works under price variation clause (Rs. 5·24 lakhs) for supplies made to various Electricity Boards and for refund of excise duty (Rs. 0·45 lakh) were not accepted by the parties concerned.

(*c*) In Kalinga Iron Works raw materials valued at Rs. 15·24 lakhs were found short on physical verification in excess of the normal shortages written off.

(*d*) Kalinga Iron Works paid Rs. 0·63 lakh as demurrage to Railways for late unloading of wagons of which only Rs. 0·18 lakh were realised from the concerned contractors.

(*e*) Cost records were not reconciled with the financial records.

(6) *Internal Audit*:—No internal audit system has been introduced (July 1974) although the Company has been in existence from March 1962.

27. *Ferro-chrome Project*:—(1) *Introductory*—The Industrial Development Corporation of Orissa Limited decided (August 1962) to establish a Ferro-chrome Project, as the main raw material, *viz.*, chromite ore was available in abundance and as there was an increasing demand in the country for ferro-chrome which was being imported. Accordingly, the Company approached (November 1962) the Government of India for a manufacturing licence which was granted in March 1966. A project report was approved by the Board of Directors in December 1965.

According to the schedule fixed by the Company in April 1964 the project was expected to be commissioned by September 1966 but it was actually commissioned in November 1969. Mention was made about the delay in commissioning the project in paragraph 114 (4) (c) of the Audit Report 1966.

The original estimated cost of the project was Rs. 4,13·00 lakhs which was revised to Rs. 6,58·47 lakhs in June 1967 and again to Rs. 6,96·90 lakhs in November 1969. The actual expenditure up to March 1972 was Rs. 7,01·16 lakhs.

The increase in cost was attributed (November 1970) to—

(*i*) devaluation of the rupee (Rs. 89·62 lakhs),

(*ii*) inclusion of certain items not provided for in the original estimates (Rs. 1,10·06 lakhs),

(*iii*) increase in the cost of labour and materials during the protracted period of execution of the project (Rs. 33·81 lakhs), and

(*iv*) increase in development expenditure (interest and establishment charges) consequent on delay in commissioning (Rs. 50·41 lakhs).

The revised estimates have not been approved nor has the actual expenditure been sanctioned by the Board (or Government) yet (May 1974).

(2) *Technical Services*—(a) The Company decided (December 1964) to manufacture low carbon ferro-chrome by acquiring the know-how from a firm of consultants (C) and a manufacuring firm (E) of Sweden, at Rs. 8 lakhs lump sum and royalty of 3 per cent of the ex-factory sale price of the product for a period of 10 years from the date of commencement of production. The process to be acquired was considered to be most economical under Indian conditions and superior to another process which had been developed indigenously by the National Metallurgical Laboratory and known as NML process. Eventually, the Company decided (1962) to get the know-how from an individual 'A', Technical Director of Firm C, stated by the Management to be a renowned expert of producing low carbon ferro-chrome, who claimed to have developed and improved on the process which was stated to be "the best, cheapest and the most economic". How this decision was taken, whether the antecedents of 'A' were verified, and whether the new process had been tried and proved feasible anywhere, are not on record.

The low carbon ferro-chrome is produced in a series of steps which vary according to the process. In the double-step process, in the reduction furnace, high carbon ferro-chrome is produced first and silico-chrome is produced therefrom ; low carbon ferro-chrome is produced from silico-chrome in a subsequent process in a slag furnace. In the process to be obtained from 'A', which was known as single-step process, silico-chrome was to be produced directly from ore without producing high carbon ferro-chrome in reduction furnace, the subsequent processes being common.

The Company entered into an agreement with 'A' (January 1964) for technical assistance in establishing and operation of the plant. Under the agreement 'A' was—

(*i*) to assist the Company to plan, build and run a chromium alloy plant for the production of high carbon ferro-chromium, silico-chromium, low carbon ferro-chromium and possibly other chromium alloys,

(*ii*) to render technical advice and supervise the commercial production of chorme alloys, and

(*iii*) to train the personnel of the Company in the process of manufacture.

The Company was to pay in lumpsum £ 40,000 (Rs. 5·33 lakhs) on his furnishing statements of technology and processes of manufacture, a retainer fee at 3 per cent of the invoice value of low carbon ferro-chrome and 0·8 per cent of invoice value of other chromium alloys produced for sale subject to a minimum of £ 300 (Rs. 4,000) per month commencing from the date of supply of the technical documents. The Company was also to pay the travel, hotel and living expenses incurred by the consultant while on the Company's work, except the period of stay at his residence in Sweden. There was no provision for guarantee of performance and/or for penalty for non-performance.

'A' supplied (February 1965) three sealed envelopes said to contain the technical know-how for the production of silico-chrome, high carbon ferro-chrome and low carbon ferro-chrome through a commercial bank against which he was paid £ 40,000 (Rs. 5·33 lakhs) in January 1965. Subsequently, when the Company wanted to produce low carbon ferro-chrome in September 1970, it was revealed that the documents in the envelopes contained only sketchy information which was not enough to start a new process in a new plant. After the plant was commissioned in November 1969 the Company also found that 'A' was either unwilling or unable to start production of low carbon ferro-chrome in the single-step process for which he was engaged. The plant was used for nearly a year (from November 1969 to August 1970) in production of high carbon ferro-chrome, the first step in the two-step process, which had been discarded in favour of the single-step process in which high carbon ferro-chrome was not to be produced.

Three officers of the Company were deputed for three months from March 1967 to Sweden and Norway for training in the process of manufacture of ferro-chrome which was to be arranged by 'A' in terms of the agreement. 'A' could not, however, arrange for the training. It was reported by the trainees to the Management in February 1971 that they could not even see the process of manufacture let alone getting training therein. Rupees 0·20 lakh were spent on their journey and stay abroad without any benefit.

In February 1971, the Company pointed out to 'A' that there was a conscious breach of contract on his part and that he was liable to pay damages for the losses suffered by the Company. The contract was terminated in May 1971 on the ground that he had defaulted by his inadequacy and failure in getting the Company the benefit of utility of his knowledge and technical assistance and that he had wilfully persisted in his refusal to take any part in change over to produce silico-chrome directly from ore. In March 1972 'A' challenged the action of the Company in terminating the agreement contending that there was no breach on his part in fulfilling the obligations under the contract and that the Company itself was in breach by wrongfully terminating the contract and withholding payments ; he demanded payment of remuneration due to him under the agreement and damages for breach of contract by the Company. The matter was referred to arbitration. Simultaneously, the Company also filed a petition in court for determination of the scope and effect of the arbitration clause of the agreement. The case is *sub judice* (May 1974).

The Company paid Rs. 9·96 lakhs to 'A' on account of his fee for the supply of technology, retainer fee, royalty, travelling and other expenses up to October 1970. Further payment had been stopped.

According to the Management, the breach of contract by 'A' had resulted in the Company being deprived of net profit of Rs. 29·01 lakhs between April 1971 and January 1972 due to loss of production of low carbon ferro-chrome.

(b) *Agreement with 'B'*:—In September 1969, 'A' advised the Company to bring 'B' of Swedish firm 'C' for assisting in operation of the plant stating that 'B' possessed considerable practical and theoretical knowledge in erecting and commissioning similar plants and his assistance would be useful for successful application of the process know-how, successful and efficient operation and standardisation of production techniques. Accordingly, the Company appointed 'B', with effect from September 1969 under an agreement signed with firm 'C' in November 1969 to assist in giving the process "know-how" in the manufacture of low carbon ferro-chromium. 'B' stayed with the Company from September 1969 to October 1970 and then he left. In May 1971 the Management reported to the Board of Directors that 'B' had expressed his inability to contribute any expert advice for manufacturing silico-chrome directly from ore as he had no earlier experience in such process. The Company spent Rs. 1·10 lakhs on account of 'B'.

(c) *Agreement with Indian firm 'D'*:—In May 1965 the Company entered into an agreement with an Indian firm 'D' for consultancy services in respect of civil and structural works of the project. The firm was selected after calling for quotations from three firms of industrial consultants in the country, considered to be the best, on the ground that it was engaged on some other projects of the Company. According to the agreement, the firm was to prepare detailed designs and drawings, specifications, lists of materials, layout drawings and tender specifications and to analyse tenders received and render all other engineering consultancy services. The Company was to pay the firm a fee at 3·75 per cent of the actual cost of the works done according to the drawings and design of the firm. No ceiling was prescribed for such fee. In addition, the Company was to bear the out of pocket expenses of and the cost of providing free boarding and lodging to the engineers of the firm visiting the site. The original estimate of the civil and structural works as per project report was Rs. 60 lakhs against which the firm was entitled to a fee of Rs. 2·25 lakhs. Consequent on increase in the cost of works to Rs. 1,22·82 lakhs, the firm was actually paid Rs. 4·61 lakhs up to June 1972. In addition, the Company spent Rs. 0·80 lakh on other expenses of the firm including Rs. 0·10 lakh on the visit of a Director of the firm to Sweden for which there was no provision in the agreement.

The Consultants delayed furnishing requisite designs and drawings to the erection contractors which resulted in delay in completion of the project. Some of the designs and drawings given by the firm were also found to be defective. Besides, the firm failed to provide drawings for cable routes for electrical services. These omissions and commissions had to be made good by the Company at a cost of Rs. 0·28 lakh. No action was taken to recover the amount from the firm due to want of a performance guarantee or penalty clause in the agreement.

(3) *Contract for supply and erection of plant and machinery*—(a) *Supply of plant and machinery*:—In April 1964, quotations for purchase of plant and machinery were invited from five foreign firms (two from Scandinavia, two from West Germany and one from Japan), selected on the advice of 'A'. Three offers were received in November 1964. A Swedish offer from firm 'E' (the Swedish firm 'C' to whom 'A' belonged were consultants of this firm) for Rs. 1,00·88 lakhs (Sw. Kroners 11·096 millions) on deferred payment basis was selected for acceptance ; this was stated by the Management to be on the ground of completeness of the quotation (other firms had quoted only for some sections of plant and machinery) and availability of foreign exchange in Swedish currency. The offer was valid up to April 1965. In February 1965, the Company approached the Government of India for release of foreign exchange when the latter suggested certain modifications in the forms of deferred payment. While the terms of deferred payment were under consideration, the validity of the original offer expired. In August 1965, the firm intimated revision of the quotation to Rs. 1,24·30 lakhs (Sw. Kroners 13·673 millions). Although the increase in price was considered too high, and the matter was taken up with the firm in September 1965 it was not pursued by the Company. Interim agreement was entered into with the Indian agent of the tender in November 1965 for supply of plant and equipment at Rs. 1,24·30 lakhs including the agent's commission of Rs. 2·74 lakhs (Sw. Kroners 3·00 lakhs) payable in rupees.

The Company approached the State Government in December 1965 for giving necessary guarantee so that the interim agreement could be operated. Government guarantee was given in February 1966 after which final agreement with the foreign supplier 'E' was entered into (February 1966).

The plant and machinery offered by the supplier were for a rated capacity of 10,000 tonnes per annum. The contract, however, stipulated that the supplier undertook no responsibility that the plant and machinery specified were complete in every respect in regard to "metallurgical requirements"; calculations made by the Company in November 1971 revealed that the capacity of the plant and machinery supplied was 8,000 tonnes only.

The Indian agent's commission payable in rupees was expressed in the contract to terms of Swedish currency. On devaluation of the rupee the revised rate of exchange was applied to this component also and the agents were paid Rs. 4·42 lakhs against Rs. 2·74 lakhs due at exchange rate before devaluation.

Customs duty of Rs. 1·66 lakhs was also paid on the element of Indian agent's commission which was calculated on the gross value of the invoices.

The contract price was subject to variation with the cost of labour and material up to a ceiling of 10 per cent of the total value of supply. In March 1968, the supplier claimed Rs. 19·59 lakhs on this account and it was accepted by the Company. On test check by Audit, it was found that the claim included Rs. 3·05 lakhs representing the variation in the cost of labour and material after August 1967, the due date of delivery and up to January 1969, the date of completion of supply.

The agreement contemplated issue of packing instructions to the supplier for shipment and trnsportation. Even though delivery was to be completed by August 1967, the Company issued packing instruction to the supplier only in September 1967. The Supplier intimated (October 1967) that arrangements for shipment had already been made by then and so instructions could not be followed. Some parts of the plant and machinery were put in oversized packages and shipped to Calcutta Port. On their arrival at Calcutta, the port authorities found that the package could not be transported to project site either by railways due to oversize or by road due to over weight. The ship was, therefore, diverted to Paradeep port at an extra cost of Rs. 0·55 lakh. Special trailers were used to bring the packages from Paradeep port to project site at the cost of Rs. 0·50 lakh. To enable the over weight packages to be carried on the road, an approach road at port had to be strengthened at an expenditure of Rs. 0·20 lakh. Had the consignments been packed in normal sizes and the transport made from Calcutta port to project site, Rs. 0·24 lakh (at Rs. 0·04 lakh per tonne for 60 tonnes) only need have been incurred. There was, thus, avoidable extra expenditure of Rs. 1·01 lakhs on the transportation due to delay in issue of packing instructions by the Company.

(b) *Contract for civil and structural works*:—The contract for civil and structural works of raw material handling system was awarded to Orissa Construction Corporation Limited. Mention was made in paragraph 105 (4)(*iv*)(*b*) of Audit Report 1970 regarding construction of raw material system of the Ferro-chrome project.

The contract for construction of the main plant building was also given to the Orissa Construction Corporation Limited. According to the agreement, Orissa Construction Corporation Limited was responsible to procure and to supply steel for the work. There was no provision in the agreement for variation in the contract price due to variation in the price of steel. The Corporation, however, claimed and was paid Rs. 0·72 lakh for purchase of steel from open market at higher prices.

(c) *Contract for erection of plant and machinery:*—On the advice of the consultant firm 'D', limited tenders were invited (December 1967) from forty firms for erection of plant and machinery. Estimated cost of the work was not worked out. The offer of Firm 'F' was accepted although it was the second lowest (for Rs. 6·44 lakhs and more than the first lowest by Rs. 0·07 lakh) on the grounds of over all economy due to early completion and greater reliability. The contractor was, however, actually paid Rs. 10·18 lakhs. The extra expenditure was attributed to some extra items of work not visualised before. The work was to have been completed by March 1969 ; it was actually completed in January 1970. No penalty was levied for the delay due to absence of penalty clause in the contract.

(4) (*a*) *Operation:*—The reduction furnace was commissioned in November 1969 and the slag furnace was commissioned in October 1970. During 1969-70 and 1970-71, the plant produced mainly high carbon ferro-chrome. Some quantity (648 tonnes) of low carbon ferro-chrome was also produced by the double-step process. At 70 per cent rated capacity of the plant, the cost of production of low carbon ferro-chrome by the double-step process was estimated to be Rs. 3,756 per tonne against Rs. 3,254 per tonne by the single-step process. It was found by the Company that it was difficult even to reach 50 per cent rated capacity. As it proved to be uneconomical, the Board of Directors decided (February 1970) to stop further production of low carbon ferro-chrome by this porcess. The project authorities then tried to produce low carbon ferro-chrome by the single-step process on their own without any foreign technical assistance. This was also stopped in January 1972 for want of demand for low carbon ferro-chrome.

According to instructions of Government of India, diversification of production to the extent of 25 per cent of installed capacity could be undertaken without a fresh licence. Finding that there was no market for ferro-chrome and silico-chrome, the Company decided in December 1971, to undertake production of ferro-silicon in the expectation that there would be better demand for it as it was being imported at that time.

The following table shows the estimated quantities to be produced and actual production in this plant up to 1972-73.

	High carbon ferro-chrome		Low carbon ferro-chrome		Silico-chrome		Ferro-silicon	
	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual
	(Quantity in tonnes)							
1969-70 (five months)	Not fixed	2,082	..	..	..	..	...	..
1970-71	Not fixed	4,833	Not fixed	878	Not fixed	1,568	..	..
1971-72	Not fixed	..	7,000	2,900	5,500	2.547	Not fixed	1,326
1972-73	2,300	2,033	2,400	..	2,100	..	1,500	1,437

During the period of about 3½ years the Company produced 3,778 tonnes of low carbon ferro-chrome, the principal product for which the plant was established with a capacity of 10,000 tonnes per annum. It had been assumed in the project report that Durgapur Alloy Steel Plant would be the principal customer for this product. As this plant suspended purchase of low carbon ferro-chrome due to low rates of consumption and accumulation of stocks, further production of low carbon ferro-chrome had to be stopped.

No systematic market survey was made to exploit other suources of demand. The Company was precluded from exploring foreign markets in Europe and Africa under the agreement with 'A'.

The slag furnance installed at a cost of Rs. 3,00·00 lakhs (60 per cent of the total cost of plant and machinery) required for producing low carbon ferro-chrome remained unutilised after January 1972.

(*b*) *Efficiency of operations*:—The rated capacity of the furnaces was 1·388 tonnes per hour. The actual rate of production of the furnaces during April 1971 to January 1972 when they were operated ranged from 0·465 to 0·519 tonne per hour. The percentage of production efficiency, therefore, ranged from 33 to 37. The low efficiency of the plant resulted in excess consumption of electricity per tonne of production (18,296·43 units were consumed against 10,000 units assumed in the project report for each tonne of production). During 1971-72, for 2,900 tonnes of low-carbon ferro-chrome produced the cost of electricity consumed in excess was Rs. 18·04 lakhs at Rs. 622 per tonne.

The purchase price of power according to agreement with the State Electricity Board, was 7·495 paise per unit against 2·5 paise per unit assumed while preparing the estimates.

Compared with the standards assumed in the project summary, there was excess consumption of other raw materials also; the value of such excess consumption during the years 1970-71 and 1971-72 was Rs. 47·30 lakhs. Raw materials of value Rs. 11·07 lakhs, not envisaged in the project report were also consumed during the period.

The value of excess consumption of raw materials in production of ferro-silicon during the period from April 1972 to July 1973 as compared to the norms prescribed by the Management was Rs. 13·01 lakhs.

(*c*) *Working results* :—The following table brings out the working results of the ferro-chrome project during the 1971-72:—

Sl. no.	Particulars	Amount (Rupees in lakhs)
1.	Sales ..	113·07
2.	Cost of manufacture ..	268·62
3.	Gross profit (+) / loss (—) ..	(+)25·35
4.	Percentage of gross profit to sales ..	22·42
5.	Net profit (+) / loss (—) before adjustment of taxes ..	(—)8·49
6.	Closing stock of finished and semi-finished goods ..	155·55
7.	Percentage of closing stock of finished and unfinished goods to sales	137·5

The Management stated that the losses were due to (*i*) slump both in international and home markets (*ii*) low production, and (*iii*) less sale of high carbon ferro-chrome.

(*d*) *Cost of production* :—In April 1969 the project authorities estimated the cost of production of low carbon ferro-chrome at Rs. 2,925 per tonne at capacity production. The actual cost during 1970-71 and 1971-72 was Rs. 6,838 and Rs. 5,170 per tonne respectively. The high cost of production was attributed by the Management (February 1971) to working the plant below capacity, excess consumption of raw materials and excess consumption of power.

The project report envisaged that 309 personnel would be required for operation of the plant at capacity level. Against this, though the plant was being operated far below capacity the total number of persons employed as in March 1973 was 516.

(*e*) *Sales*:—During 1969-70 and 1970-71, 4,064 tonnes of high carbon ferro-chrome were exported to Japan realising an average rate of Rs. 2,248 per tonne. The prevailling price in the indigenous market was Rs. 2,800 per tonne fixed by the Management for sales to Durgapur Alloy Steel Plant.

During July 1970 to February 1971, 751 tonnes of high carbon ferro-chrome were sold to three customers at concessional rates of Rs. 2,600 to Rs. 2,700 per tonne against Rs. 2,680 to Rs. 3,180 per tonne fixed by the Management, without the approval of the competent authority. The value of the concession was Rs. 3·08 lakhs (with reference to the price fixed by the Management).

In October 1970, 70 tonnes of silico-chrome were sold to Durgapur Alloy Steel Plant at Rs. 3,000 per tonne against the prevailing market price of Rs. 3,800 per tonne and the cost of production of Rs. 3,682 per tonne. The loss on the sale was Rs. 0·44 lakh.

The price realised on the sale of low carbon ferro-chrome during 1970-71 and ferro-silicon during 1972-73 was far below cost of production as shown below :—

	Cost of production	Average selling price	Difference
		(Rupees per tonne)	
Low-carbon ferro-chrome			
1970-71 ..	6,838	3,961	2,877
1971-72 ..	5,170	4,917	253
Ferro-silicon			
1971-72 ..	2,718	2,493	225
1972-73 ..	4,062	2,393	1,669

The total loss suffered on the sale of these products up to March 1973 was Rs. 43·23 lakhs.

The closing stock at the end of 1972-73 was as follows :—

	Quantity in tonnes	Value (Rupees in lakhs)
Low carbon ferro-chrome ..	1,733	77·07
High carbon ferro-chrome ..	1,777	57·03
Silico-chrome ..	898	28·85
Ferro-silicon ..	1,685	17·88
Total ..	6,093	1,80·83

The closing stocks included 888 tonnes of sub-grade material lying in stock from November 1970 which had cost Rs. 43·28 lakhs to produce The Company had not been able to dispose it of (April 1974).

(*f*) *Purchases and inventory* :—Coke suited to the requirement of the project was being purchased from Durgapur projects Limited and National Coal Development Corporation Limited. The prices of the two sources varied. During June 1969 to March 1971 the Company purchased 5,186 tonnes of coke from National Coal Development Corporation Limited at rates which were higher than those of Durgapur projects Limited incurring an extra expenditure of Rs. 2·06 lakhs. Further, the coke purchased from National Coal Development Corporation Limited being oversized, during June 1969 to March 1971 the Company had to spend Rs. 2·47 lakhs more for breaking the coke to required size.

During July 1970 to June 1971, 485 tonnes of coke were purchased from the Central Fuel Research Institute at Rs. 0·52 lakh. The quality was not tested before despatch or taking delivery. After using 54 tonnes, it was found that the quality of the coke supplied was not as specified in the purchase order, that it was not suitable and further use of it was stopped. Efforts to dispose of the quantity in stock (value Rs. 0·46 lakh) have not been successful (July 1974).

During November 1969 to February 1971, the Company purchased from a private mine owner 6,205 tonnes of quartz at Rs. 40 per tonne without inviting competitive quotations. Tender enquiry made in September 1970 revealed that the material was available at Rs. 19·90 per tonne, but no action was taken to obtain the material at the lower rate.

During July 1970 to October 1971, 175 tonnes of electrode paste were imported from Norway. During the same period, purchases were made from indigenous sources also at lower rates. Besides payment of Rs. 1·00 lakh extra (import price : Rs. 2·93 lakhs, price from indigenous source : Rs. 1·93 lakhs) for the imported material, foreign exchange was utilised when indigenous supply was available.

Without ascertaining market rates, during December 1969 to March 1970, the Company purchased 3·59 lakh feet of oxygen lancing pipes at 60 paise per foot. A lower rate of 46·6 paise per foot was available on subsequent tender enquiry in May 1970. Compared with this rate the extra expenditure on the purchases made upto March 1970 was Rs. 0·48 lakh.

During October 1969 to February 1970, oxygen in cylinder was purchased from dealers at Cuttack and Jajpur-Keonjhar Road at Rs. 406 and Rs. 410 per 100 cubic metres. Subsequently, the purchases were made directly from the producer at Rs. 248 per 100 cubic metres at site. The extra expenditure incurred on purchases from the dealers instead of from the producer was Rs. 0·22 lakh.

SECTION F

ORISSA MINING CORPORATION LIMITED

28. *Ore handling plant of Daitari Ore Project* :—Mention was made in paragraph 88 of the Report of the Comptroller and Auditor General of India 1970-71 about non-completion of works of the ore handling plant of Daitari Ore Project by the contractors (Hungarian and Indian firms) and the disputes in courts of law.

In January 1970, as provided in the agreement with the Indian firm, the items of dispute were referred to a private arbitrator appointed by the President, Indian Chamber of Commerce, Calcutta. The firm submitted (August 1970) its claim to the arbitrator against the Company on 47 items for a total of Rs. 2·96 crores. The Company found that claims for 35 items were not admissible and claim for the remaining 12 items for Rs. 82·07 lakhs could be considered after verification. The Company filed a counter claim before the arbitrator against the firm for Rs. 6·05 crores and simultaneously obtained an interim stay of the arbitration proceedings from the Calcutta High Court pending determination of the scope and effect of arbitration for which a petition was submitted to the Court separately.

In September 1971, the Calcutta High Court vacated its injection order of October 1970 on condition that the Company should obtain Government guarantee for payment of a sum not exceeding Rs. 3·00 crores to the firm. The Company agreed to this without prior approval of Government. Government decided (March 1972) to have the full implications examined.

The Company, at the instance of Government, accepted (December 1972) the firm's proposal for compromise as :—

(*i*) the Company had been losing heavily by way of interest on investment due to delay in complection of work;

(*ii*) the plant and equipment were suffering deterioration in storage pending erection and commissioning; and

(*iii*) the contract was one-sided against the Company and litigation for over two years had been unproductive and hence further continuance of the proceedings would be time consuming and expensive.

Accordingly, a compromise was reached in January 1973 by negotiation. The terms of the settlement included, *inter-alia*, the following :—

(*a*) The firm should be paid Rs. 85·42 lakhs in settlement of all claims and counter claims.

(*b*) All rights, liabilities, and warantees under the contract would stand extinguished. Neither party would be entitled to raise any dispute with regard to the quantity or quality of supplies made, work done or payments made.

(*c*) All court cases should be withdrawn and arbitration proceedings discontinued.

(*d*) The firm would allow the Company to take possession of the plant and it would also supply all drawings, etc. for completion of incomplete items.

The Company paid the firm Rs. 85·42 lakhs in February 1973 which was contributed by Government as additional share capital.

A committee of officers of the Company carried out detailed inspection of the plant in February 1973 and found a number of defects and damages to the machines. Also as the construction work was at a standstill from October 1970 the machinery remained unused and were getting spoiled due to their lying unused. Neither the firm nor the Company looked after their maintenance during the period of litigation.

Funds required for completion of the work were then assessed at Rs. 73·98 lakhs for attaining 50 per cent of the rated capacity by 1974-75 and an additional Rs. 2,30·00 lakhs for attaining the full rated capacity of the plant by 1976-77.

Up to September 1973, Rs. 6,30·52 lakhs were spent on the plant against the original estimate (1963) of Rs. 2,50·00 lakhs and revised estimate (1970) of Rs. 5,16·90 lakhs. Expenditure of Rs. 3,00·00 lakhs more was estimated to be required to attain the full rated capacity of 1·6 million tonnes per annum. The plant was commissioned in January 1974.

Against the contract amount of Rs. 1,89·08 lakhs to be paid to the Indian firm, Rs. 2,97·46 lakhs (including Rs. 85·42 lakhs paid in settlement of all claims) were paid.

Rupees 71·89 lakhs were also spent by the Company on the following which were recoverable from the firm, but recovery was foregone according to the compromise :—

		Amount (Rupees in lakhs)
Value of material supplied and services rendered	..	22·41
Works executed on behalf of the firm	..	24·74
Rectification of defects in the plant	..	7·97
Electrification	..	2·95
Customs clearance, etc.	..	13·82
Total	..	71·89

The following expenditure was also incurred by the Company due to delay in completion of work by the Indian firm :—

	Amount (Rupees in lakhs)
Expenditure on establishment ..	67·50
Extra expenditure on power consumption ..	4·68
Legal expenses ..	1·48

In November 1973, Government appointed an inquiry committee to examine the defects in the agreements with the Indian firm and the foreign firm and for determining the mistakes committed and advising suitable action to prevent repetition of such mistakes in future by the State Government undertakings. The report of the committee which was due in February 1974 is still awaited (May 1974).

29. *Sukrangi Chromite Mines*:—In November 1971, the Company entered into a contract with a contractor for the following items of work at the lowest tendered rates in quarry 'A' of its Sukrangi Chromite Mines :—

(*a*) excavation of 1·08 lakh cubic metres of overburden and ore up to a depth of 25 metres at Rs. 12·25 per cubic metre, and

(*b*) raising and processing 8,000 cubic metres of ore at Rs. 10 per cubic metre.

The works were to be completed before August 1972.

In the adjacent quarry 'B' excavation up to a depth of 15 metres and raising and processing of ore were being executed by three job contractors from November 1971 at Rs. 8·00 per cubic metre and Rs. 7·00 per cubic metre respectively. The job contractors were disengaged in February 1972 on the ground that the works in the two quarries were overlapping ; and the contractor of quarry 'A' was entrusted the remaining works in quarry 'B' also at the same rates as for quarry 'A' treating them as part of his work but without specifying the extra quantities of work to be executed.

The contractor excavated 1·08 lakh cubic metres of overburden and ore and raised and processed 8,000 cubic metres of ore as follows :—

	Excavation	Raising and processing
	(In lakhs of	cubic metres)
Quarry A ..	0·32	0·03
Quarry B ..	0·76	0·05

Excavation in quarry 'A' was made up to 12·5 metres only and the contracted quantities of work in respect of that quarry were not completed. Instead the contractor did more work in quarry 'B' with shorter lift and received payment at higher rates meant for quarry 'A' which involved longer lifts. Since the total quantities of (*i*) excavation and (*ii*) raising and processing of ore done by the contractor worked upto the quantities stipulated in the agreement of November 1971, the work was treated as completed. As the job contract rates applicable to quarry 'B' were lower than the rates accepted for quarry 'A' at which payment was made for the total quantities executed by the contractor of that quarry there was an avoidable extra expenditure of Rs. 3·38 lakhs.

29. *Loss of Iron Ore*:—During the period from 1964 to 1966, while laying the Crushing Plant Mining Face Road 6,215 tonnes of Iron ore raised by the Company from the plot over which road was laid was stacked on the road slopes. In the course of bench development at higher level (from 1970-71 onwards) fines raised from the above work were deposited over the ore all along the CPMF Road. The ore could not be separated from the fines and the entire quantity of 6,215 tonnes of iron ore became irrecoverable. This resulted in loss of Rs. 0·92 lakh.

The Company stated (September 1973) that the iron ore stacked on the road slopes being of low grade remaining unsold since its extraction. Neither any investigation into the matter was made nor was the loss written off.

SECTION G

31. *Orissa Wood Products Limited*:—Orissa Wood Products Limited was incorporated on 10th December 1958 with an authorised capital of Rs. 5 lakhs. The Company took over the assets and liabilities of two Government undertakings *viz*., Government Wood Working Factory and the Government Wood Seasoning Plant. The Company is engaged in manufacture and sale of wooden furniture and other wood products.

The paid up capital of the Company as on 31st March 1973 was Rs. 4·13 lakhs of which Government contribution was Rs. 3·82 lakhs ; the balance was contributed by a private entrepreneur who was appointed Resident Director of the Company from the 11th December 1958.

The accounts of the Company from 1967-68 onwards have not been made available to audit so far (January 1974). The Company sustained loss of Rs. 2·41 lakhs up to end of 1966-67. The following points came to notice in the course of audit :—

(1) As there were no work orders on hand the business was dwindling and, due to the various attachments by the certificate courts (some of which are mentioned hereunder) it was decided (March 1972) to wind up the Company and a liquidation petition was filed before the Orissa High Court in August 1972. The Company is now under liquidation (July 1974).

(2) The production and net sales of the Company for the three years ending 1970-71 were as follows :—

	1968-69	1969-70	1970-71
	(In lakhs of Rupees)		
Wages paid ..	0·68	0·65	0·51
Production ..	1·48	1·15	0·42
Net sales ..	1·42	1·22	0·41

(3) (*i*) The Company defaulted in paying the provident fund contributions (Rs. 0·64 lakh) to the Employees Provident Fund Scheme and the contribution (Rs. 0·02 lakh) to the Employees' State Insurance Scheme pertaining to the period from 1964-65 to 1970-71. In July 1971 the authorities took recourse to certificate proceedings for recovery of Rs. 0·66 lakh towards these contributions.

(*ii*) A penalty of Rs. 0·41 lakh was levied by the Income Tax authorities for delayed submission of returns for the assessment year 1965-66. The Income Tax authorities also resorted to certificate procedure for recovery of tax dues of Rs. 1·85 lakhs. All the assets of the factory were attached by the certificate officer in December 1970 (Rs. 0·69 lakh), July 1971 (Rs. 0·66 lakh) and May 1972 (Rs. 1·16 lakhs).

(4) Mention was made of certain transactions of the Resident Director with the Company in paragraph 95 of the Report for the year 1970-71. The Resident Director was absenting himself from duty frequently. In May 1970 the Board of Directors appointed an Executive Officer to look after the affairs of the Company. The whereabouts of the Rseident Director were not known since September 1970. Another employee of the Company who was authorised to collect the dues of the Company was also absconding from September 1970. In July 1971 the Resident Director and the collection assistant were asked through an advertisement in a local daily to hand over charge, but there was no response. A complaint was made to the police in July 1971. They have not been traced out as yet (July 1974).

(5) In December 1958, the wood seasoning plant was acquired from Government for Rs. 1·01 lakhs (building Rs. 0·42 lakh and machines Rs. 0·59 lakh). Further assets valued at Rs. 0·32 lakh were added to the seasoning plant in July 1963. In November 1963 the requirement of timber for the seasoning kiln for two months was estimated as Rs. 0·90 lakh and with requirement of timber of Rs. 0·20 lakh for the saw mill, Government was approached to guarantee a loan of Rs. 1·00 lakh to be borrowed from the State Bank of India for the working capital requirement. The State Bank of India sanctioned loan of only Rs. 0·30 lakh which was availed of during 1966-67. Due to insufficient working capital, the seasoning plant never worked. The Management decided in April 1971 to sell the seasoning plant. In the meanwhile all the assets of the Company were attached by court and the sale could not be made.

(6) As the business of the Company was on the decline, the Management decided in December 1969 to retrench regular workers. Sufficient funds for payment of arrear wages of the labourers and for payment of retrenchment compensation were not available. Government contributed Rs. 0·50 lakh in March 1971 in share capital to enable the Company to tide over the difficulty in discharging some liabilities. Six workers were retrenched in April 1971 and twenty-seven (including six against whom disciplinary proceedings were drawn up) were retained even though there was no work order for execution. Wages of Rs. 0·48 lakh were paid during 1970-71 to workers even though there was no work.

(7) The following points had also been noticed :—

(*i*) Advances of Rs. 0·33 lakh to suppliers were outstanding for a long time, the bulk of which was doubtful of recovery.

(*ii*) Goods valued at Rs. 6·10 lakhs supplied to customers were not billed for and cost recovered; some of the dues related to 1959-60. Major portion of the dues were time-barred and doubtful of recovery. No provision was made in accounts for the doubtful debts.

(*iii*) Valuation of finished goods in stock (Rs. 0·43 lakh as on 31st March 1967) was done at selling price less 10 per cent. Details of closing stock were not available.

R. K. A. [signature]

(R. K. A. SUBRAHMANYA)

Accountant General, Orissa

BHUBANESWAR,

The - 4 OCT 1974

Countersigned

A Baksi

(A. BAKSI)

Comptroller and Auditor General of India

NEW DELHI,

The - 9 OCT 1974

APPENDICES

APPENDIX I

(Reference : paragraph 3, page 1)

Summarised financial position of Orissa State Electricity Board for the year 1972-73

The summarised financial results of the Orissa State Electricity Board for the year 1972-73 is given below :—

	(Amount in lakhs of Rupees)
(1) Total Capital invested* ..	1,25,01·66
(2) Net profit (+)/Loss (—) ..	(+)58·91
(3) Total interest charged to net revenue and appropriation account	2,33·87
(4) Interest on long term loans ..	2,33·87
(5) Total return on capital invested ..	2,92·78
(6) Pe centage of total return on capital invested ..	2·34
(7) Capital employed ** ..	1,08,36·93
(8) Total return on capital employed ..	2,92·78
(9) Percentage of total return on capital employed ..	2·70

* Capital invested represents long term loans *plus* reserve at the close of the year.

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

APPENDIX II

(Reference : paragraph 7, page 3)

Summarised financial results of Statutory Corporations

(1) Name of the Corporation	..	Orissa State Financial Corporation	Orissa State Warehousing Corporation
(2) Name of Department	..	Industries	Agriculture and Co-operation
(3) Date of Incorporation	..	20th March 1956	March 1958
(4) Period of accounts	..	1972-73	1971-72 (*a*)
		(Amount in lakhs of Rupees)	
(5) Total capital invested *	..	4,87·83	23·81
(6) Net profit(+)/loss (—)	..	11·59	1·75
(7) Total interest charged to profit and loss account		18·63	..
(8) Interest on long term loans	..	18·63	..
(9) Total return on capital invested (6+8)		30·22	1·75
(10) Percentage of total return on capital invested		6·19	7·35
(11) Capital employed **	..		7·83
(12) Total return on capital employed (6+7)	..		1·75
(13) Percentage of total return on capital employed			22·35

* Capital invested represents paid up capital *plus* long term loans *plus* reserves at the close of the year.

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

(*a*) Accounts for 1972-73 have not been finalised by the Management.

APPENDIX

(Reference : paragraph

Summarised financial position of (a) companies wholly owned by the State Government and

Sl. no.	Name of the company	Name of the Department	Date of incorporation	Year of account	Total capital invested	Profit (+) Loss (—)
1	2	3	4	5	6	7
	(a) Companies wholly owned by the State Government—					
1.	Orissa Small Industries Corporation Limited	Industries	3-4-1972	1972-73	18·19	(+)6·40
2.	Industrial Development Corporation of Orissa Limited	Industries	29-3-1962	1971-72	31,99·96	(—)54·87
3.	Orissa Construction Corporation Limited	Irrigation	22-5-1962	1971-72	87·86	(—)1·78
4.	Orissa Mining Corporation Limited	Mining and Geology	16-5-1956	1970-71	12,45·08	(—)36·25
5.	Orissa Forest Corporation Limited ..	Forest and Animal Husbandry	28-9-1962	1969-70	74·05	(+)2·10
	(b) Companies partly owned by the State Govelment—					
	Companies floated under the Pilot Project Scheme—					
6.	Utkal Foundry and Engineering Co. Limited	Industries	3-4-1959	1971-72	2·77	(+)0·13
7.	Orissa Concrete Product Limited ..	Industries	23-9-1959	1971-72	4·51	(+)1·52
8.	Rourkela Fabrication Limited ..	Industries	28-3-1959	1969-70	4·65	(+)0·55
9.	Kalinga Foundry Limited ..	Industries	26-3-1958	1969-70	4·23	(—)0·73
10.	Eastern Acquatic Products Limited	Industries	6-5-1969	1969-70	0·58	..
11.	Utkal Metal Products Limited ..	Industries	24-2-1969	1968-69	1·33	(+)0·50
12.	Orissa Agrico Limited ..	Industries	16-3-1961	1967-68	1·41	(—)0·20
13.	Orissa Wood Products Limited ..	Industries	10-12-1958	1966-67	3·54	(—)0·78

III

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(*b*) companies partly owned by the State Government—Companies floated under the pilot project scheme

(Amount in lakhs of Rupees)

Total interest cherged to profit and loss account	Interest on long-term loans	Total return on capital invested (7+9)	Percentage of total return on capital invested	Capital employed	Total return on capital employed (7+8)	Percentage of total return on capital employed	Remarks
8	9	10	11	12	13	14	15
0·13	..	(+)6·40	35·18	2·72	(+)6·53	2,40·07	
55·57	22·38	(—)32·49	..	31,78·74	(+)0·70	..	
..	..	(—)1·78	..	1,09·33	(—)1·78	..	
9·00	..	(—)36·25	..	5,63·77	(—)27·25	..	
0·89	0·34	(+)2·44	3·30	(—)28·92	(+)2·99	..	
0·09	..	(+)0·13	4·70	1·73	(+)0·22	12·71	
0·11	0·11	(+)1·63	36·14	3·91	(+)1·63	41·69	
0·10	..	(+)0·55	11·83	4·87	(+)0·65	13·35	
1·33	0·27	(—)0·46	..	18·25	(+)0·60	14·18	
..	..	..	..	0·35	..	..	
..	..	(+)0·50	37·60	2·05	(+)0·50	24·39	
0·08	..	(—)0·20	..	2·64	(—)0·12	..	
0·01	..	(—)0·78	..	1·38	(—)0·77		

APPENDIX IV

(Reference : paragraph 25, page 28)

Orissa Construction Corporation
Projectwise turnover and profit and loss position up to 31st March 1972

Serial no.	Name of the Project	Turnover	Profit (+)/ Loss (–)
		(In lakhs of Rupees)	
(1)	(2)	(3)	(4)
1.	Mahanadi Bridge ..	126·30	(–)6·070
2.	Nuna Bridge ..	72·14	(+)2·102
3.	Birupa Bridge ..	26·33	(+)0·134
4.	Badagenguti Bridge ..	25·87	(+)1·448
5.	Minor Bridges ..	15·40	(+)0·727
6.	Taladanda Canal Bridge ..	1·16	(–)0·794
7.	Jeera Bridge ..	5·26	(–)2·701
8.	Sunder Bridge ..	2·94	(–)0·290
9.	Cuttack-Kujang Road ..	9·78	(+)1·349
10.	Mundali Weir ..	9·42	(+)1·248
11.	Nuna Syphon ..	43·43	(+)2·961
12.	Dhanei Syphon ..	8·53	(+)0·381
13.	Salandi Syphon ..	2·30	(+)0·143
14.	Salandi Barrage ..	4·50	(–)0·737
15.	Salandi Main Canal ..	2·47	(–)0·023
16.	Salandi Dam ..	79·38	(+)4·415
17.	Bhubaneswar Dumping Yard ..	0·26	(+)0·088
18.	Nirgundi Dumping Yard ..	5·95	(+)1·334
19.	Godahado Aqueduct ..	29·90	(+)0·789
20.	Burudang Aqueduct ..	10·09	(–)0·349
21.	Aerodrome Runway ..	16·66	(–)0·697
22.	Hindol Road Quarry ..	10·89	(+)4·374
23.	Kabar Quarry ..	25·90	(–)2·130
24.	Sunabeda Quarry ..	35·60	(–)11·975
25.	Sunabeda Building II ..	49·81	(–)4·207
26.	Sunabeda Building III ..	77·18	(–)8·150
27.	Sunabeda Building VI ..	1·07	(–)0·360
28.	Sunabeda concrete Road ..	37·71	(–)4·445

APPENDIX IV—*Concld.*

Serial no.	Name of the Project		Turnover	Profit (+) Loss (—)
			(In lakhs of Rupees)	
(1)	(2)		(3)	(4)
29.	Sunabeda Internal Road	..	9·57	(—)0·965
30.	Paradeep Sand Refuse	..	2·20	(+)0·035
31.	Paradeep Widening Turning Circle	..	14·78	(+)2·770
32.	Paradeep Monolith Works	..	11·24	(—)3·660
33.	M. M. T. C. Link Road	..	3·57	(+)0·800
34.	Deras M. I. Project	..	2·04	(—)0·140
35.	Ferro-chrome Factory	..	73·75	(—)0·992
36.	Dhanmandal Railway Siding	..	5·44	(—)0·420
37.	R. C. C. Lay by Jetty at Vizag.	..	21·78	(—)1·633
38.	Balimela Anchor Block	..	1·38	(—)0·280
39.	Balimela Power House	..	105·01	(+)3·499
40.	Balimela Gap-closing Works	..	93·40	(+)42·790
41.	Haridaspur Quarry	..	77·63	(—)15·104
42.	Dykes Works at Balimela Dam Project	..	145·44	(—)7·389
43.	Pithamahal Irrigation Project	..	19·33	(—)2·533
44.	D. A. V., Rourkela	..	0·61	(—)0·520
45.	Holy Tanks work at Puri	..	3·72	(+)1·422
46.	Industrial Estate at Cuttack	..	5·58	(—)0·701
47.	Industrial Estate at Rourkela	..	8·51	(—)0·300
48.	Saline Embankment at Pattamundai	..	12·75	(+)1·964
49.	F. C. I. Talcher Project	..	2·01	(—)0·053
50.	Tower Foundation Project at Narasinghapur	..	1·90	(+)1·207
51.	Jalaka Barrage	..	5·86	(+)0·704
52.	Spillway Project, Balimela	..	10·55	(+)0·671
53.	Riprap	..	10·53	(—)0·110
54.	F. C. I. Storage Godown at Dungaripalli	..	4·10	(+)0·049
55.	Tube-well project at Mahakalipara	..		(—)0·221

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