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**REPORT  
OF THE  
COMPTROLLER AND  
AUDITOR GENERAL  
OF INDIA**

**FOR THE YEAR ENDED 31 MARCH 1999**

**NO. 2  
( COMMERCIAL )**

**GOVERNMENT OF KERALA**



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## *Preface*

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

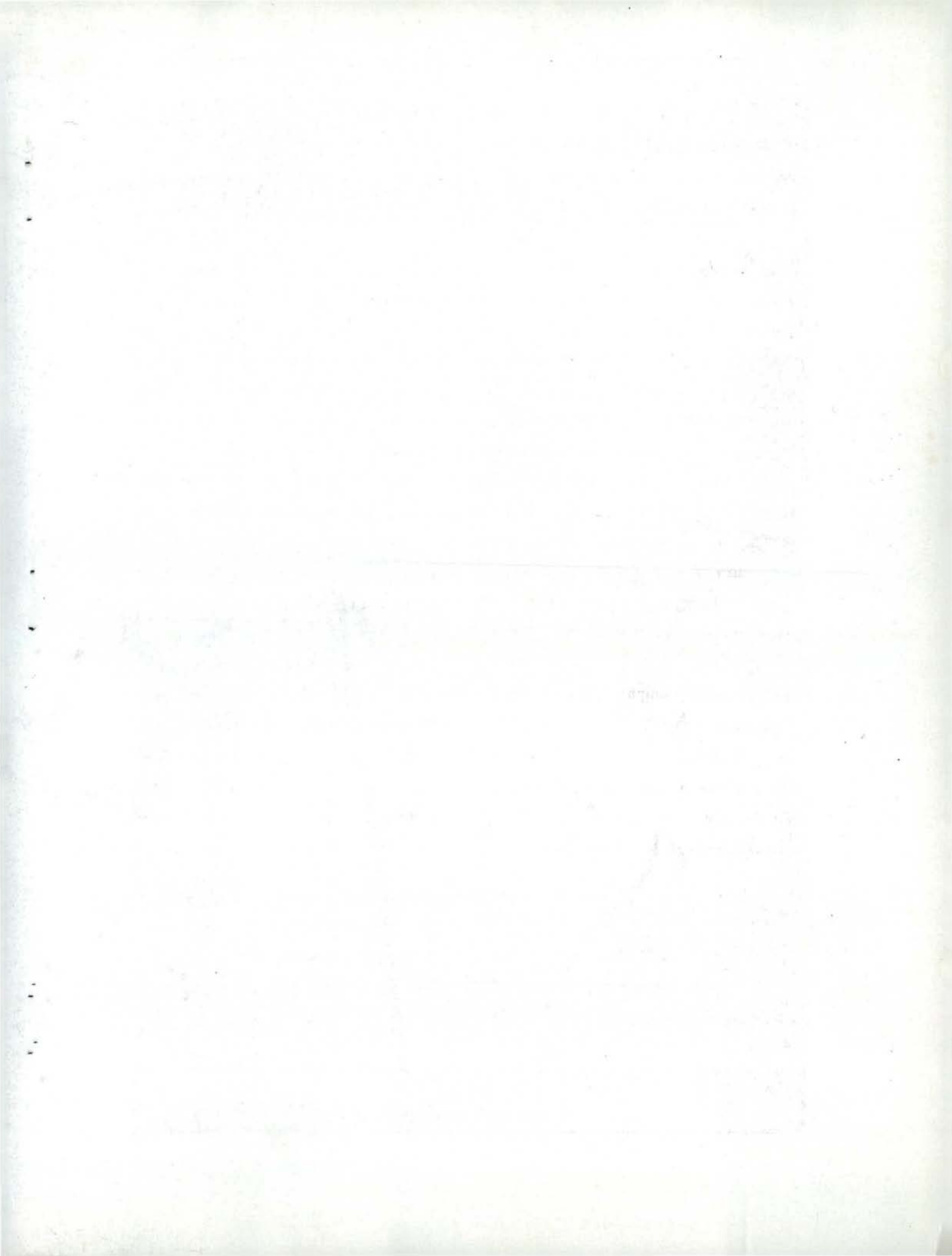
- (i) Government companies,
- (ii) Statutory corporations, and
- (iii) Departmentally managed commercial undertakings.

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

3. Audit of the accounts of Government companies is conducted by the Comptroller and Auditor General of India under the provisions of Section 619 of the Companies Act, 1956. There are however, certain companies which in spite of Government investment are not subject to audit by the Comptroller and Auditor General of India as Government hold less than 51 per cent of their share capital. A list of such companies in which Government investment was more than Rs.10 lakh as on 31 March 1999 is given in Annexure-I.

4. In respect of Kerala State Road Transport Corporation and the Kerala State Electricity Board which are statutory corporations, the Comptroller and Auditor General of India is the sole Auditor. In respect of Kerala Financial Corporation and Kerala State Warehousing Corporation he has the right to conduct the audit of their accounts in addition to the audit conducted by the Chartered Accountants appointed by the State Government in consultation with the Comptroller and Auditor General of India. The Audit Reports on the Annual accounts of all these corporations are forwarded separately to the State Government

5. The cases mentioned in this Report are those which came to notice in the course of audit during the year 1998-99 as well as those which came to notice in earlier years but were not dealt with in the previous Reports. Matters relating to the period subsequent to 1998-99 have also been included, wherever necessary.



# **OVERVIEW**



## OVERVIEW

### GENERAL

1.1 The State had 103 Government companies (including 23 subsidiaries), three companies under the purview of Section 619B of the Companies Act, 1956 and 5 Statutory corporations as on 31 March 1999, of which six companies were under liquidation, seven under closure and 8 companies referred to BIFR. Besides, there were 8 companies, in which Government had invested Rs.10 lakh or more and which were not subject to audit by Comptroller and Auditor General of India.

*(Paragraphs 1.1, 1.2.1 & 1.9)*

1.2 The total investment in 108 Public Sector Undertakings (103 Government companies including 23 subsidiaries and 5 Statutory corporations) as on 31 March 1999 was Rs.7729.75 crore. The Government had guaranteed loan aggregating Rs.315.18 crore obtained by 19 Government companies and one Statutory corporation during the year. At the end of the year guarantees amounting to Rs.3226.19 crore against 35 Government companies and 4 Statutory corporations were outstanding.

*(Paragraphs 1.2 & 1.3)*

1.3 Only 20 companies and 2 Statutory Corporations finalised their accounts within the stipulated period and the accounts of 83 companies and 3 Statutory corporations were in arrears for periods ranging from 1 to 16 years. According to the latest finalised accounts, 41 companies and 3 corporations earned an aggregate profit of Rs.110.30 crore and Rs.37.05 crore respectively whereas 57 companies and 2 corporations sustained an aggregate loss of Rs.147.04 crore and Rs.51.43 crore respectively. Of the 13 companies which earned an aggregate profit of Rs.47.45 crore, only 7 companies declared dividend aggregating Rs.3.93 crore which worked out to 0.3 per cent on the total equity investment of Rs.1163.69 crore by State Government in all companies. One Corporation which finalised its accounts for 1998-99, earned a profit of Rs.11.48 crore.

*(Paragraphs 1.4.1, 1.5, 1.5.1 & 1.5.2.1)*

1.4 Of the 57 loss making companies, 38 companies had accumulated losses aggregating Rs.804.03 crore which exceeded their aggregate paid-up capital of Rs.297.45 crore. Despite this, State Government provided financial support by way of equity, loans, conversion of loans into equity, subsidy, grants, etc., to 17 companies (Rs.103.69 crore) during 1998-99.

*(Paragraph 1.5.1.2)*

## **2. REVIEWS – GOVERNMENT COMPANIES**

The activities of The Kerala State Financial Enterprises Limited were reviewed in audit.

### **2.A. The Kerala State Financial Enterprises Limited**

The Company incorporated in November 1969 is engaged in conducting chitties, providing hire purchase finance and short/medium term loans for various purposes under different schemes.

(Paragraph 2A.1)

Diversion of high cost bearing funds for payment of chitty prize not only resulted in a loss of Rs.8.96 crore but also deprived the Company of earning potential interest income of Rs.12.67 crore.

(Paragraph 2A.6.1.2)

Interest overdue for recovery on various loans amounted to Rs.39.85 crore for the five years ended 31 March 1998.

(Paragraph 2A.7)

Indiscriminate grant of new chitty loans to chitty subscribers resulted in default in remittance of chitty instalments amounting to Rs.14.91 crore.

(Paragraph 2A.7.1)

As against loans of Rs.62.68 crore outstanding under hire purchase scheme, instalments amounting to Rs.6.21 crore were overdue for recovery.

(Paragraph 2A.7.3)

The progress of recovery of dues through Revenue Recovery Proceedings was very slow. In 2385 cases (Rs.7.96 crore) no recovery towards principal was made while in 982 cases (Rs.3.53 crore) there was no recovery either towards principal or interest.

(Paragraph 2A.7.5)

## **3 STATUTORY CORPORATIONS**

Physical/financial performance of Power Sector under VII Five Year Plan by Kerala State Electricity Board and accident compensation claims of Kerala State Road Transport Corporation have been reviewed in audit.

### **3.A Kerala State Electricity Board – Physical/Financial performance of Power Sector under VII five year Plan**

Kerala State Electricity Board(Board) formulated proposals for Rs 1732 crore under the VII Plan, against which the Planning Commission approved a Plan outlay of Rs 396.80 crore only.

(Paragraph 3A.2.)

The proposals mainly envisaged commissioning of seven ongoing projects and five new small projects to increase the generation capacity from 1011.5 MW to 1737.5 MW. Out of the above, three ongoing projects and the five new small schemes could not be commissioned before the end of the VII Five Year Plan.

(Paragraph 3A.4.1(i) )

There had been an abnormal increase in cost of projects due to delay in their completion, resulting in a total cost overrun of Rs 503.18 crore and entailing an interest burden of Rs 80.51 crore per year.

(Paragraph 3A. 4.1 (iii) )

The time and cost overrun in completion of projects resulted in loss of potential generation of 8534 MU valued at Rs 769.89 crore during 1986-87 to 1998-99, which also necessitated import of power at higher rates resulting in cash loss of Rs 77.20 crore.

( Paragraph 3A. 4.1 (v) )

Delay in implementation of the five 220 KV sub-stations and line works resulted in cost overrun of Rs 235.23 crore. Further, the transmission and distribution loss in excess of the norms fixed by Central Electricity Authority was 5936 MU valued Rs 433.65 crore during the VII Five Year Plan period.

(Paragraphs 3A. 4.2.1 and 3A.4.2.2)

Delay in commissioning of four small projects resulted in loss of interest of Rs.4.52 crore on idle investment of Rs.7.39 crore in these projects.

(Paragraph 3A.5.3)

### **3.B Kerala State Road Transport Corporation – Accident compensation claims**

The Kerala State Road Transport Corporation having a fleet strength of 3916 buses, paid an amount of Rs 26.92 crore as compensation in 4853 cases settled by Motor Accidents Claim Tribunal (MACT) during the five years ended 31 March 1999.

(Paragraph 3B.1)

Delay in payment of compensation resulted in payment of interest amounting to Rs. 5.60 crore during the last three years up to 1997-98 besides attachment of Corporation buses several times by MACT.

(Paragraph 3B.6)

9268 vehicle days were lost due to time taken for accident repairs of 178 vehicles damaged in accidents resulting in loss of potential revenue of Rs. 3.05 crore.

(Paragraph 3B.7)

## **4. OTHER TOPICS OF INTEREST**

A test check of the records of Government Companies and Statutory Corporations disclosed cases of avoidable extra expenditure, losses etc. as under:

### **4.1 Government companies**

Taking up of an unviable project for implementation without tying up finance from banks by Kerala State Poultry Development Corporation Limited resulted in a nugatory expenditure of Rs.0.49 crore.

*(Paragraph 4.1.1)*

Failure of Kerala State Electronics Development Corporation Limited to provide necessary funds to pay customs duty to clear imported material resulted in an infructuous expenditure of Rs.1.26 crore.

*(Paragraph 4.1.4.1)*

Government direction to Kerala Forest Development Corporation Limited to sell eucalyptus exclusively to a firm at prices lower than the notified prices resulted in a loss of Rs.1.37 crore.

*(Paragraph 4.1.5.1)*

Failure of The Kerala Minerals and Metals Limited to incorporate relevant provisions in the rehabilitation scheme of BIFR for tax exemption resulted in an avoidable payment of income tax to the extent of Rs.8.85 crore.

*(Paragraph 4.1.8.1)*

Failure of Kerala Tourism Development Corporation Limited to collect sales tax in respect of cooked food served in beer parlours resulted in a loss of Rs.0.46 crore.

*(Paragraph 4.1.9)*

## **4.2 STATUTORY CORPORATIONS**

### **4.2.1 Kerala State Electricity Board**

While on the one hand the Board could not liquidate its outstanding dues (Rs.980.86 crore) owing to paucity of funds, on the other hand its scarce funds remained locked up in idle investments.

*(Paragraph 4.2.1.1)*



Import of power at higher rate without assessing the actual requirement resulted in an avoidable loss of Rs.28.22 crore.

(Paragraph 4.2.1.3)

Avoidable purchase of cross-arms from outside resulted in an extra expenditure of Rs.0.63 crore.

(Paragraph 4.2.1.6)

Conferring undue benefit on account of under-invoicing resulted in a loss of revenue of Rs.1.61 crore.

(Paragraph 4.2.1.7)

Failure to adopt rates/adjustment based on IEEMA rates led to excess payment of Rs.0.55 crore.

(Paragraph 4.2.1.8)

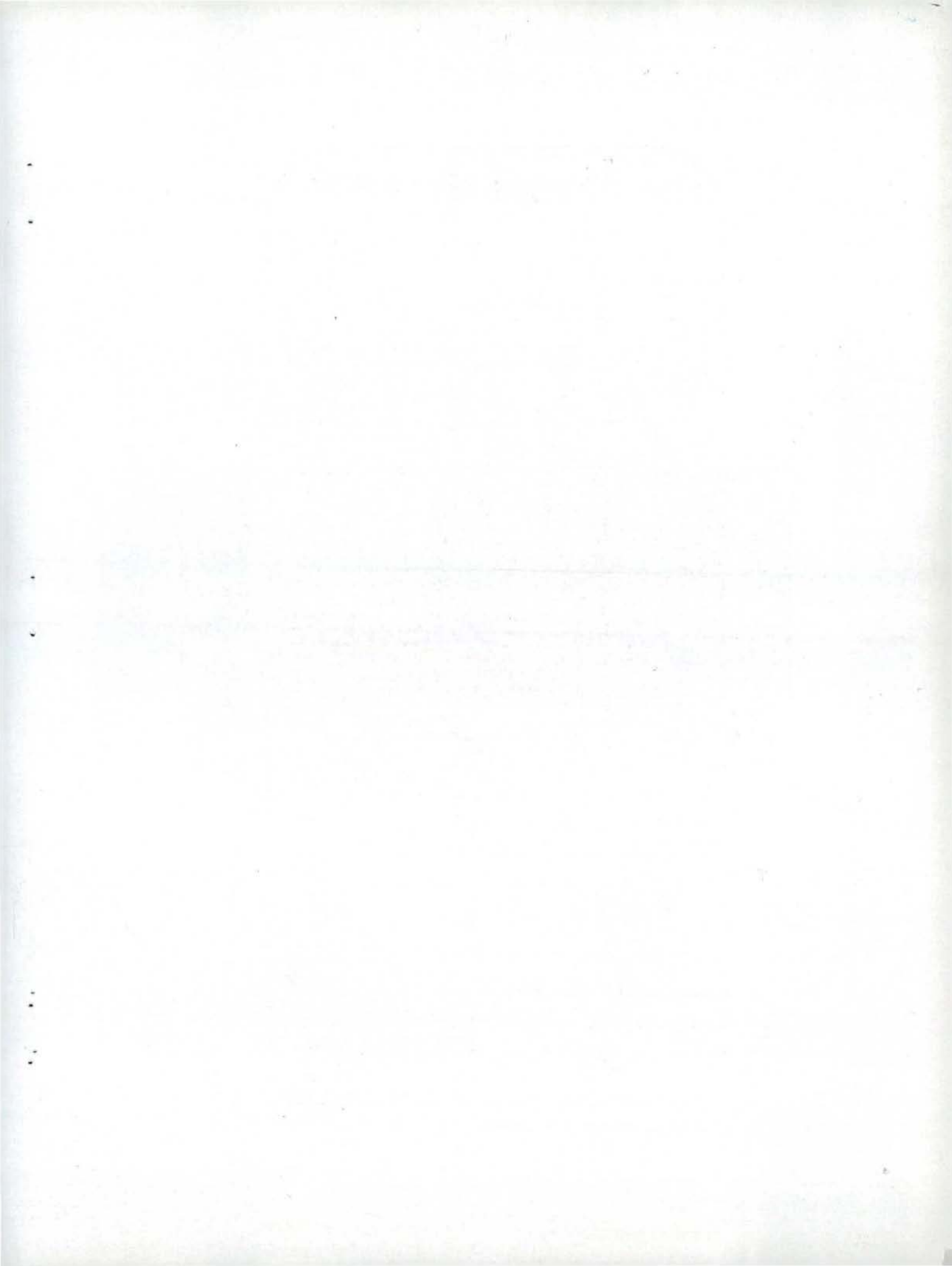
#### **4.2.2. Kerala State Road Transport Corporation**

Purchase of engine oil from the highest tenderer resulted in extra expenditure of Rs.0.45 crore.

(Paragraph 4.2.2.1)

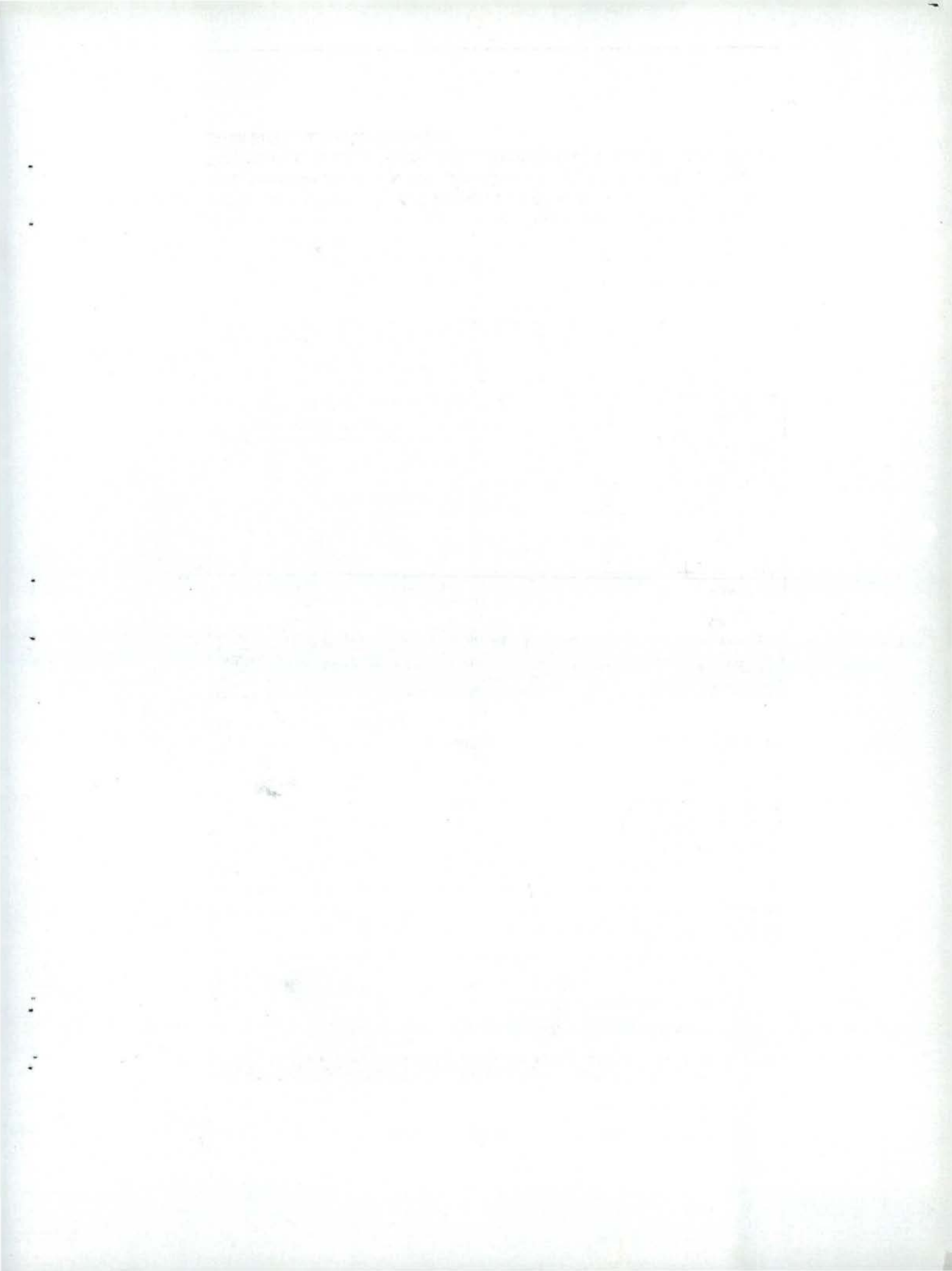


**CHAPTER I**  
**GENERAL VIEW OF GOVERNMENT**  
**COMPANIES**  
**AND**  
**STATUTORY CORPORATIONS**



*1. General view of Government companies and Statutory corporations*

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## General view of Government companies and Statutory corporations

### 1.1 Introduction

As on 31<sup>st</sup> March 1999 there were 103 Government companies (including 23 subsidiaries) and 5 Statutory corporations as against 102 Government companies (including 23 subsidiaries) and 5 Statutory corporations as on 31<sup>st</sup> March 1998 under the control of the State Government. The accounts of the Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors who are appointed by Government of India on the advice of CAG of India as per provision of Section 619(2) of Companies Act, 1956. These accounts are also subject to supplementary audit conducted by CAG as per provisions of Section 619 of Companies Act, 1956. The audit of the Statutory corporations are conducted under the provisions of the respective Acts as detailed below:

Name of the corporation	Authority of Audit by the C.A.G	Audit arrangement
1. Kerala State Electricity Board	Section 69(2) of the Electricity Supply Act, 1948	Sole audit by CAG
2. Kerala State Road Transport Corporation	Section 33(2) of the Road Transport Corporations Act, 1950.	-do-
3. Kerala Industrial Infrastructure Development Corporation	Section 20(2) of Kerala Industrial Infrastructure Development Act, 1993.	-do-
4. Kerala Financial Corporation	Section 37(6) of the State Financial Corporation Act, 1951.	Chartered Accountants and Supplementary Audit by CAG
5. Kerala State Warehousing Corporation	Section 31(8) of the Warehousing Corporations Act, 1962.	-do-

### 1.2 Investment in Public Sector Undertakings (PSUs)

As on 31 March 1999 the total investment in 108 PSUs (103 Government companies including 23 subsidiaries and 5 Statutory Corporations) was Rs 7729.75 crore (equity: Rs 2954.01 crore and long-term loans: Rs 4775.74 crore) as against the total investment of Rs 5841.17 crore (equity: Rs 1356.66 crore and long-term loans: Rs 4484.51 crore) in 107 PSUs (102 Government companies including 23 subsidiaries and 5 Statutory Corporations) as on 31 March 1998. The analysis of the investment in PSUs is given in the following paragraphs.

### 1.2.1 Government companies

Total investment in 103 companies (including 23 subsidiaries) as on 31 March 1999 was Rs 2074.78 crore (equity: Rs 1163.69 crore and long-term loans: Rs 911.09 crore) as against the total investment of Rs 1933.95 crore (equity: Rs 1063.85 crore: long-term loans: Rs 870.10 crore) as on 31 March 1998 in 102 Government companies (including 23 subsidiaries).

The classification of the Government companies was as under:

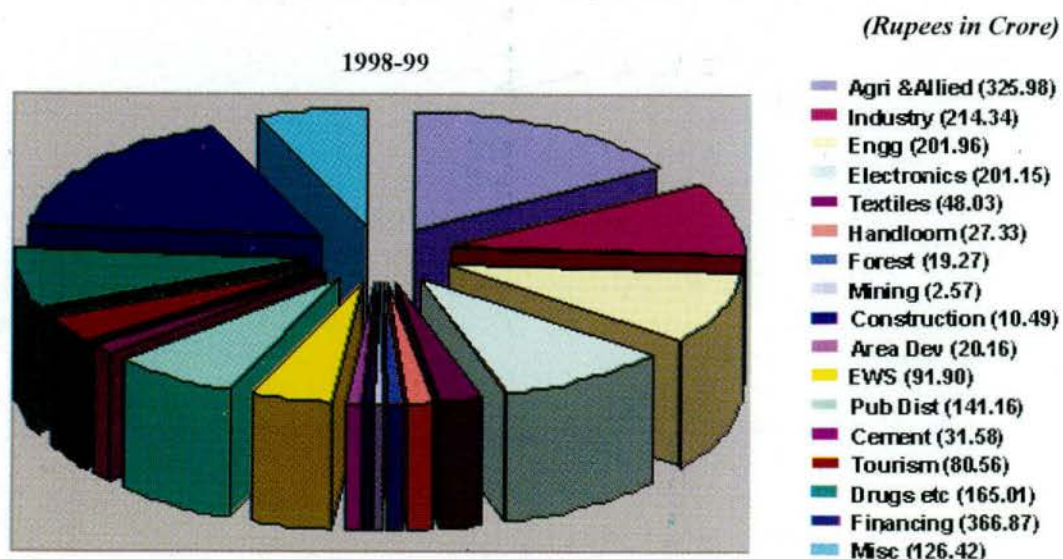
Status of companies	Number of companies	Investment (Rupees in crore)		Number of companies referred to BIFR
		Paid up capital	Long term loans	
(a) Working companies	90 (89)	1140.80 (1040.96)	890.12 (849.13)	8 <sup>C</sup> (11)
(b) Non-working companies				
(i) Under liquidation	6 <sup>A</sup> (6)	8.86 (8.86)	6.64 (6.64)	---
(ii) Under closure	7 <sup>B</sup> (7)	14.03 (14.03)	14.33(14.33)	---
<b>Total(a+b)</b>	<b>103</b> <b>(102)</b>	<b>1163.69</b> <b>(1063.85)</b>	<b>911.09</b> <b>(870.10)</b>	<b>8</b> <b>(11)</b>

(Figures in brackets are for previous year)

(A) SI Nos. 14, 15, 26, 29, 39, and 70: B SI Nos 9, 21, 25, 40, 48, 50, and 62: C SI Nos.19, 32, 35, 36, 37, 41, 52 and 89 of annexure 2)

As 13 companies were non-working or under process of liquidation/ closure under Section 560 of the Companies Act for 4 to 15 years and substantial investment of Rs 43.86 crore was involved in these companies, effective steps need to be taken for their expeditious liquidation or revival. The summarised financial results of Government companies are detailed in Annexure 3.

#### Sector wise investment in Government companies





As on 31 March 1999, of the total investment in Government companies, 56 per cent comprised equity capital and 44 per cent comprised loans compared to 55 per cent and 45 per cent respectively as on 31 March 1998.

### 1.2.2 Statutory corporations

The total investment in 5 Statutory corporations based on the latest finalised/provisional accounts available as at the end of March 1999 was as follows:

Name of the Corporation	1997-98		1998-99	
	Capital	Loan	Capital	Loan
	(Rupees in crore)			
Kerala State Electricity Board (KSEB)	---	2963.56@	1553.00@	3027.50@
Kerala State Road Transport Corporation (KSRTC)	107.20	128.29	107.20@	126.87@
Kerala Financial Corporation (KFC)	92.00	521.44	105.00	617.13
Kerala State Warehousing Corporation (KSWC)	6.25	1.12	6.75@	0.71@
Kerala Industrial Infrastructure Development Corporation (KINFRA)	87.36*	---	18.37*@	92.44@
Total	292.81	3614.41	1790.32	3864.65

The summarised financial results of all the Statutory corporations as per the latest finalised accounts are given in Annexure 3 and financial position and working results of individual Statutory corporation for the three years up to 1998-99 are given in Annexures 5 and 6 respectively.

### 1.3 Budgetary outgo, subsidies, guarantees and waiver of dues.

The details of budgetary outgo, subsidies, guarantees issued, waiver of dues and conversion of loans into equity by State Government to Government companies and Statutory corporations are given in Annexures 2 and 4.

The budgetary outgo from the State Government to the Government companies and Statutory corporations for the 3 years up to 31 March 1999 in the form of equity capital, loans, grants and subsidy is given below:

\* represents contributions of Central and State Government by way of Capital grants.

@ figures are provisional

(Amount Rupees in crore)

	1996-97				1997-98				1998-99			
	Companies		Corporations		Companies		Corporations		Companies		Corporations	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Equity Capital	19	77.20	2	12.25	26	227.95	3	19.25	25	79.31	2	13.25
Loans	16	116.06	2	45.92	19	98.24	2	223.30	18	58.39	2	149.21
Grants	--	--	2	0.56	--	--	2	1.18	--	--	1	0.02
Subsidy towards												
(i) Projects/programmes/schemes	--	--	--	--	--	--	--	--	--	--	--	--
(ii) other subsidy	7	8.05	2	4.21	7	7.11	1	7.09	10	68.55	1	2.30
(iii) total subsidy	7	8.05	2	4.21	7	7.11	1	7.09	10	68.55	1	2.30
<b>Total outgo</b>	<b>#</b>	<b>201.31</b>	<b>#</b>	<b>62.94</b>	<b>#</b>	<b>333.30</b>	<b>#</b>	<b>250.82</b>	<b>#</b>	<b>206.25</b>	<b>#</b>	<b>164.78</b>
	32		5		39		5		48		5	

During the year 1998-99 the Government had guaranteed the loans aggregating Rs 315.18 crore obtained by 19 Government companies (Rs.274.72 crore) and one Statutory corporation (Rs.40.46 crore). At the end of the year guarantees amounting to Rs 3226.19 crore against 35 Government companies (Rs.985.70 crore) and 4 Statutory corporations (Rs.2240.49 crore) were outstanding. Government had foregone Rs 2.70 crore by way of loans written off or interest waived in 2 companies during 1998-99. The Government also converted its loans amounting to Rs 1555.07 crore into equity capital in 2 companies (Rs.2.07 crore) and one Statutory corporation (Rs.1553 crore) during the year. The guarantee commission paid/payable to Government by Government companies and by Statutory corporations during 1998-99 was Rs 29.86 crore and Rs 7.78 crore, respectively.

#### 1.4 Finalisation of accounts by PSUs

**1.4.1** The accounts of the companies for every financial year are required to be finalised within six months from the end of relevant financial year under Section 166, 210, 230, 619 and 619-B of the Companies Act, 1956 read with Section 19 of CAG's (Duties, Powers and Conditions of Service) Act 1971. They are also to be laid before the Legislature within nine months from the

*# these are the actual number of companies / corporations which have received budgetary support in the form of equity, loans, grants and subsidy from the Government during the respective years.*

end of financial year. Similarly in case of Statutory corporations their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

However, as could be noticed from Annexure 3, out of 103 Government companies, only 20 companies and out of 5 Statutory corporations only two (Sl No. 3 & 5 of Annexure 3) corporations had finalised their accounts for the year 1998-99 within the stipulated period. During the period from October 1998 to September 1999, 83 Government companies finalised 110 accounts for the year 1998-99 or previous years (90 accounts for previous years by 63 companies and 20 accounts for 1998-99 by 20 companies). Similarly during this period 5 Statutory corporations finalised two accounts for 1998-99 and three accounts for previous years.

The accounts of other 83 Government companies and 3 Statutory corporations were in arrears for periods ranging from one year to 16 years as on 30<sup>th</sup> September 1999 as detailed below:

Sl. No.	Year from which accounts are in arrears	Number of years for which accounts are in arrears	No. of companies/corporation		Reference to Serial No. of Annexure 3	
			Government companies	Statutory corporations	Government companies	Statutory corporation
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	1983-84 to 1998-99	16	1	...	A-70	...
2.	1985-86 to 1998-99	14	3	...	A-14, 21, 29	...
3.	1988-89 to 1998-99	11	1	...	A-71	...
4.	1989-90 to 1998-99	10	3	...	A-15, 25, 62	...
5.	1990-91 to 1998-99	9	1	...	A-72	...
6.	1991-92 to 1998-99	8	1	...	A-68	...
7.	1992-93 to 1998-99	7	6	...	A-9, 22, 23, 39, 51, 82	...
8.	1993-94 to 1998-99	6	3	...	A-57, 85, 98	...
9.	1994-95 to 1998-99	5	5	...	A-7, 34, 78, 83, 97	...
10.	1995-96 to 1998-99	4	6	...	A-6, 11, 24, 26, 75, 86	...
11.	1996-97 to 1998-99	3	8	...	A-31, 42, 48, 49, 50, 56, 61, 102	...
12.	1997-98 to 1998-99	2	13	2	A-2, 5, 12, 19, 27, 40, 55, 58, 65, 67, 69, 74, 91	B-1, 4
13.	1998-99	1	32	3	A-1, 10, 13, 17, 18, 20, 28, 32, 37, 38, 41, 43, 44, 45, 46, 47, 52, 53, 54, 59, 60, 66, 73, 76, 84, 88, 90, 92, 93, 96, 99, 103	B-1, 2, 5
TOTAL			83	5		

Of the above 83 Government companies whose accounts were in arrears 13 companies were non-working companies (Sl. Nos. 9, 14, 15, 21, 25, 26, 29, 39, 40, 48, 50, 62, and 70 of Annexure 3).

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

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

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

Sl. No.	Name of Statutory corporations	Year up to which SARs placed in Legislature	Years for which SARs not placed in the Legislature		
			Year of SAR	Date of issue to Government	Reasons for delay in placement in the Legislature
1.	Kerala State Electricity Board	1996-97	1997-98	Under audit	---
			1998-99	Accounts in arrears	
2.	Kerala State Road Transport Corporation	1996-97	1997-98	05.08.1999	Legislature was not in session since then
			1998-99	Accounts in arrears	
3.	Kerala Financial Corporation	1996-97	1997-98	05.04.1999	Legislature was not in session since then
			1998-99	Under audit	
4.	Kerala State Warehousing Corporation	1996-97	1997-98	Under audit	---
			1998-99	Accounts in arrears	
5.	Kerala Industrial Infrastructure Development Corporation	1996-97	1997-98	18.06.1999	Legislature was not in session since then
			1998-99	Under audit	

## **1.5 Working results of Public Sector Undertakings**

According to latest finalised accounts of 103 Government companies and 5 Statutory corporations, 57 companies and 2 corporations had incurred an aggregate loss of Rs147.04 crore and Rs 51.43 crore respectively, 41 companies and 3 corporations earned an aggregate profit of Rs 110.30 crore and Rs 37.05 crore, respectively and the remaining 5 companies had not commenced commercial activities.

The summarised financial results of Government companies and Statutory corporations as per latest financial accounts are given in Annexure 3. Besides, working results of individual Corporations for the latest 3 years for which accounts are finalised are given in Annexure 6.

### **1.5.1 Government companies**

#### **1.5.1.1 Profit earning companies and dividend**

Out of 20 companies (including 2 subsidiaries) which finalised their accounts for 1998-99 by September 1999, 13 companies earned an aggregate profit of Rs 47.45 crore and only 7 companies (Sl.No. 3, 4, 8, 64, 77, 79, and 95 of Annexure 3) declared dividend aggregating Rs 3.93 crore. The dividend as percentage of share capital in the above 7 profit making companies worked out to 6.8. The State Government has declared (December 1998) a dividend policy for payment of minimum dividend. However, these guidelines were complied by only 3 companies (Sl.No. 3,8, and 95 of Annexure 3) while four companies declared lesser dividend and the remaining 6 companies did not declare any dividend. The total return by way of dividend of Rs 3.93 crore, worked out to 0.3 *per cent* in 1998-99 on total equity investment of Rs 1163.69 crore by the State Government in all Government companies as against 0.4 *per cent* in the previous year.

Similarly out of 83 companies which finalised their accounts for previous years by September 1999, 28 companies earned an aggregate profit of Rs 62.85 crore and 21 companies earned profit for two or more successive years.

#### **1.5.1.2 Loss incurring companies.**

Of the 57 loss making companies 38 companies had accumulated losses aggregating Rs 804.03 crore which exceeded their aggregate paid up capital of Rs 297.45 crore.

In spite of poor performance which resulted in complete erosion of paid up capital, the State Government continued to provide financial support to these companies in the form of contribution towards equity, further grant of loans,

conversion of loans into equity, subsidy, etc. According to available information, the total financial support so provided by the State Government by way of equity, loans, conversion of loans into equity subsidy, grant, etc., during 1998-99 to 17 companies out of these 38 companies amounted to Rs 103.69 crore..

### **1.5.2 Statutory corporations**

#### **1.5.2.1 Profit making Statutory corporations and dividend**

One corporation which finalised its accounts for 1998-99 by September 1999, earned an aggregate profit of Rs 11.48 crore and it has not declared any dividend.

Similarly 2 Corporations (Sl. Nos. 2 & 4 of Annexure 3) which prepared their accounts for previous years by September 1999, earned a surplus of Rs 25.57 crore and only these Corporations have earned surplus for two or more successive years.

#### **1.5.2.2 Loss making Statutory corporations**

One corporation which prepared its accounts for 1998-99 (which is under audit) incurred a loss of Rs 0.43 crore (provisional). Similarly one Corporation which finalised its accounts for the previous year had incurred a loss of Rs 51 crore.

#### **1.5.2.3 Operational performance of Statutory corporations**

The operational performance of Statutory corporations is given in Annexure 7.

## **1.6 Return on Capital employed**

During 1998-99, based on the latest available accounts the capital employed worked out to Rs 1622.08 crore in 103 companies and total return thereon amounted to Rs 136.73 crore which is 8.4 *per cent* as compared to total return of Rs 159.10 crore (11 *per cent*) in 1997-98. Similarly during 1998-99, the capital employed and total return thereon in case of Statutory Corporations amounted to Rs 5967.46 crore and Rs 364.51 crore (6.1 *per cent*) respectively against the total return of Rs 292.20 crore (7 *per cent*) for 1997-98. The details of capital employed and total return on capital employed in case of Government companies and corporations are given in Annexure-3.

## 1.7 Results of audit by Comptroller and Auditor General of India

The summarised financial results of all the 103 Government companies and 5 Statutory corporations based on the latest available accounts are given in Annexure 3. During the period from October 1998 to September 1999, the audit of accounts of 65 companies and 5 corporations were selected for review. As a result of the observations made by Comptroller and Auditor General of India, one Corporation, viz., Kerala State Electricity Board revised their accounts (1997-98). In addition, the net impact of the important audit observations as a result of review of the PSUs was as follows:

Details	Government companies	Statutory corporations	Government companies	Statutory corporations
	No. of accounts		Rupees in lakh	
i. Decrease in profit	7	1	222.99	739.48
ii. Increase in profit	1	-	6.55	-
iii. Increase in loss	11	1	544.57	489.74
iv. Decrease in loss	4	-	100.40	-
v. Non disclosure of material facts	15	-	438.09	-
vi. Errors of classification	6	1	1343.65	1.33

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

### A. Errors and omissions noticed in case of Government companies

#### 1. *Keltron Component Complex limited (1997-98)*

Profit for the year (Rs.20.92 lakh) was overstated by Rs 13.89 lakh due to non-provision of arrears of DA (Rs.7.80 lakh), non-provision of overtime wages (Rs.2.64 lakh) and non-provision of gratuity in respect of employees on deputation (Rs.3.45 lakh)

#### 2. *Traco cable Company Limited (1997-98)*

Loss of the Company (Rs.1007.83 lakh) was understated by Rs 60.55 lakh due to interest charged at compound rate on loans and advances as against simple rate (Rs.41.11 lakh), overvaluation of stock of finished goods (Rs.6.72 lakh) and non-provision for bad and doubtful debts outstanding from private parties for more than three years (Rs.12.72 lakh).

#### 3. *Kerala State Industrial Enterprises Limited (1998-99)*

Profit of the Company (Rs.90.24 lakh) stood overstated by Rs 16.24 lakh due to non-provision of interest on loan.

**B. Errors and omissions noticed in case of Statutory Corporations**

**I. Kerala State Road Transport Corporation(1997-98)**

- a) Loss (Rs.5099.78 lakh) is understated by Rs 468.40 lakh due to:  
 i) non-provision for MACT awards/claims accepted by the Corporation (Rs.381.96 lakh)  
 ii) non-inclusion of penal interest payable for belated/non-payment of interest on loans (Rs.86.44 lakh)

**2. Kerala Financial Corporation(1997-98)**

- Profit (Rs.1148.22 lakh) overstated to the extent of Rs 739.48 lakh due to:  
 i) short provision of depreciation Rs 16.86 lakh  
 ii) non-provision of bad debts Rs 55.98 lakh  
 iii) non-provision of subvention payable Rs 251.48 lakh  
 iv) non-provision of finance charges Rs 146.87 lakh  
 v) short provision of minimum guaranteed dividend Rs 268.29 lakh

**B.1. Audit assessment of the working results of Kerala State Electricity Board**

Based on the audit assessment of the working results of the Kerala State Electricity Board (KSEB) for two years up to 1996-97 and taking into consideration the major irregularities and omissions pointed out in the SARs on the annual accounts and not taking into account the subsidy/subventions receivable from the State Government, the net surplus/deficit and the percentage of return on capital employed will be as given below:

Sl. No	Particulars	1995-96	1996-97	1997-98 (Provisional)
		<i>(Rupees in crore)</i>		
1.	Net surplus/(-) deficit as per books of accounts	22.76	23.99	24.62
2	Subsidy from the State Government	58.25	278.02	321.31
3	Net surplus/(-) deficit before subsidy from the State Government (1-2)	(-)35.49	(-)254.03	(-)296.69
4	Net increase/decrease in net surplus / (-) deficit on account of audit comments on the annual accounts	(-)9.43	(-)16.44	Under audit
5	Net surplus / (-) deficit after taking into account the impact of audit comments but before subsidy from the State Government (3-4)	(-)44.92	(-)270.47	-do-
6	Total return on capital employed	95.43	(-)90.31	-do-
7	Percentage on total return on capital employed.	4.3	--	-do-

As evident from the above, it may be observed that the surplus of Rs 23.99 crore for the year 1996-97 was arrived at after taking credit for Government subsidy of Rs 278.02 crore. But for the above subsidy, the working of the Board would have resulted in a deficit of Rs 254.03 crore.



**C. Persistent irregularities and system deficiencies in financial matters of PSUs**

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

**C (1) Government companies**

**(a) Traco Cable Company Limited**

While raising invoices for the supply effected from April 1995 onwards, the Company had excluded the excise duty paid and MODVAT credit availed on the input from the assessable value of cable resulting in undervaluation of the final product and short collection of excise duty.

**(b) Kerala Urban Development Finance Corporation Limited.**

Advances recoverable in cash or in kind or for value to be received has been overstated repeatedly since 1995-96 due to non-adjustment of 'suspense recoverable' from HUDCO which was deducted by HUDCO.

**C (2) Statutory corporations**

**a) Kerala State Electricity Board**

- 1) Depreciation in respect of assets put to use was not being provided for.
- 2) Value of assets commissioned/put to use and also expenditure incurred on abandoned projects included under capital work in progress.
- 3) Sundry debtors for sale of power includes dues from 1982 onwards without details.
- 4) Payments made towards advances to suppliers/contractors remaining unadjusted .
- 5) Compilation and reconciliation of General Provident Fund being in arrears.

**b) Kerala State Road Transport Corporation**

- 1) Non-capitalisation and non provision of depreciation on Chief Office building already put to use
- 2) Non-maintenance of assets register

- 3) Sales relating to 1985-86 yet to be invoiced for want of details.
- 4) Inclusion of expenditure incurred on interior arrangement/decoration (in a hired building during the period from 1984-85 to 1987-88 and surrendered in March 1988) in capital works.
- 5) Short term advances to employees being shown after adjusting credit balances.
- 6) Non-reconciliation of GPF, STPF accounts and non-provision of liability on account of pension and gratuity on accrual basis.

*c) Kerala Financial Corporation*

- 1) Non-provision of interest on bonds
- 2) Non-accountal of all expenses on accrual basis instead of cash basis in terms of directions of Government of Kerala and IDBI

**1.8 Position of discussion of Audit Reports (Comml.) by Committee on Public Undertakings**

Period of Audit Report	No. of Reviews and paras in the Audit Report		No. of reviews and paragraphs pending discussion.	
	Reviews	Paragraphs	Reviews	Paragraphs
1988-89	8	24	1	--
1989-90	4	16	--	1
1990-91	5	17	1	1
1991-92	6	19	--	2
1992-93	4	28	--	9
1993-94	5	30	3	7
1994-95	5	27	5	10
1995-96	5	30	4	25
1996-97	5	28	4	26
1997-98	4	29	4	25
	51	248	22	106

During the year 1998-99 the Committee considered 2 reviews and 7 paras relating to the year 1993-94 (2 paras) 1995-96 (1 review and 3 paras) and 1996-97 (1 review and 2 paras). Selective approach has been adopted by the Committee for discussion of paras and accordingly the Committee has decided not to consider the remaining paras up to the year 1987-88. As at the end of March 1999, 35 reports of the Committee are pending settlement.

### 1.9 619-B Companies

There were three companies covered under Section 619-B of the Companies Act, 1956. The table given below indicates the details of paid-up capital and working results of these companies based on the latest available accounts.

Name of Company	Year of accounts	Paid-up capital	Investment by			Profit(+)/ Loss(-)	Accumulated Loss.
			State Govt.	Govt. companies	Others		
<i>(Rupees in lakh)</i>							
1. Vanchinad Leathers Limited (under liquidation)	1986-87	59.94	...	17.59	42.35	(-)64.74	401.12
2. Kinfra Export Promotion Industrial Parks Limited*	1996-97	30.01	...	30.01	...	(+)7.27	0.60
3. Kinfra International Apparel Parks Limited*	1997-98	Rs.700 only	...	Rs.700 only (by KINFRA)	...	Commercial activities not yet commenced.	

### 1.10 Companies not subject to audit by CAG of India

The State Government had invested Rs 9.41 crore (provisional) in eight companies which were not subject to audit by the CAG as the aggregate amount of investment made by the State Government by way of share capital was less than 51 *per cent* of the share capital of respective companies. The particulars of such companies in which the investment of State Government by way of share capital was more than Rs 10 lakh in each case as on 31 March 1999 are given in Annexure 1.

### 1.11 Readiness of PSUs for facing Y2K problem

As per information available with Audit, in 43 Government companies where computers have been in use, actions have already been taken to ensure compliance by correction/conversion with the help of consultants. The systems have also been upgraded to make them Y2K compliant. With regard to the Statutory corporations viz., Kerala Financial Corporation and Kerala Industrial Infrastructure Development Corporation (KINFRA), the systems have been fully upgraded to make them Y2K compliant. The information was awaited from the other three Statutory Corporations.

\* Subsidiary of Kerala Industrial Infrastructure Development Corporation (KINFRA)



## **CHAPTER II**

### **REVIEW RELATING TO GOVERNMENT COMPANY**

This chapter contains one review as indicated below:

**2A. The Kerala State Financial Enterprises Limited**



**2A. *The Kerala State Financial  
Enterprises Limited***

<b>Para No.</b>	<b>Particulars</b>	<b>Page</b>
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## THE KERALA STATE FINANCIAL ENTERPRISES LIMITED

### Highlights

The Company incorporated in November 1969 is engaged in conducting chitties, providing hire purchase finance and short/medium term loans for various purposes under different schemes.

*(Paragraph 2A.1)*

Diversion of high cost bearing funds for payment of chitty prize not only resulted in a loss of Rs 8.96 crore but also deprived the Company of earning potential interest income of Rs 12.67 crore.

*(Paragraph 2A.6.1.2)*

The Company suffered a loss of interest of Rs 1.02 crore due to delay in release of chitty security deposits terminated up to 1996-97.

*(Paragraph 2A.6.1.3)*

Interest overdue for recovery on various loans amounted to Rs 39.85 crore for the five years ended 31 March 1998.

*(Paragraph 2A.7)*

Indiscriminate grant of new chitty loans to chitty subscribers resulted in default in remittance of chitty instalments amounting to Rs 14.91 crore.

*(Paragraph 2A.7.1)*

As against loans of Rs 62.68 crore outstanding under hire purchase scheme, instalments amounting to Rs 6.21 crore were overdue for recovery.

*(Paragraph 2A.7.3)*

The progress of recovery of dues through revenue recovery proceedings was very slow. In 2385 cases (Rs.7.96 crore) no recovery towards principal was made while in 982 cases (Rs.3.53 crore) there was no recovery either towards principal or interest.

(Paragraph 2A.7.5)

Failure of the regional offices to deposit surplus funds in treasury resulted in an avoidable interest loss of Rs 0.23 crore during the period from 1993-94 to 1997-98.

(Paragraph 2A.8)

Non-adherence to the provisions of the Income Tax Act, 1961 regarding filing of income tax returns and payment of advance income tax by the Company resulted in levy of penalty of Rs 1.26 crore by the Income Tax Department.

(Paragraph 2A.9.1)

## **2A.1 Introduction**

The Company was incorporated in November 1969 as a Government Company with a view to socialising chitty\* business in the State so as to ensure safety, security and better services to the public thereby protecting them from exploitation by private financial institutions. The Company also provides hire purchase finance and short/medium term loans to the public for various purposes under different schemes. The Company has also started accepting deposits from public from 1975.

## **2A.2 Organisational set-up**

The Company is managed by a Board consisting of eight Directors of whom five are nominated by the Government and three are non-official members. The Managing Director is the chief executive of the Company and is assisted by a Business Manager and a Finance Manager-cum-Secretary at the head office. There are five regional offices located at Thiruvananthapuram, Kollam,

\* Chitty means a transaction whether called chitty or Kuri by which one or more persons hereinafter called the 'foreman' or foremen' enters into an agreement with a number of persons that every one of the contracting parties shall subscribe a certain amount of money by periodical instalments for certain definite period and that each in his turn, as determined by lot or auction or by both shall be entitled to the prize amount payable in cash.

Ernakulam, Thrissur and Kozhikode. The business is carried on through a network of branches (203 branches as on 31 March 1999) spread all over the State.

### **2A.3 Scope of audit**

The operations of the Company during the five years up to March 1999 were reviewed in Audit during June 1998 to December 1998 and the results are discussed in the succeeding paragraphs.

### **2A.4 Finance and resources**

Against the authorised share capital of Rs five crore, the paid up capital of the Company as on 31 March 1999 stood at Rs three crore. The entire paid-up capital was contributed by the State Government.

The total borrowings of the Company as on 31 March 1999 were Rs 648.18 crore, [fixed deposit from public: Rs 596.38 crore and Sugama deposit (savings deposit): Rs 51.80 crore]. These deposits were guaranteed by the Government of Kerala.

### **2A.5 Financial position and working results**

The financial position and working results of the Company for the last five years up to 1997-98@ are given in annexure 8.

The profit of Rs 1987.68 lakh before tax for the five years from 1993-94 to 1997-98 would have been more by Rs 6249.44 lakh had there been no diversion of funds for chitty payments, interest on loan realised promptly and the chitty security deposit with Treasuries been got released in time as discussed in paragraphs 2A.6.1.2, 2A.6.1.3 and 2A.7.

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@ Annual accounts for the year 1998-99 were in arrears.

## **2A.6. Performance of various schemes**

### **2A.6.1 Chitty**

#### **2A.6.1.1 Salient features**

The main business of the Company is conducting chitties wherein it acts as a foreman. Chitty business is regulated by the Kerala Chitties Act, 1975. The salient features of the business are the following:

In Chitty business, subscribers(ticket holders) contributing a specified sum as instalments which put together called *Sala* is auctioned every month when the auctioned amount (after retaining 5 per cent as foreman's commission) reached a maximum of 30 per cent, the successful bidder is selected by way of lot. The bid amount is called prize money. The unsuccessful bidders who continue to contribute are called non-prized ticket holders. The differential amount between maximum reduction made in bid less premium commission is distributed by way of dividend called "*veetha palisa*" to all ticket holders. As foreman of the chitties, the Company gets five per cent of the chitty amount as foreman's commission. The foreman subscribes one ticket called statutory ticket in every chitty and gets its prize money immediately on commencement of the chitty without any deduction towards discount. This amount is kept in fixed deposits with Government treasury as prescribed in the Act. The interest on these deposits is an income of the Company.

All the non-prized defaulted tickets are substituted either by outside parties if the chitties have not progressed to more than half the duration or by the foreman when the chitties are nearing termination. The removed subscribers contribution is refunded when the substituted subscriber receives prize money or when the chitty is terminated.

In case of default in payment of monthly subscription by subscribers, the Company charges interest on such defaulted instalments. The interest chargeable is however limited by the Act to 9 per cent per annum for non-prized tickets and 12 per cent per annum for prized tickets in addition to forfeiture of dividend of prized tickets.

#### **2A.6.1.2 Loss due to diversion of cost bearing funds for chitty payments**

**High cost bearing funds were diverted for chitty**

Chitty is a self-financing scheme and no external funds are required to pay the prize amount as the subscriptions received from subscribers to chitty and income generated by the Company from it is sufficient to meet the entire expenditure. However, the Company was forced to divert an amount of Rs 25343 lakh from the high cost bearing deposits received from the public

during the five years ended 31 March 1998 for payment of prized amounts of chitties due to accumulation of arrears in subscription (prized and non-prized) which amounted to Rs26549 lakh. The details of dividend forfeited, if any, from the defaulted subscribers of chitties were not made available to Audit by the Company.

**Diversion of high cost bearing funds resulted in loss of interest of Rs 21.63 crore**

The diversion of above high cost bearing public deposits of Rs 25343 lakh for payment of prize amounts of chitties resulted in a loss of Rs 896 lakh [being the differential amount of interest paid (13 per cent) on public deposits and interest realisable (9 to 12 per cent) on chitties subscription at default] to the Company during the five years up to 1997-98. It also deprived the Company of earning potential interest income of Rs 1267.15 lakh due to Company's inability to invest these funds in other remunerative Gold loan/New Chitty loan scheme earning 5 per cent higher interest than the interest paid on public deposits.

An analysis of the accumulated arrears in subscriptions revealed the following as main reasons for heavy arrears:

- i) Majority of the prize money payments were made on the personal surety of salaried persons, even though surety of landed properties was also acceptable. The system existing in the Company to assess the credit worthiness of sureties was defective as personal surety of persons who did not have the means to pay the amount have been accepted. Same persons have been accepted as surety in different chitties at different branches of the Company and even bogus employment certificate, salary certificates and other forged documents have been accepted as proof of their employment/income, etc.
- ii) The follow-up of dues was not systematic and the procedure for this had not been streamlined.
- iii) Though provisions of the Revenue Recovery Act had been extended to the Company, inordinate delays were noticed in the recovery of dues.
- iv) The valuation of land offered as security was not proper. As per Section 16 of the Act *ibid*, a security is reasonable only if its value exceeded twice the amount due from the prized subscribers, as per valuation certificate issued by Tahsildar. Without any justifiable reasons, this clause had been diluted by the Company and the valuation by Branch Manager of the Company was accepted as final which was against the provisions of the Act.

- v) Persons were admitted to several tickets in a chitty without assessing their ability to pay the monthly subscription leading to default in payment of instalments and eventual abandonment in many cases.
- vi) As per the standing instructions, cheques should not be accepted towards first instalment in a chitty and even if these were accepted, they should be collected before commencement of the chitty. Contrary to these directions, cheques were accepted by many branches of the Company and large scale dishonour of these cheques were reported resulting in eventual substitution of tickets by the Company/third parties.

#### 2A.6.1.3 Loss of interest due to delay in release of chitty security deposit

There was delay in getting the security deposits released

As per Section 15 (b) of the Act, *ibid* an amount equal to the chitty amount is to be deposited with the treasury as security deposit for the proper discharge of the obligations under the Act. Normally the chitty security deposits should be got released within a reasonable period after the termination of the chitty. But there were delays in release of chitty security deposit and the security deposits relating to the chitties terminated up to 1996-97 amounting to Rs 1143.40 lakh have not been got released so far (December 1998). The details subsequent to 1996-97 were not made available to Audit by the Company.

There was loss of interest of Rs 101.69 lakh on security deposits not got released.

The amount of Rs 1143.40 lakh included security deposit made in respect of chitties which were terminated during the years 1980-81 to 1996-97. The consequential loss of interest at 5 per cent (difference between the maximum rate of interest received on the security deposits and the interest receivable on loans paid under Gold Loan, New Chitty Loan, etc.) worked out to Rs 101.69 lakh up to December 1998 which would increase further till the time these security deposits were got released.

The management stated (June 1999) that the Inspector General of Registration had been addressed for early release of security deposits.

#### 2A.7 Loan Schemes

**Interest overdue for recovery on various loans amounted to Rs 3984.60 lakh for the five years ended 31 March 1998.**

Apart from the chitty business, the Company also offers hire purchase schemes and various other loan schemes to public. The particulars of loans outstanding under various schemes as on 31 March 1998 are given below:

Name of scheme	Brief details of scheme	No. of loans as on 31.3.98	Outstanding on 31.3.98 (Rs. In lakh)
New Chitty Loan Scheme	The scheme introduced in April 1993 is intended for meeting the urgent needs for short/medium term finance of non-prized chitty subscribers. The amount of loan given is 50 per cent of sala which is adjusted when the prize amount of chitties is paid.	48178	23374
Trade Finance Scheme	The scheme was introduced in 1992 with a view to providing financial assistance subject to a maximum of Rs 10 lakh to small and medium traders.	3809	2017
Hire Purchase Loan Scheme	The scheme was introduced in 1973 to give loans for purchase of household articles and for computers, cinema projectors, car, motor cycle, etc. The loan is given up to 90 per cent of the value subject to a maximum equal to net annual income of the loanee.	62351	6268
Employment Oriented Hire Purchase Scheme	The scheme was introduced in 1988 to make advances to purchase articles like autorikshaw, cycle, sewing machine, etc. for self-employment. The scheme is not in operation since 1996-97.	677	35
Gold Loan Scheme	The scheme was introduced in 1989 with a view to providing short-term credit up to a maximum of Rs 0.50 lakh on the security of gold ornaments.	6674	612
New Fixed Deposit Loan Scheme	The scheme was introduced in November 1995 to provide financial assistance subject to a maximum of Rs 0.50 lakh to the employees of Kerala Government and other institutions approved by the Company and also to fixed deposit holders.	24124	3602
New Housing Finance Scheme	The scheme was introduced in 1995 to give loans for purchase/construction/modification of residential houses. A maximum loan of Rs 10 lakh is given to a loanee which is repayable in a maximum period of 15 years.	3305	3802
		149118	39710

**There was no proper accounting of overdue loans**

The magnitude of overdue amounts of loans could not be correctly assessed, as the outstanding included amount actually due and the future instalments which have not been segregated by the Company. The interest overdue for recovery for the five years up to 1997-98 worked out to Rs 3984.60 lakh as shown in the table below.

Year	Average loan amount outstanding	Interest realised	Interest realisable at 18 per cent	Short fall
(Rupees in lakh)				
1993-94	5158	798.38	928.44	130.06
1994-95	7602	1266.16	1368.36	102.20
1995-96	10811	1747.30	1945.98	198.68
1996-97	17805	2492.93	3204.90	711.97
1997-98	31272	2787.27	5628.96	2841.69
<b>Total</b>		<b>9092.04</b>	<b>13076.64</b>	<b>3984.60</b>

The arrears in this respect in earlier years and years subsequent to 1997-98 have not been assessed. The mounting arrears in the loan accounts have adversely affected the Company's cash flow and profitability. The reasons leading to the heavy default in recovery of loans and interest thereon as analysed in Audit are given in the succeeding paragraphs.

#### 2A.7.1 New chitty Loan Scheme

**Indiscriminate grant of loans to chitty subscribers resulted in non-remittance of chitty instalments amounting to Rs 1491 lakh.**

There was default in remittance of chitty instalments

The New Chitty Loan Scheme was introduced by the Company in April 1993 to meet the short / medium term loan requirements of non-prized chitty subscribers. Under the scheme a subscriber to a chitty is sanctioned a loan up to a maximum of fifty *per cent* of sala\* of the chitty. The subscriber becomes eligible for the loan on payment of the first instalment of the chitty. When the chitty is prized in his favour, the loan amount is adjusted and balance prize amount is paid to him. Interest on the loan at 20 *per cent* is payable till the adjustment of loan.

Procedure for enrolment in chitties was defective

This is the most popular of all the loan schemes of the Company. 48178 loans under this scheme for a total value of Rs 23374 lakh were outstanding as on 31 March 1998. Default in remittance of chitty instalments as on this date was Rs 1491 lakh. The interest overdue has not been worked out by the Company. The procedure laid down for enrolment of subscribers to chitty stipulates judicious screening of subscribers to assess their capacity to pay. But many persons were allowed to enrol in a number of chitties/tickets and were granted chitty loans indiscriminately resulting in perpetual default in

\* Sala means the sum total of the chitty subscription payable by all subscribers of the chitty for any instalment without deduction.



payment of chitty subscription. In several cases, the subscribers pay just one instalment in a chitty and obtain a loan and then default further payments.

There was no timely follow up of dues

In view of the delay on the part of the Company to take prompt action to recover the dues from loanees, sureties or from other securities, the tendency to default payments was on the increase. For instance, the Cheranellur branch of the Company started a chitty (No.84/97) in 1997 with a sala of Rs 5 lakh. Funds amounting to Rs 10.50 lakh had to be diverted (up to January 1998) for payment of prize money due to default in remittance of chitty instalments. Even though there was a stipulation that cheques should not be accepted towards first instalment of the chitty, it was not adhered to resulting in dishonour of cheques in several cases in this branch and other branches at Kottayam II and Perorkada. It was also noticed that in the case of chitty number 76/97 (Cheranellur branch) tickets were divided among eight persons in batches of 10 each. Subscriptions in respect of one batch of 10 tickets were not received after first instalment. In two chitties (9/97 and 13/97) conducted by Kozhikode Main Branch with sala of Rs 3 lakh each, the percentage of default was 62 and 78 respectively.

#### 2A.7.2 Trade Finance Loan Scheme

**Out of the loans amounting to Rs 2017 lakh outstanding as on 31 March 1998, Rs 469 lakh was overdue for repayment.**

There were defects in sanctioning of loans

The scheme was introduced in 1992 with a view to providing financial assistance to small and medium traders. The general defects in the sanction of loans and the lack of follow-up action to recover the dues as stated earlier, apply to these loans as well. One specific case noticed is given below:

The land offered as security for a loan was valued by the Branch Manager and accepted as security. A portion of the land was then sold by the loanee without the knowledge of the Company. The value of the remaining land was insufficient to cover the loan sanctioned, which was remaining unpaid to the extent of Rs 3.80 lakh since August 1996. Overvaluation of property was reported in various other cases also. The Company did not also ensure that the loan was utilised for the purpose for which it was sanctioned.

#### 2.A.7.3 Hire Purchase Loan Scheme

There were irregularities in sanctioning of loans

The scheme is for giving loans for purchase of durable articles. The Company gives advances up to 90 per cent of the cost of articles repayable within a period of 12 to 48 months. The loans amounting to Rs 6268 lakh were outstanding as on 31 March 1998. Overdue instalments as on that date were Rs 621 lakh.

The important points noticed and peculiar to hire purchase (HP) loans test checked in audit are given below:

- i) About fifty *per cent* of HP loans from Neyyattinkara Branch of the Company was through two dealers namely Alpha Agencies and Royal Enterprises.
- ii) About 90 *per cent* of all the HP loans sanctioned through these dealers were in default.
- iii) In the same branch HP loans were sanctioned to the dealer (Sri.V.Biju, partner of both the above dealership firms) himself for which he was not entitled.
- iv) The internal audit wing of the Company reported that the dealers were deducting ten *per cent* of HP advance from the loanees towards service charges which was irregular
- v) Two plots of land attached by the Company in January 1984 and December 1986 due to default in repayment of hire purchase instalments could not be disposed of so far (June 1999)

#### 2A.7.4 Other Loan Schemes

Follow up  
of dues was  
defective

In respect of other loan schemes like employment oriented hire purchase scheme, gold loan scheme, fixed deposit loan scheme, and housing finance scheme, Rs 8051 lakh were outstanding as on 31 March 1998. However, the Company had not worked out the overdue amount of loans. The follow-up by the Company to recover the outstandings was not adequate and as a result the realisation of arrears was slow.

#### 2A.7.5 Revenue Recovery proceedings

**The progress of recovery of dues through RR was very slow. In 2385 cases (Rs.796.26 lakh) no recovery towards principal was made while in 982 cases (Rs.352.62 lakh) there was no recovery either towards principal or interest.**

Revenue  
recovery  
proceedings  
were  
pending

When the normal course of action for recovery of dues fails, the next option available to the Company is revenue recovery (RR) proceedings under the Revenue Recovery Act, 1968. The provisions of the Act were made applicable to the Company since June 1970. The Deputy Collector assisted by five Special Deputy Tahsildars (SDT) who are taken on deputation from the State Government, are authorised to exercise the powers under this Act.

As at the end of 31 December 1998, there were 5217 cases, involving an amount of Rs 1515.56 lakh where RR proceedings were at different stages of progress or were pending.

A review of the RR cases pending with SDT revealed the following:

Large amounts of dues were pending for recovery under Revenue Recovery proceedings

i) The dues outstanding pertained to periods since 1978. Out of 5217 cases; there was no recovery either towards principal or interest since initiation of RR proceedings in 982 cases involving an amount of Rs 352.62 lakh, there were no recovery towards principal in 2385 cases involving an amount of Rs 796.26 lakh and there was only partial recovery of both principal and interest in 1850 cases leaving a balance of Rs 366.68 lakh to be recovered.

Recovery from mortgagers of land was irregular

ii) The recoveries effected were mainly from salaries of defaulters/sureties. In cases where the security offered was land or other properties the recovery was negligible. The records of two SDTs at Kozhikode and Thrissur, test checked in audit revealed that no amount could be recovered in 208 (Rs.254.19 lakh) out of 228 (Rs.266.13 lakh) cases reported for RR action where the security offered was land. In cases where there was some collection, it was insignificant considering the amount outstanding.

There was Government intervention to stay recovery proceedings

(iii) Government intervened in 585 cases involving recovery of Rs 431.71 lakh and stay orders were issued restraining the Company from proceeding with the RR action. The stay orders were conditional and were for a specified period. If the conditions were not fulfilled, the stay would automatically get vacated. It was, however, seen that the stay was allowed to continue even when the conditions were not fulfilled or fresh stay orders issued stipulating another set of conditions. Stay orders were, thus, renewed up to ten times in some cases and still the dues remained uncollected.

The sale of property in auction has not materialised

iv) When the loanee defaults-repayment of loan and the case is referred to RR action, the SDT takes action to realise the dues invoking the provisions of the RR Act. When the security offered is an immovable property, the procedure for sale of the property as laid down in Section 49 of the Act is to be followed. The SDT intimates the Village Officer to complete the formalities to be followed for the sale. If the sale is adjourned for more than 60 days, the entire formalities should be observed afresh causing long delays. It was seen that though 141 cases involving Rs 44.87 lakh have been notified for sale in Thrissur, Kollam and Thiruvananthapuram regions and auction proceedings initiated, the sale of property has not materialised except in one case under Thrissur region.

## 2.A.8 Inefficient cash management

**Failure of the regional offices to deposit surplus funds in treasuries resulted in an interest loss of Rs 22.54 lakh.**

Instructions for transfer of surplus funds were not followed

According to the instruction issued by the Company, the regional offices should transfer surplus funds to the head office after redistribution of the funds received from branches, among needy branches. The head office would, in turn, assess the requirement to meet the financial commitments and deposit the surplus funds in treasury. A test check of the records of the regional offices and fifteen branches of the Company revealed that they held balances ranging from Rs 2.50 lakh to Rs 262.62 lakh in current accounts fetching no interest with various banks during the five years ended 31 March 1998.

Thus, the failure of the regional and branch offices to follow the instructions strictly resulted in an avoidable loss of Rs 22.54 lakh by way of interest on the minimum balances held by them in excess of the requirements computed at the rate of six *per cent* applicable to Treasury Savings Deposit, during the period from 1993-94 to 1997-98.

## 2A.9 Avoidable payments under the Income Tax Act

### 2A.9.1 *Payment of penalty due to delay in filing the income tax return and in paying advance income tax*

**Delay in filing income tax return and shortfall in payment of advance income tax resulted in payment of penalty amounting to Rs 126.37 lakh.**

The Company paid penalty for delay in filing of income tax return and shortfall in payment of advance tax

According to Section 139 of the Income Tax Act, 1961, every Company has to file the return of income before 30 November of the assessment year. Similarly, in terms of Section 211 read with Section 209 *ibid*, the whole amount of advance tax has to be paid in four instalments by 15 March of the same financial year. The Company did not adhere to these stipulations. There was delay ranging from 16 to 18 months in filing the return of income and the advance tax paid fell short of the amount required to be paid in 1992-93 and 1995-96. Consequently, the income tax department charged penalty of Rs 64.16 lakh in 1992-93 and Rs 62.21 lakh in 1995-96.

The Management stated (June 1999) that they have filed a petition with the Chief Commissioner of Income Tax, Ernakulam for waiver of penalty and the decision was awaited.

**2A.9.2 Payment of interest for delayed payment of tax**

The Company paid interest due to delay in payment of tax

As per Section 220(2) of the Income Tax Act, for delay beyond 30 days in remittance of tax demanded under Section 156, interest is payable at 1.5 *per cent* per month or part thereof. There was delay in remittance of tax in 1992-93 and the Company paid Rs 4.17 lakh as interest for the delayed payments. The Management stated (June 1999) that they have filed an appeal with the Income Tax Tribunal and the decision was awaited.

**2A.9.3 Loss due to disallowance of interest on excess advance tax**

**Delay in filing income tax returns and unnecessary remittance of self-assessment tax resulted in non-refund of interest amounting to Rs 16.52 lakh.**

There was delay in filing of returns

(i) As per Section 244 A(1) of the Income Tax Act, where refund of any amount becomes due to the assessee out of any tax collected at source or paid by way of advance tax during the previous year relevant to the assessment year, he shall be entitled to receive simple interest at one *per cent* per month or part of a month thereof for the period from 1 April of the relevant assessment year to the date on which the refund is granted. But as per Section 244A(2), if the proceedings for refund are delayed for reasons attributable to the assessee, no interest shall be payable for such period of delay. For the assessment year 1994-95, the Company filed income tax return only on 28 March 1996 instead of the normal due date of 30 November 1994. The net refund of Rs 73.56 lakh, as per the assessment order was adjusted on 28 March 1996 against the tax demand for the assessment year 1993-94. But the department disallowed interests under Section 244 A (1) on this refund amount beyond 30 November 1994 under provisions of section 244A(2) of the Act. The loss of interest on account of this disallowance for the period from 1 December 1994 to 28 March 1996 amounted to Rs 11.77 lakh.

(ii) As per Section 140A of the Income Tax Act, the Company remitted Rs 25 lakh on 31 August 1994 as self-assessment tax for the assessment year 1994-95 which was not necessary at that time. The self-assessment tax paid was also adjusted on 28 March 1996 against the tax demand for the assessment year 1993-94 without allowing any interest under Section 244 A (1) since self assessment tax paid does not qualify for interest. The loss of interest to the Company on account of unnecessary remittance of self-assessment tax for the period 1 September 1994 to 28 March 1996 at 1 *per cent* per mensem or part thereof amounted to Rs 4.75 lakh.

The Management stated (June 1999) that they have filed an Original Petition in the High Court of Kerala against the denial of interest on the refund of income tax.

### **Conclusion**

While the Company could not take effective action to realise the amounts due from chitty subscribers, interest due from loanees under various schemes and release the security deposits of terminated chitties from treasuries, it resorted to large scale diversion of high cost bearing funds for chitty payments which ultimately resulted in huge loss of interest and potential revenue. The system existing in the Company to assess the creditworthiness of the sureties was defective and as a result the defaulted amounts could not be recovered from the sureties. The machinery for follow up of dues and their monitoring and for revenue recovery proceedings was not effective. The mounting arrears in chitties and other loan accounts had not only adversely affected the Company's profitability but also deprived the public of getting finance from the Company. Hence the basic objective of the Company to provide easy finance to the public has not been fully met inspite of its being in existence for the last 30 years

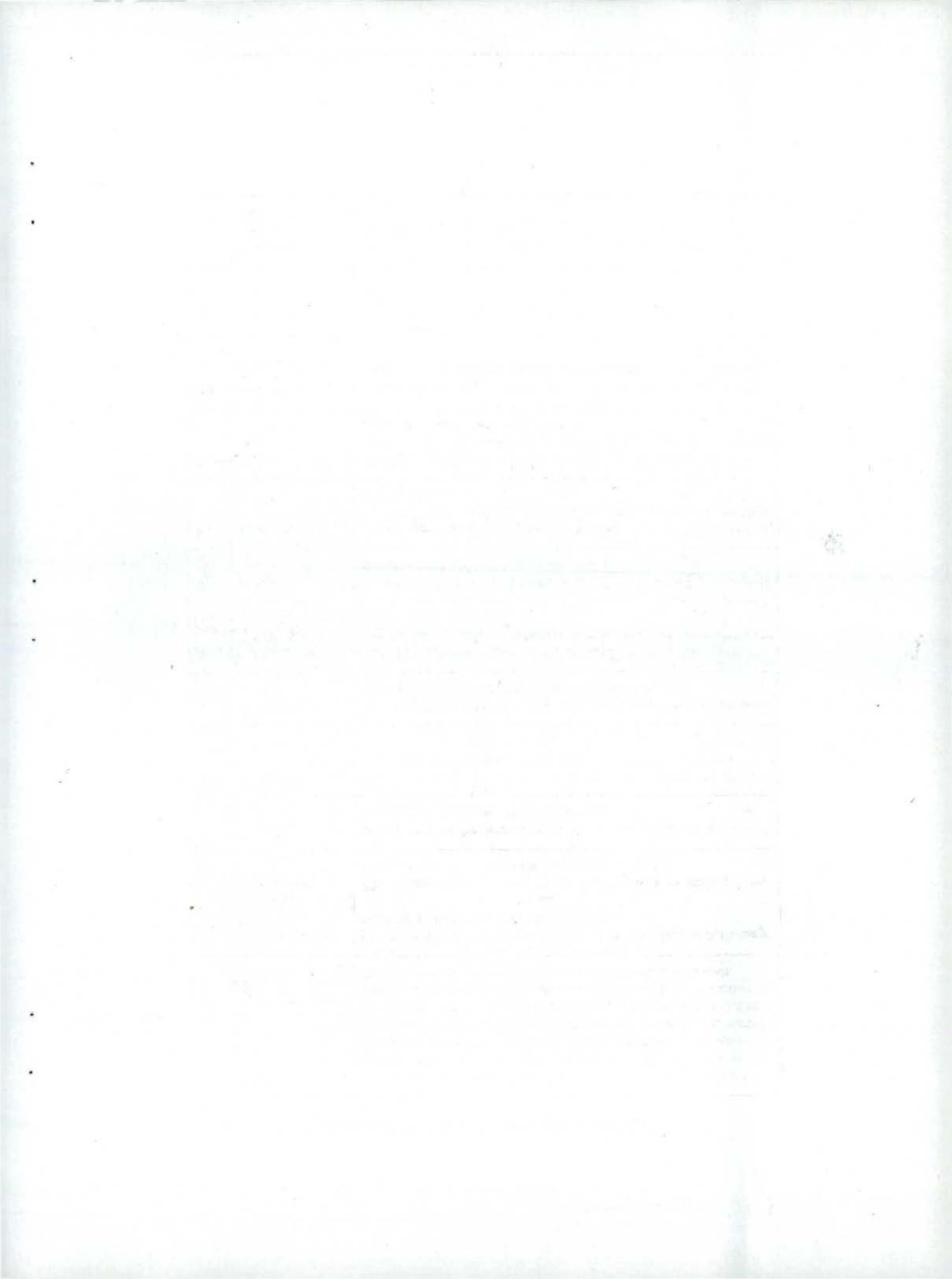
The Company needs to take the following remedial measures for improving its performance:

- *Judicious screening of the allotment of the tickets in various chitties to individual subscribers.*
- *The mechanism for assessing the creditworthiness of the loanees, sureties and other securities need to be strengthened.*
- *Streamline the procedure of follow up and monitoring of the arrears and take quick action for recovery proceedings.*
- *Review the position relating to the release of chitty security deposits with the treasury and take immediate action to get the funds released.*
- *Review various schemes for their continuance.*

The above matters were reported to Government (April 1999); their replies had not been received (July 1999).

## GLOSSORY OF WORDS USED IN THE REVIEW

1	Chitty	Chitty means a transaction whether called Chitty or Kuri by which one or more persons hereinafter called the 'foreman' or 'foremen' enters into an agreement with a number of persons that everyone of the contracting parties shall subscribe a certain amount of money by periodical instalments for certain definite period and that each in his turn, as determined by lot or auction or by both shall be entitled to the prize amount payable in cash.
2	Foreman and Foreman's commission	The person who conduct the chitties by entering into an agreement with the subscribers in respective chitties.  The remuneration received by the foreman not exceeding 5 per cent of the chitty amount for the conduct of chitty.
3.	Variola	Variola means the document containing the articles of agreement between the foreman and the subscribers.
4.	Chitty amount or sala	The sum total of the chitty subscription payable by all the subscribers of the chitty for any instalment without deduction.
5.	Discount	An amount (Veethapalisa plus foreman's commission) foregone by the prize winner under the terms of the variola.
6.	Veethapalisa (Dividend)	The share of the subscriber in the discount available under the variola for rateable distribution among the subscribers at each instalment of the chitty.
7.	Auction	The drawing by way of bidding the chitty whereby the highest bidder wins the bidding(not exceeding 30% of the sala).
8.	Drawing	The mode of ascertaining the prize amount of any instalment of the chitty by lot or by auction or in such other manner as provided in the variola.
9.	Ticket	The share of a subscriber in a chitty which entitles the holder thereof to the chitty amount at any one instalment with or without any deduction by way of any discount.
10.	Prized subscriber	A subscriber who is entitled to receive the prize amount as per the result of the drawing within specified period after furnishing security.
11.	Defaulted subscriber	A subscriber who makes default in payment of instalments in a chitty.
12.	Dividend of forfeited subscriber	The amount due to the subscribers whose tickets have been forfeited due to default in payment of instalments.





## **CHAPTER III**

### **REVIEWS RELATING TO STATUTORY CORPORATIONS**

This chapter contains two reviews on the following topics:

- 3A Kerala State Electricity Board – Physical/  
Financial performance of Power Sector  
under VII Five Year Plan**
- 3B Kerala State Road Transport Corporation–  
Accident compensation claims**



**3A Kerala State Electricity Board –  
Physical/ Financial performance  
of Power Sector under VII Five  
Year Plan**

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**KERALA STATE ELECTRICITY BOARD  
PHYSICAL/ FINANCIAL PERFORMANCE OF POWER  
SECTOR UNDER VII FIVE YEAR PLAN**

*Highlights*

Kerala State Electricity Board(Board) formulated proposals for Rs 1732 crore under the VII Five Year Plan, against which the Planning Commission approved a Plan outlay of Rs 396.80 crore only.

*(Paragraph 3A.2.)*

The proposals mainly envisaged commissioning of seven ongoing projects and five new small projects to increase the generation capacity from 1011.5 MW to 1737.5 MW. Out of the above, three ongoing projects and the five new small schemes could not be commissioned before the end of the VII Five Year Plan.

*(Paragraph 3A.4.1(i) )*

There had been an abnormal increase in cost of projects due to delay in their completion resulting in a total cost overrun of Rs 503.18 crore and entailing an interest burden of Rs 80.51 crore per year.

*(Paragraph 3A. 4.1 (iii) )*

The time and cost overrun in completion of projects resulted in loss of potential generation of 8534 MU valued at Rs 769.89 crore during 1986-87 to 1998-99, which also necessitated import of power at higher rates resulting in cash loss of Rs 77.20 crore.

*( Paragraph 3A. 4.1 (v) )*

Delay in implementation of the five 220 kV sub-stations and line works resulted in cost overrun of Rs 235.23 crore. Further, the transmission and distribution loss in excess of the norms fixed by Central Electricity Authority, was 5936 MU valued at Rs 433.65 crore during the VII Five Year Plan period.

*(Paragraphs 3A. 4.2.1 and 3A.4.2.2)*

**Non-recovery of full cost of cement issued, irregular payments and failure to safeguard against collateral loss in the execution of Lower Periyar Project led to extra expenditure of Rs 3.44 crore.**

*(Paragraphs 3A.5.1.1. and 3A.5.1.2.)*

**Awarding of the work for the implementation of Kallada Hydro Electric project to an inexperienced contractor, short recovery towards cost of materials and irregular payment of price escalation resulted in additional expenditure of Rs 1.99 crore to the Board.**

*(Paragraphs 3A.5.2.(i),(ii). & (iii))*

**Delay in commissioning of four small projects resulted in loss of interest of Rs 4.52 crore on idle investment of Rs 7.39 crore in these projects**

*(Paragraph 3A.5.3)*

### **3A.1 Introduction**

The energy policy of the Government of India aims at ensuring adequate energy supply at minimum cost and achieving self-sufficiency in energy supply. The Central Government formulates power energy policy decisions, frames Acts/Rules to govern power supply, monitors progress of project implementation works, makes investment decisions, etc. The investment levels envisaged under VII Five Year Plan, the implementation of various schemes for generation, transmission and distribution and the actual power supply position at the end of the Plan period in the State have been dealt with in the succeeding paragraphs.

### **3A.2 The VII Five Year Plan (1985-90)**

As at the end of VI Five Year Plan(VI Plan), Kerala State Electricity Board (Board) was having nine power generating stations (all hydel) with an installed capacity of 1011.5 MW and generating capacity of 4730 Million Units (MU). The 12<sup>th</sup> Annual Power Survey estimated (1984) power demand of 8647 MU by the end of VII Five Year Plan(VII Plan), 13659 MU by the end of VIII Five Year Plan(VIII Plan) and over 21000 MU by 2000 AD for the State. To meet this demand the Board formulated Plan proposals of Rs 1732 crore for the VII Plan with sufficient provision for new projects/schemes in VIII Plan and afterwards. Against this the Planning Commission (PC) initially sanctioned Rs .396.80 crore which was finally enhanced to Rs 445.94 crore.

However, the actual expenditure incurred by Board was Rs 372.17 crore only. The details of Plan outlay, Board's budgeted and actual expenditure under the broad heads for the VII Plan period 1985-90 are given below:

Items	Original VII Plan outlay approved by P.C.	Outlay as per annual Plans approved by P.C.	Board's Budget allocation	Actual expenditure by the Board
	(Rupees in crore)			
a) Generation	204.66	205.93	214.89	146.45
b) Transmission & Distribution	167.87	233.35	219.36	218.88
c) Rural Electrification	19.47	..	18.50	1.55
d) General	4.80	6.66	6.16	5.29
Total	396.80	445.94	458.91	372.17

The actual Physical and Financial performance of the Board during the VII Plan period is given in Annexure 9.

### 3A.3 Scope of audit

Seven projects started during the previous Plans which remained incomplete at the end of VI Plan were carried over to VII Plan. Along with these, five new projects started were also envisaged for completion during the VII Plan. The implementation of these projects, during the course of VII Plan/subsequent Plans, the physical and financial progress, etc., other than the following projects and points of interest which have already been reviewed in the Audit Reports (Commercial) noted against them, are covered in the present review:

Sl. No.	Project/Scheme	Year of Audit Report (Commercial)
1	Lower Periyar Project	1992, 1995 & 1998
2	Kakkad Project	1992, 1995 & 1996
3	Idukki Stage II	1994 & 1996
4	Malampuzha	1996
5	Transmission and Distribution projects including system improvement works	1990, 1991, 1992, 1994, 1996, 1997 & 1998

### 3A.4 Execution of the projects

#### 3A.4.1 Generation

##### (i) Targets and achievements

The VII Plan mainly envisaged commissioning of seven ongoing projects (Idamalayar, Idukki Stage II, Idukki Stage III, Sabarigiri Augmentation, Kakkad, Kallada and Lower Periyar) and five new small projects (Malampuzha, Malankara, Maduppatty, Peppara and Chimony) to increase the power generation capacity from 1011.5 MW (4730 MU) to 1737.5 MW (6420 MU) by the end of the VII Plan. The year-wise physical and financial targets for the generation vis-a-vis the achievements during the VII Plan period (1985-90) are given below:

##### (a) Physical

As at the end of March	Installed capacity in terms of					
	Targets		Achievements		Shortfall	
	MW	MU	MW	MU	MW	MU
1986	1346.5	5270	1271.5	4950	75	320
1987	1476.5	5546	1476.5	5270*	-	276
1988	1491.5	5599	1476.5	5270	15	329
1989	1541.5	5861	1476.5	5270	65	591
1990	1737.5	6420	1476.5	5546	261	874

\* The achievement in MU as at the end of 31 March 1987 was less than the MU targets, inspite of having the same MW installed capacity. This shortfall was basically due to less availability of water for generation of power owing to non-completion of schemes to augment the water resources



**(b) Financial**

	1985-86	1986-87	1987-88	1988-89	1989-90	Total
	(Rupees in crore)					
Annual Plan Outlay approved by P.C.	35.20	37.40	45.64	36.65	51.04	205.93
Budgeted expenditure of the Board	45.91	38.71	45.55	35.60	49.12	214.89
Actual expenditure by the Board	20.16	27.10	27.50	34.65	37.04	146.45

Non-commissioning of projects led to shortfall in achievements

The shortfall in achievement of physical and financial targets was due to non-commissioning of Kakkad, Kallada, Lower Periyar and five small projects which were envisaged for commissioning before the end of the VII Plan period.

**(ii) Delay in commissioning**

Civil works were not completed in time

Out of the 12 projects, only four projects (Idamalayar, Idukki Stage II, Idukki Stage III and Sabarigiri Augmentation) could be commissioned during the VII Plan as envisaged. Of these four projects, Idukki Stage III and Sabarigiri Augmentation projects were commissioned in March 1990, after delay of four years from the scheduled date of March 1986. Out of the remaining eight projects, the Kallada Project was commissioned in September 1994, Peppara in June 1996, Lower Periyar in October 1997 and Maduppatty in January 1998 after expiry of 10 to 14 years from their commencement and 5 to 8 years from their proposed date of commissioning. The Kakkad, Malankara, Malampuzha and Chimony projects though started in 1976, 1988, 1989 and 1989 respectively, are yet to be commissioned (March 1999). The inordinate delay in commissioning of these projects was mainly due to non-completion of the civil works owing to:

- (a) delay in arranging and awarding the work,
- (b) delay in handing over the site,
- (c) frequent changes in the drawings and specifications necessitating extra work,
- (d) lack of proper estimation resulting in wide variation in the actual quantities executed.
- (e) slackness on the part of the Board to discharge its contractual obligations, like providing uninterrupted power supply, motorable roads, supply of departmental materials, etc.,
- (f) delays on the part of the contractors to carry out the works,

- (g) failure to conduct proper studies regarding the safety of dams and in getting permission from the Irrigation Department and
- (h) delay in taking decisions like, number of generating machines and their capacity

**(iii) Abnormal increase in cost**

**The cost overrun of Rs 503.18 crore in completion of projects led to additional interest burden of Rs 80.51 crore every year.**

Cost overrun resulted in abnormal interest burden

There had been abnormal increase in the cost which as per the latest estimate/expenditure ranged between 117 per cent (Peppara Project) and 1267 per cent (Sabarigiri Augmentation Project). In the case of twelve projects the cost had increased from the original estimate of Rs 20017 lakh to Rs 70335 lakh indicating a total cost overrun of Rs 50318 lakh, an increase of 251.38 per cent (March 1999). The cost overrun resulted in additional interest burden of Rs 8051 lakh every year making certain projects unviable since the income generated would not be sufficient to meet the interest charges. In one project viz., Maduppatty, the unabsorbed interest was to the extent of Rs 34.27 lakh every year.

**(iv) Increase in cost of generation**

Tariff was frequently hiked to wipe out the losses

The average total cost of generation per unit had increased from 39 paise in 1985-86, to 54 paise in 1989-90 and then to 163 paise in 1997-98. One major element of cost of power generated is interest charges which had increased from 13 paise in 1985-86 to 15 paise in 1989-90 and then to 44 paise in 1997-98. Instead of controlling the costs to the extent possible, the Board had steadily been raising the tariff to wipe out the losses. The tariff hike was from 37 paise per unit in 1985-86 to 56 paise in 1989-90 and to 169 paise per unit in 1997-98 which represented an increase of 51 per cent by the end of the VII Plan and 356 per cent by 1997-98 as compared to 1985-86.

**(v) Potential generation loss**

**Delay in commissioning of projects resulted in loss of potential generation of 8534 MU valued at Rs 769.89 crore besides cash loss of Rs 77.20 crore on import of 6267.23 MU of power at higher rate.**

There were cash losses owing to import of power at higher rates

Due to the delay in commissioning the projects, there had been loss of potential generation of 1338 MU of electricity valued at Rs 74.07 crore during the period from 1986-87 to 1989-90. To meet the increased demand, the Board had been importing power from other State Electricity Boards as well as from Central Power Units. The total power, thus, imported during 1985-86 to

1989-90 was 4134.91 MU valued at Rs 222.86 crore. Of this, 2009.08 MU were at rates higher than the average revenue realised resulting in cash loss of Rs 18.47 crore during the period from 1985-86 to 1989-90.

Similarly, there has been loss of potential generation of 7196 MU valued at Rs 695.82 crore during the period from 1990-91 to 1998-99. The total power imported during this period was 18946.54 MU valued at Rs 1850.19 crore of which 4258.15 MU were imported at rates higher than the average revenue realised resulting in cash loss of Rs 58.73 crore.

### 3A.4.2 *Transmission and Distribution System*

#### 3A.4.2.1 *Delay in implementation of work*

**Delays in implementation of five 220 KV Sub Stations and line work resulted in cost overrun of Rs 235.23 crore.**

The Transmission and Distribution (T&D) system of the Kerala Power grid comprises 220 KV, 110 KV, 66 KV and 11 KV sub stations and lines. The VII Plan envisaged an outlay of Rs 187.34 crore for increasing the network and improving the system including rural electrification works (Rs.19.47 crore). In addition to the completion of the works already started during the previous Plans, certain new projects including a 400 KV sub station, and system improvement works for major cities were also envisaged to be undertaken during the VII Plan.

The position of T&D system including rural electrification works as at the beginning of the VII Plan, and the targets and achievements during VII Plan period, are given below:

#### A. Sub stations (in numbers)

Particulars	At the beginning of VII Plan	During VII Plan		Percentage of shortfall in targeted achievements	At the end of VII Plan
		Targets	Achievements		
400KV	Nil	1	-	100	Nil
220 KV	4	1	1	Nil	5
110 KV	26	22	8	63.64	34
66 KV	77	57	13	77.19	90
No. of distribution transformers	12597	2830	3797	Nil	16394

**B. Lines ( in CTKM )**

Particulars	At the beginning of VII Plan	During the VII Plan		Percentage of shortfall in targeted achievements	At the end of VII Plan
		Targets	Achievements		
220 KV	887	457.6	94	79.46	981
110 KV	1896	1137.0	400.327	64.79	2297
66 KV	2349	902.4	160.51	82.21	2510
11 KV	16317	2824.0	2810	Nil	19127
LT	71259	14400	24679	Nil	95938

**C. Rural Electrification Works**

No. of villages electrified	1268	Nil	Nil	Nil	1268*
No. of pumps energised	121991	28000	77513	Nil	199504

\* All the villages already electrified

There was delay in completing T&D works resulting in cost overruns

The shortfall in achievements was mainly due to inadequacies in the organisational set-up, delays in arranging contracts, obtaining forest clearance, and land acquisition besides contract failures. In the case of five 220 KV sub stations and six 220 KV line works, the implementation of which was test-checked in audit; the delays ranged up to 10 years and as a result, the cost of execution increased from the estimated cost of Rs 8758 lakh to Rs 32281 lakh indicating cost overrun of Rs 23523 lakh with consequent increase in the transmission and distribution cost.

The delay in completion of T&D projects and system improvement works have already been reviewed and included in the Audit Report 1995-96 (Commercial). Besides, other irregularities relating to implementation of these projects have also been commented in the Audit Report(Commercial) for the years 1989-90 to 1997-98 except in the year 1992-93.

**3A.4.2.2 Transmission and Distribution loss**

**The transmission & distribution loss during 1985-86 to 1997-98 in excess of norms fixed by Central Electricity Authority was 5936 MU worth Rs 433.65 crore.**

The details of power available, power sold, T&D loss, etc., during the VII Plan period (1985-90) as worked out by the Board and the financial loss thereon are given below:

Year	Power available	Power sold	T&D loss	Per cent of T&D loss	Per cent of T&D loss in other States			T&D loss in excess of 15 per cent (MU)	Loss (Rs. in lakh)
	(in million units) (MU)				Tamil Nadu	Karna-taka	Andhra Pradesh		
1985-86	5558	4172	1386	24.94	18.7	22.85	19.17	553	2045.40
1986-87	5127	3717	1410	27.50	18.65	22.85	18.5	641	3139.00
1987-88	5104	3625	1479	28.98	18.55	21.07	20.19	713	4067.10
1988-89	5787	4388	1399	24.17	17.0	22.0	20.0	531	3079.50
1989-90	6144	4794	1350	21.97	16.0	21.0	21.0	429	2401.00
Total	27720	20696	7024	25.34				2867	14732.00

The T&D loss was far in excess of CEA norms

The Central Electricity Authority (CEA) has stipulated the norm of T&D loss as 15 per cent which was revised to 15.5 per cent with effect from May 1992. As against this the actual loss during the VII Plan period ranged between 21.97 and 28.98 per cent and was 2867 MU valued at Rs 14732.00 lakh in excess of the CEA norm. The T&D loss during the period from 1990-91 to 1997-98 also ranged between 18 and 21.6 per cent and was 3069 MU valued at Rs 28632.90 lakh in excess of the CEA norms. The loss was higher compared to other neighbouring States. Thus the total loss in excess of the norms fixed by CEA amounted to 5936 MU valued at Rs 43364.90 lakh during 1985-86 to 1997-98.

The method of estimation of T&D loss was defective

The Board had been treating the difference between power available for sale and the power actually sold as T&D loss. However it was observed that there were several deficiencies in arriving at the figures of T & D loss, viz., taking the billed quantity instead of actual quantity received in case of purchase of power, wrong reckoning of the quantum of power sold to non-paying group domestic consumers using less than 20 units per mensum, defective and slow metering, etc., resulting in under estimation of T&D loss.

### 3A.5 Other topics of interest

#### 3A.5.1 Lower Periyar Project

##### 3A.5.1.1 Work of Power Tunnel – recovery of value of cement at lower rates

**Failure to include a stipulation in the contract for recovery of full cost of cement resulted in a loss of Rs 1.15 crore to the Board.**

Agreement was entered into without protecting Board's interest

As per the contract entered into with the Hindustan Construction Company Limited (HCC) for construction of power tunnel of the Lower Periyar Project, any overbreakages beyond the payline (a particular limit) due to lack of reasonable care and skill in excavation on the part of the contractor shall be filled in with the concrete of same mix and specifications as used for the concrete lining at the expense of and by the contractor. Such overbreakages to be filled in with concrete by the contractor was assessed as 15973.4147

cubic metres for which the Board issued 6218 tonnes of cement during May 1983 to May 1989. Further, 16 tonnes of cement was also issued to the contractor for preliminary and enabling works during the above period. Though the cost of cement issued to the contractor was to be recovered at purchase cost, after adding cost of transportation and supervision charges, the actual recovery could be made only at the issue rate of Rs 600 per tonne as HCC had obtained a stay order from the High Court of Kerala in 1990 against charging any rate higher than Rs 600 per tonne. This resulted in non-recovery of Rs 115.08 lakh. Though the suit filed by HCC in the Sub-Court, Thiruvananthapuram was decreed (December 1989) in favour of the Board, the Board did not take any effective steps to get the stay vacated. Instead, the matter was referred, at the instance of HCC, to an Adhoc Committee constituted by the Board in March 1993 to examine some other claims of HCC. The Committee was of the opinion that the recovery could be made at the rate of Rs 600 per tonne only, as the intention to charge a higher rate was not incorporated in the agreement. Thus, failure to include a stipulation enabling the Board to recover the full cost of cement and to get the stay vacated resulted in a loss of Rs 115.08 lakh.

**3A.5.1.2 Fabrication, supply and erection of steel liners – delay and excess payment**

**Board incurred extra expenditure of Rs 2.29 crore due to failure of the contractor to complete the work in time, irregular payments and failure to include a clause to safeguard against collateral loss.**

Escalation was paid though the delay was due to failure of contractor

i) The work of fabrication, supply and installation of steel liners and specials for the pressure shaft, etc., for the Lower Periyar Project was entrusted to the Tungabhadra Steel Products Limited Karnataka.(TSPL) at a probable amount of contract (PAC) of Rs 171.12 lakh in July 1988, and the time allowed for completion of supply was two years. The steel plates required for the work were issued well in time (October 1986 and May 1989) by the Board to TSPL. However, TSPL did not complete the work, even though extension of time was granted to them up to February 1994, due to disputes between them and Fact Engineering Works (FEW), the sub contractor. The work was finally completed by November 1994. The Board paid Rs 33.64 lakh by way of escalation to TSPL for the period up to November 1994. As the Board had fulfilled its obligation under the contract and the delay in completion of the work was solely due to the failure of contractor, the payment of escalation was irregular and resulted in an extra expenditure of Rs 33.64 lakh to the Board.

Unjustified additional payment was made for items of work included in the agreement

(ii) During the course of execution of the work, TSPL raised (June 1993) certain additional claims for a total amount of Rs 23.15 lakh towards the cost of certain minor modifications in the fabrication work viz. providing and fixing grout plugs, grinding charges, fixing manholes, etc., necessitated during the execution of the work and the Board accepted the claims in September 1993. As the above items were either included in the agreement or were incidental to the main contract and the contractor was bound to perform the

work in accordance with the additional, general and detailed drawings including all the alterations/incidentals at the agreed rates, the payment of Rs 23.15 lakh lacked justification.

Board suffered huge loss in the absence of suitable clause in the agreement

As per the agreement with TSPL, the rate allowed for selection and installation of steel liners was Rs 3200 per tonne. By the time fabrication of steel liners was completed and were ready for erection, driving of pressure shaft was not complete due to the failure of National Projects Construction Corporation Limited. (NPCC), the contractor for that work and TSPL demanded increased rate of Rs 16500 per tonne due to the delay. As these rates were very high, the scope of erection work was deleted from their contract and was entrusted to FEW in August 1994 at the rate of Rs 14500 per tonne. As a result, the Board incurred an extra expenditure of Rs 172.47 lakh. However, the Board could not recover the collateral loss from NPCC in the absence of suitable clause in the agreement to safeguard its interest on such eventualities wherein one contract was dependent on the other.

**3A.5.2 Kallada Hydroelectric Project – improper assessment of work/non-adherence of contract terms**

**Awarding work to inexperienced contractor, short recovery towards cost of materials and irregular payment of price escalation resulted in additional expenditure of Rs 1.99 crore.**

The following irregularities were noticed in the implementation of Kallada Hydroelectric Project implemented under the VII and VIII Five year Plans.

Work entrusted to inexperienced contractor entailed extra expenditure

i) The work of erection and commissioning of generating units and associated equipment was awarded to a contractor -- Transformers and Electricals Kerala Limited (TELK) -- in September 1988, even though they did not have any previous experience in this work and their rates were not competitive, even after giving price preference. Because of the poor performance of TELK, the erection work was delayed up to September 1994 and the expenditure increased from the original estimated amount of Rs 29.75 lakh to Rs 126.67 lakh i.e., an increase of Rs 96.92 lakh.

The supervision of erection was entrusted to Bharat Heavy Electricals Limited (BHEL) and at the time of tender evaluation, the requirement of expert manpower was estimated at 14 man months and their remuneration at Rs 5.60 lakh at the rate of Rs 40000 per man month. However in the order issued to BHEL, it was enhanced to 116 man months (Rs.46.40 lakh). Because of the delay in completion of the erection work, the actual period of supervision also was extended to 235 man months and their cost to Rs 94 lakh entailing an extra expenditure of Rs 88.26 lakh. Had the erection work been properly planned, assessed and entrusted to experienced firm the above extra expenditure of Rs 185.18 lakh could have been avoided.

There was failure to recover cost of material at stipulated rates

ii) Out of the steel plates supplied to Steel Industrials Kerala Limited (SILK) for fabrication of penstock, 9.631 tonnes steel plates were not returned by them. Though as per the terms of the agreement the value of this had to be recovered at three times plus 21 *per cent* storage charges, recovery was made only at the normal rate, resulting in short recovery of Rs 5.20 lakh.

Compensation not covered in agreement was paid

iii) As per clause 33 of the agreement with TELK for erection, if suspension of the work was requested by the Board for a continuous period of more than three months, the Board should pay TELK compensation at the rate of Rs 4000 per month of suspension beyond three months. In respect of suspension of work from 1 December 1988 to 5 September 1991, the Board paid price escalation amounting to Rs 3.70 lakh on the compensation paid, though price escalation was applicable only to rates and the value of work actually executed. Further, the Board paid compensation of Rs 5.23 lakh for suspension of work from 6 September 1991 to 27 September 1993 due to flood and submersion of power house. As these comes under *force majeure* clause, the payment of compensation was not justifiable and resulted in extra contractual payment of Rs 8.93 lakh.

### 3A.5.3 Loss on idle investment

**Loss of interest on idle investment of Rs 7.39 crore due to delay in commissioning of four small projects amounted to Rs 4.52 crore.**

The delay in commissioning of four small projects- Malankara, Malampuzha, Chimony and Maduppatty - led to loss of potential generation of 738 MU of electricity valued at Rs 78.01 crore as included in paragraph 3A.4.1 (v) besides loss on idle investments which is discussed below.

Delay in acquisition of land resulted in idling of investment

(i) The Malankara Small Hydroelectric Project was proposed to be commissioned in May 1990. As a part of implementation of the project the 1<sup>st</sup> stage excavation was completed in April 1989 at a cost of Rs 10.52 lakh. The work for supply and erection of trashrack, penstock gate housing, etc., was entrusted to the Irrigation Department by depositing Rs 58.52 lakh in March 1990. However, neither detailed planning for the execution of the scheme nor a final decision on the number and capacity of machines was made before entrusting the work. As a result, the work could not be proceeded with. A decision fixing the number of machine as three (3x3.5) with generation potential of 65 MU per annum was taken only in May 1996. Even then the work on power house could not be taken up as land was yet to be acquired. The project required a total area of 0.7060 hectare of land of which 0.0628 hectare only was available with the Board. The Irrigation Department was reluctant to transfer the balance land of 0.6432 hectare as the power house construction required blasting of rock, which might endanger the safety of the dam. The land was finally got transferred only in December 1998, after study of the site by the National Institute of Rock Mechanics, Kolar, Karnataka. Had proper studies on the safety of the dam been conducted in time, the delay



could have been avoided. Thus, even after expiry of nine years, no substantial progress could be achieved in the implementation of the project due to delay in taking decision on the number and capacity of generating machines and acquisition of land. Because of this delay, the investment of Rs 69.04 lakh remained locked up and the interest loss (at the rate of 16 *per cent* per annum) on this investment up to March 1999 amounted to Rs 101.10 lakh. The project is yet to be completed (March 1999).

There was huge interest loss due to defects in design

(ii) The work of supply, erection and commissioning of the generating equipment for the Malampuzha Small Hydroelectric Project scheduled for commissioning in September 1989, was awarded to Best and Crompton Limited in December 1988 for a total value of Rs 246.14 lakh. Though the firm has completed the supply by March 1992, a dispute arose between them and the Board on the length of penstock pipe required and payment thereon, which delayed the erection work till October 1994.

By May 1996 almost all erection work of machines and panels were over and the machine was put on trial run in May 1996. But the butterfly valve failed to work properly and it could not be rectified so far (March 1999) inspite of repeated efforts. This was reported to be due to defects in design connected with an unfamiliar technology. As the problems could be sorted out only after consultation with their principals in France (Neyrpie), the firm stopped the work in February 1999. As the project could not be commissioned so far (March 1999), the expenditure of Rs 472.83 lakh incurred thereon remained idle and the resultant interest burden (at the rate of 16 *per cent* per annum) amounted to Rs 202.94 lakh up to March 1999.

Inaction on private participation for the project led to idle investment and loss of interest

(iii) The implementation of the Chimony Small Hydroelectric Project (2.5 MW) with an estimated cost of Rs 313.72 lakh was started by the Board directly. Certain works *viz.* construction of permanent dormitory, storage shed, field office, embedding power outlet pipe in the body of the dam, excavation and preliminary works for power house, etc., were completed at a total cost of Rs 77.24 lakh by October 1994. Following the Government decision (October 1994) for private participation, all the work relating to the project were stopped. However, no action for the implementation of the scheme under private participation was initiated till February 1999 when it was again decided to be implemented by the Board directly. This delay of over four years rendered the investment of Rs 77.24 lakh idle with resultant interest loss of Rs 52.52 lakh up to March 1999).

The delay in completion of civil works resulted in idling of investment

(iv) The Maduppatty Small Hydroelectric Project scheduled for commissioning in September 1989 was commissioned in January 1998 only *i.e.*, after a delay of 8 years and 3 months. The Board entered (March 1989) into two contracts with Jyoti Limited, Vadodara, for the design, manufacture, supply and delivery of the generating equipment (Rs 1.20 crore) and for erection and commissioning of the equipment (Rs 8 lakh). Though all the equipment were supplied by January 1993, the erection could not be started

due to non-completion of the civil works. The site was ready only in February 1997, after delay of four years. Due to this delay, the equipment worth Rs 1.46 crore (including excise duty and taxes) already received at site remained idle up to February 1997 causing interest burden of Rs 95.56 lakh.

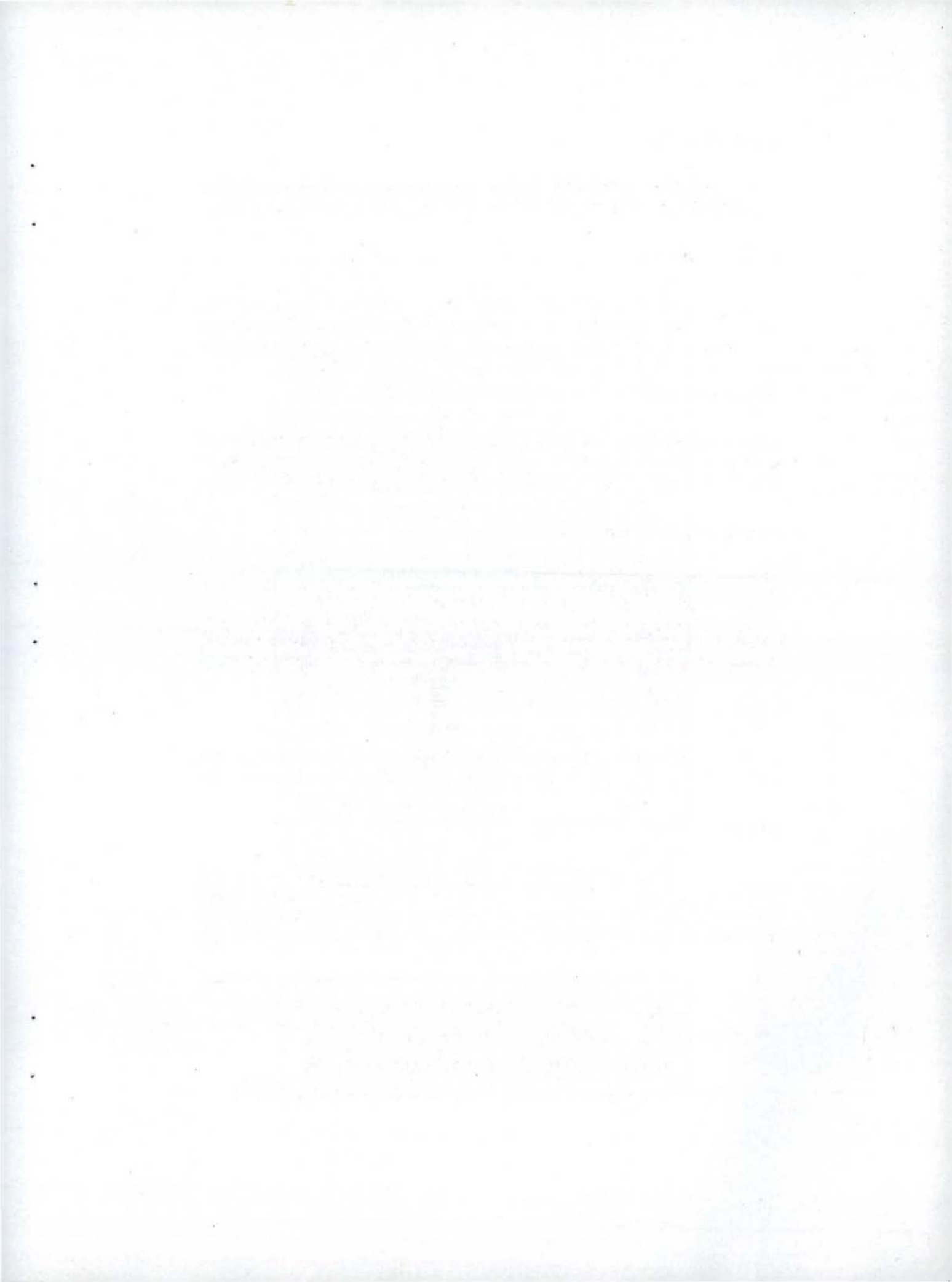
### **Conclusion**

*There were shortfalls in achievement of Physical and Financial targets during the VII Five Year Plan mainly due to cut in Central Plan assistance and abnormal delays in construction and commissioning of various projects intended for augmenting power generation and Transmission and Distribution system. These abnormal delays not only resulted in cost overruns, higher transmission and distribution loss and loss of interest on idle investments but also necessitated import of power at higher rates and forced the Board to make frequent revisions in its tariff. Hence the Board's basic objective of providing power at economical rates and meeting the projected power demand of the State during the VII Plan period remained largely unachieved.*

The above matters were reported to Government/the Board (June 1999); their replies had not been received (July 1999).

**3B** *Kerala State Road Transport Corporation – Accident compensation claims*

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## **KERALA STATE ROAD TRANSPORT CORPORATION – ACCIDENT COMPENSATION CLAIMS**

### *Highlights*

The Kerala State Road Transport Corporation(Corporation) having a fleet strength of 3916 buses, paid an amount of Rs 26.92 crore as compensation in 4853 cases settled by Motor Accidents Claim Tribunal (MACT) during the five years ended 31 March 1999.

*(Paragraph 3B.1)*

The loose internal organisational set-up for conduct of MACT cases affected the proper follow-up of cases and exercise of control over them.

*(Paragraph 3B.5)*

Heavy workload of Standing Counsels and engagement of inexperienced persons as Standing Counsels rendered their performance in defending the cases unsatisfactory leading to several ex-parte awards and/or rejection of Corporation's contention and grant of huge compensation, etc.

*(Paragraphs 3B.5.2. & 3B.5.3.)*

Delay in payment of compensation resulted in payment of interest amounting to Rs 5.60 crore during the last three years up to 1997-98 besides attachment of Corporation buses several times by MACT.

*(Paragraph 3B.6)*

9268 vehicle days were lost due to time taken for accident repairs of 178 vehicles damaged in accidents resulting in loss of potential revenue of Rs 3.05 crore.

*(Paragraph 3B.7)*

The rate of accidents and incidence of compensation in the Corporation were on the higher side compared to those in the neighboring States.

*(Paragraph 3B.8)*

18026 accident  
compensation  
claim cases  
were pending  
with MACT

### 3B.1 Introduction

The Corporation had a fleet strength of 3916 buses as on 31 March 1999. During the five years up to 31 March 1999, its buses were involved in 4853 major accidents. During this period, the Corporation paid an amount of Rs 2692.14 lakh as compensation in 6905 cases (including cases relating to earlier years) settled by MACT. As at the end of March 1999, 18026 cases were pending at various Motor Accidents Claims Tribunals (MACT).

MACT, set up under Section 16 of the Motor Vehicles Act, 1988, adjudicates claims for compensation in respect of accidents involving death or bodily injuries to persons arising out of use of motor vehicles or damages to property of a third party or both. Under Rule 370 of the Kerala Motor Vehicle Rules 1989, it is mandatory for all vehicle owners to have third party insurance. However, the Corporation has been exempted from obtaining such insurance cover as per the orders issued by Government under Section 146 3(c) of the Act, *ibid.* These orders stipulate that the Corporation shall create a separate fund for meeting the payments of accident compensation. The exemption granted has placed added responsibilities on the Corporation for defending the cases in the MACT and making sufficient provision for paying the compensation awarded. However, presumably due to its failure to fulfil the above responsibilities the Corporation has started insuring its Super Class buses with effect from 23 November 1998 and plans to insure other buses also in a phased manner.

### 3B.2 Organisational set-up

The Legal Section headed by the Chief Law Officer and having one Law Officer and four Deputy Law Officers under the overall control of the Executive Director deals with MACT claims. The Claims Section also under the control of the Executive Director headed by an Administrative Officer collects the accident reports from Unit Offices for transmission to Legal Section and on receipt of MACT awards arrange for payment of compensation claims.

### 3B.3 Scope of audit

In view of the large number of accidents in the Corporation and the substantial amount paid as compensation, Audit conducted a review of the efficiency in

the conduct of the cases in the MACT during last five years up to March 1998. The results of the review on the basis of test checks are given in the succeeding paragraphs.

### 3B.4 Cause-wise analysis of accidents

Cause-wise analysis of accidents not maintained

The Corporation had not maintained the cause-wise details of accidents like mechanical failure, human failure and third party fault. It was also not keeping the category-wise (*i.e.*; Fast passenger, Super Fast Passenger and Express buses) consolidated details of buses which were involved in accidents. In the absence of these no analysis could be done of the steps taken to bring down the rate of accidents. However, as per the analysis done by the Police Department, about 99.25 *per cent* of accidents were due to rash driving.

### 3B.5 Procedure for reporting of accidents and follow up of cases in MACT

**The loose internal organisational set-up for conduct of MACT cases affected the proper follow-up of cases and exercise of control over them.**

The unit officer in whose jurisdiction an accident occurs sends a report to Chief Office detailing the nature of accident and details of damages and injuries caused. The unit officer is also required to send copies of Police FIR and other relevant records along with the report. The Claims Section in Chief Office which receives the reports, transfers them to the Legal Section for further necessary action. The Legal Section prepares the draft of the statement to be filed in MACT and sends it to the Corporation's Standing Counsel in MACT. When the MACT award is received the Claims Section authorises payment of the award to the claimants.

The inefficient organisational set-up affected the conduct of cases

Under the present arrangement the responsibility of the unit officer ends with the sending of the report to Chief Office, and that of Claims Section when the cases are transferred to Legal Section. Legal Section's responsibility also ends with the transfer of the cases to the Standing Counsel, who is not an employee of the Corporation but only an advocate engaged for a specific period. The Claim Section was required to maintain a register in the prescribed form containing full details of the accidents, claimants, payment, etc. But, it was noticed in audit that no details of payment were recorded in this register. Similarly the Legal Section was required to maintain a register indicating the different stages of cases. However, as noticed in audit, this register was not maintained. It was, therefore, impossible for the Corporation either to verify

the claims paid/payable or to have any control over them. The very loose internal organisational set-up in the conduct of the MACT cases, thus, made nobody responsible for the proper follow up of cases.

### **3B.5.1 Inadequate Reporting System**

The Corporation did not have even the correct figure of the accidents involving its buses. The table below gives the number of accidents in which police have registered cases against Corporation and the accidents registered as per records available with the Corporation.

Year	Number of accidents registered by Police	Number of accidents as per Corporation records
1995-96	1417	1013
1996-97	1191	824
1997-98	1193	730

Accidents involving the Corporation's buses are to be normally recorded by the unit officer concerned who shall promptly send details to the Chief Office also. But there were instances of the Corporation having to pay compensation for accidents neither noticed nor reported by the unit officers as discussed below:

**Compensation was paid even for unreported accidents**

A claim petition for compensation for an accident on 21 March 1989, allegedly involving bus No. N 482, was referred to the sub depot office, North Paravur calling for the details. The depot office denied any knowledge of such an accident. Ultimately the Corporation had to pay (March 1997) a compensation of Rs 1.85 lakh for the accident. In another case, the Corporation asked for the report of the case from unit office, Pappanamcode, 18 months after the award by MACT Thiruvananthapuram (OP No. MV 1806/93). It was replied by the unit officer that no such accident had been reported. However, the Corporation had to pay Rs 0.50 lakh as compensation in this case.

### **3B.5.2 Appointment of Standing Counsels**

The Corporation does not have any criterion for the appointment of its Standing Counsels. The Managing Director of the Corporation appoints the Standing Counsels from the panel forwarded by the office of the Minister for Transport. In a note put up to Board in November 1995, it was stated that the advocates were being appointed on external pressure and that their performance was totally unsatisfactory.

**Standing Counsels were over-loaded with work**

Insurance companies are the insurers of vehicles other than those owned by the Corporation. Though the cases handled by them are much more than those handled by the Corporation, they restrict the number of cases handled by an advocate to a maximum of one hundred. The Corporation has, however, not placed any such restrictions and the number of cases of the Corporation



handled by a single advocate ranged up to 2063. Though a decision was taken (February 1995) to restrict the number of cases per advocate to 100, this was yet to be implemented (July 1999).

### ***3B.5.3 Deficiencies in the conduct of cases by the Standing Counsels***

The following deficiencies were noticed in the conduct of cases by Standing Counsels:

#### ***i) Failure to appear before MACT on due dates resulting in ex-parte awards***

A test check of the claims decided during the period from 1995-96 to 1997-98 revealed eight cases of ex-parte awards by the MACT in which compensation amounting to Rs 6.39 lakh was granted. These ex-parte awards were given by MACT due to failure of the Standing Counsels to appear for the hearing of the case.

#### ***ii) Failure to file written statements***

The written statement is one of the basic documents upon which the role and liability of the Corporation in an accident is decided. Anything not contained in the written statement cannot be pleaded subsequently during hearing. So the failure to file written statements defeats the cases in the beginning itself.

It was noticed in audit that, a claim petition filed by a party for injury caused in an accident (February 1993) was adjourned three times by the Court for facilitating filing of the written statement by the Corporation. Even then the written statement was not filed and an award of compensation of Rs 3 lakh was ordered by Court. Thereafter the Corporation filed an appeal against the award along with the written statement. When the appeal was taken up (April 1994) for hearing the Corporation's Counsel was not present in Court. As a result the Court did not consider the appeal. The Corporation then filed a review petition after a lapse of more than four years.

It was also noticed in test check that the written statements were not filed in 11 cases in Neyyattinkara MACT alone during the period March 1993 to April 1995. The compensation awarded in these cases ranged from Rs 5500 to Rs 42650 (total Rs 1.63 lakh).

#### ***iii) Failure to adduce documentary evidence to written statements***

The Corporation did not submit the documentary evidence in support of the facts contained in the written statements in most cases. Hence the compensation awarded by the MACT was based solely on the evidence produced by the petitioner.

In one of the cases the Corporation found (March 1993) mechanical defect as the cause of the accident to the bus number TR 779, but this fact was not supported by documentary evidence. Hence MACT held that there was no mechanical defect and attributed the accident to the negligence of the driver and awarded a sum of Rs 7.67 lakh as compensation to the petitioner.

In another case (OP (MV) No. 789/91), the MACT, Pathanamthitta awarded Rs 4.54 lakh as compensation for a fatal accident. It was held that the Corporation's Fast Passenger bus involved in the accident did not have a closed door which resulted in the passenger being thrown out through the open exit when the bus was negotiating a curve. The Corporation's argument that the accident occurred as the passenger was standing near the door was not considered for want of evidence.

*iv) Failure to call for, examine and challenge the documentary evidence submitted by the petitioner*

In one case (OP (MV) 1132/92), the petitioner stated that she sustained injuries while alighting from the bus No. P 94. The depot office reported after two years that the particular bus was not present at the spot at the time of accident. Then the petitioner managed to change the bus No. as P 947 and got the claim (Rs.22500) awarded in her favour from MACT, Thiruvananthapuram. Thus, the Corporation, in spite of having documentary evidence failed to challenge the basic fact regarding time and bus involved in the accident.

*v) Failure to examine/cross examine the witness*

Cross  
examination  
of petitioners  
or witnesses  
not done

During the course of proceedings the tribunal used to consider whether the accident was the result of the negligence of the driver or the victim or both. In the case of contributory negligence the compensation is apportioned between the Corporation driver and the petitioner. But in most of the cases the Corporation's Counsels did not examine the witness or cross examine the petitioners for establishing the facts stated in the written statement so as to minimise the liability of the Corporation.

In OP No.MV 478/92, (MACT, Ottapalam) the depot office reported that the accident occurred wholly due to the carelessness of the petitioner. Though three witnesses were identified to corroborate this fact, they were not brought to the Court to affirm the written statement. Thus, the Corporation became liable to pay Rs 1.14 lakh as compensation.

In another case (OP No.MV 1428/93, Thrissur) involving a Corporation's bus (No.TR 103) and a lorry, victims/petitioner and also eye witnesses contended that both the drivers were responsible for the accident. As the standing counsel failed to establish the fact by examining the witnesses or by cross-examining the petitioners, the entire liability for the compensation of Rs 4.17

lakh was imposed on the Corporation. The counsel for the driver and owner of the lorry and insurance Company were successful in defending the case and thus evaded the liability.

*vi) Failure to apprise the position to MACT*

In one case the MACT, Kalpatta held that the drivers of both the vehicles (Corporation's bus and jeep) were liable for the accident. Therefore, the compensation amount of Rs 2.80 lakh was ordered to be shared equally. When the Corporation's bus was attached (27 October 1995) for non-payment of the compensation, the Corporation paid its share. But the vehicle could be released only on executing a bank guarantee for the balance amount, as the other party (insurer of the jeep) did not pay the amount. Execution of bank guarantee lacked justification, as the Corporation had paid its share and it was not responsible for any inaction on the part of other party. This fact was not properly argued by the Standing Counsel before the MACT.

*vii) Delay in collection of copies of awards*

Section 168(2) of the Motor Vehicles Act, requires the Tribunals to furnish copies of awards within fifteen days. The Corporation's Counsel is supposed to collect them and make available to the Corporation. The time limit for filing an appeal against awards is 90 days. It was noticed that in a number of cases the Counsels of the Corporation had not collected the copies of awards in time and as such the Corporation lost the opportunity to file appeals for review of the awards.

There were abnormal delays in collection of copies of awards.

The Corporation attributed (November 1995) the following reasons for the above deficiencies :

i) The advocates engaged by it were not having adequate experience in conducting MACT cases.

ii) The advocates were engaging inexperienced juniors who were not able to defend the cases properly.

In order to overcome these deficiencies the Board of Directors decided (November 1995) to prepare a panel of efficient and experienced advocates and to appoint standing counsels from this panel. After due publicity, a panel was prepared and this was put up (November 1996) to Board for approval. The Board, however, took the decision to terminate the services of all the then existing Standing Counsels and to appoint new Standing Counsels from the list furnished by the then Minister for Transport. The whole exercise of preparing panel, etc., thus, became futile.

The management informed (July 1999) that strict instructions had been issued to all Standing Counsels to defend the cases effectively.

### 3B.6. Delay in payment of compensation

**Delay in payment of compensation resulted in payment of interest amounting to Rs 559.97 lakh and Court attachment of Corporation buses several times.**

Huge interest paid on delayed compensation payments.

The compensation amount awarded by the MACT has to be paid within one month of date of award failing which the Corporation has to pay interest at the rate of 12 *per cent* per annum. The details of compensation sanctioned and the interest element included therein for the three years ended 31 March 1998 are given below so as to show a magnitude of expenditure in this regard;

Year	Total compensation sanctioned	Interest included in the compensation
	(Rupees in lakh)	
1995-96	508.19	176.55
1996-97	578.33	162.56
1997-98	624.13	220.86

Corporation's buses were attached.

As on 31 March 1998 an amount of Rs 278.99 lakh was outstanding. This included 77 cases relating to periods prior to July 1991. The Corporation does not have any criteria for payment of the compensation. While in some cases payment was made even within six days of MACT award, in some other cases there was delay even up to 116 months. The delay in payment has resulted in attachment by Court of Corporation's buses several times. A test check for the period from 1992-93 to 1997-98 showed seven such cases of attachment of buses for periods ranging from 19 to 48 days leading to a loss of potential revenue ranging from Rs 0.36 lakh to Rs 1.47 lakh. To clear the mounting arrears in this respect Government of Kerala sanctioned (February 1996) a special loan of Rs 200 lakh to the Corporation. Of this, an amount of Rs 47.57 lakh was utilised for payment of compensation till the end of April 1996 and balance amount was diverted for other purposes.

The Management stated (July 1999) that they have since issued guidelines for speedy settlement of claims up to Rs 25000. However, such guidelines for payment of compensation exceeding Rs 25000 are still to be issued.

### 3B.7 Other financial impact of accidents

Besides payment of accident compensation claims, other losses which arose from accidents were as under.

#### i) Damages to vehicles

**The vehicle days lost due to accident repairs in respect of 178 damaged vehicles worked out to 9268 and the resultant loss of potential revenue amounted to Rs 305.33 lakh.**

In the case of accidents involving other vehicles where the responsibility for the accident rests with the drivers of the other vehicle, the cost of damage to the Corporation's vehicles have to be recovered from the owners / insurers of those vehicles.

The following table gives the position of recovery in respect of 22 units (total 57 units) for which details were available;

Year	Amount recovered		Amount pending recovery	
	No. of cases	Amount (Rs. in lakh)	No. of cases	Amount (Rs. in lakh)
Prior to 1995-96	-	-	35	2.75
1995-96	274	2.33	70	12.10
1996-97	294	2.13	60	9.72
1997-98	280	2.43	60	6.01
Total	848	6.89	225	30.58

Poor recovery of cost of damages to vehicles

During the last three years up to 1997-98, the recovery of cost of damages to vehicles was very poor, as Rs 30.58 lakh were pending recovery in 225 cases (including Rs 2.75 lakh in 35 cases relating to years prior to 1995-96).

Accident repairs resulted in loss of revenue.

In the absence of the details of vehicle-wise repair cost incurred vis-à-vis the amount claimed and recovered from the insurers, the loss to the Corporation from damages due to accidents and short compensation claimed could not be assessed. In addition, the Corporation was also incurring loss of revenue due to docking of vehicles involved in accidents for repairs as detailed below:

The vehicles damaged during the accidents were repaired in the workshops of the Corporation. The delay in completing the repairs led to enormous loss of vehicle days and corresponding loss of potential operating revenue.

The vehicle days lost due to accident repairs in respect of 178 damaged vehicles at the Central Workshop, Pappanamcode alone during the period

from 1995-1996 to 1997-1998 worked out to 9268 and the resultant loss of potential revenue amounted to Rs 305.33 lakh reckoned on the basis of average revenue per bus per day of the respective year. This loss was not considered by the Corporation while claiming compensation from the owners/insurers of the vehicles involved in accident with the Corporation's vehicle.

The Management stated (July 1999) that abolition of divisional workshops as an economy measure had resulted in delay in releasing vehicles after accident repairs.

**ii) Expenditure on litigation**

The details of total legal expenses incurred by the Corporation during the five years up to 1997-98 are given below:

	Year	Rs. in lakh
<b>Heavy expenditure on litigation</b>	1993-94	14.37
	1994-95	21.52
	1995-96	28.80
	1996-97	21.50
	1997-98	24.44

The details of expenditure incurred on MACT cases alone were not available. However, in view of the magnitude and volume of MACT cases conducted by the Corporation, it could safely be assumed that the major portion of the legal expenses spent was for MACT cases. This expenditure was also not considered for arriving at the compensation to be claimed by the Corporation from owners/insurers of vehicles involved in accident with Corporation's vehicles.

**3B.8 Rate of accidents and incidence of compensation**

**The rate of accidents and incidence of compensation in the Corporation were on the high side compared to neighbouring States.**

The following table would indicate the high rate of accidents in the Corporation compared to similar Corporations in the neighbouring States viz.; Karnataka State Road Transport Corporation (KnSRTC) and Andhra Pradesh State Road Transport Corporation (APSRTC):

	1994-95	1995-96	1996-97	1997-98
	(Rate of accident per lakh km)			
Corporation	0.40	0.30	0.30	0.20
KnSRTC	0.28	0.25	0.22	0.19
APSRTC	NA	0.19	0.16	0.14

Rate of accidents was higher compared to that of the neighboring States.

While the payment of compensation in the Corporation during the three years ended March 1997 was 1.93, 1.71 and 1.75 *per cent* of the operating income, the corresponding percentage for the three years in respect of Kn.SRTC was only 0.98, 0.93 and 1.19 respectively (the data for subsequent years was not available). This would indicate the high incidence of expenditure in the Corporation towards accident compensation.

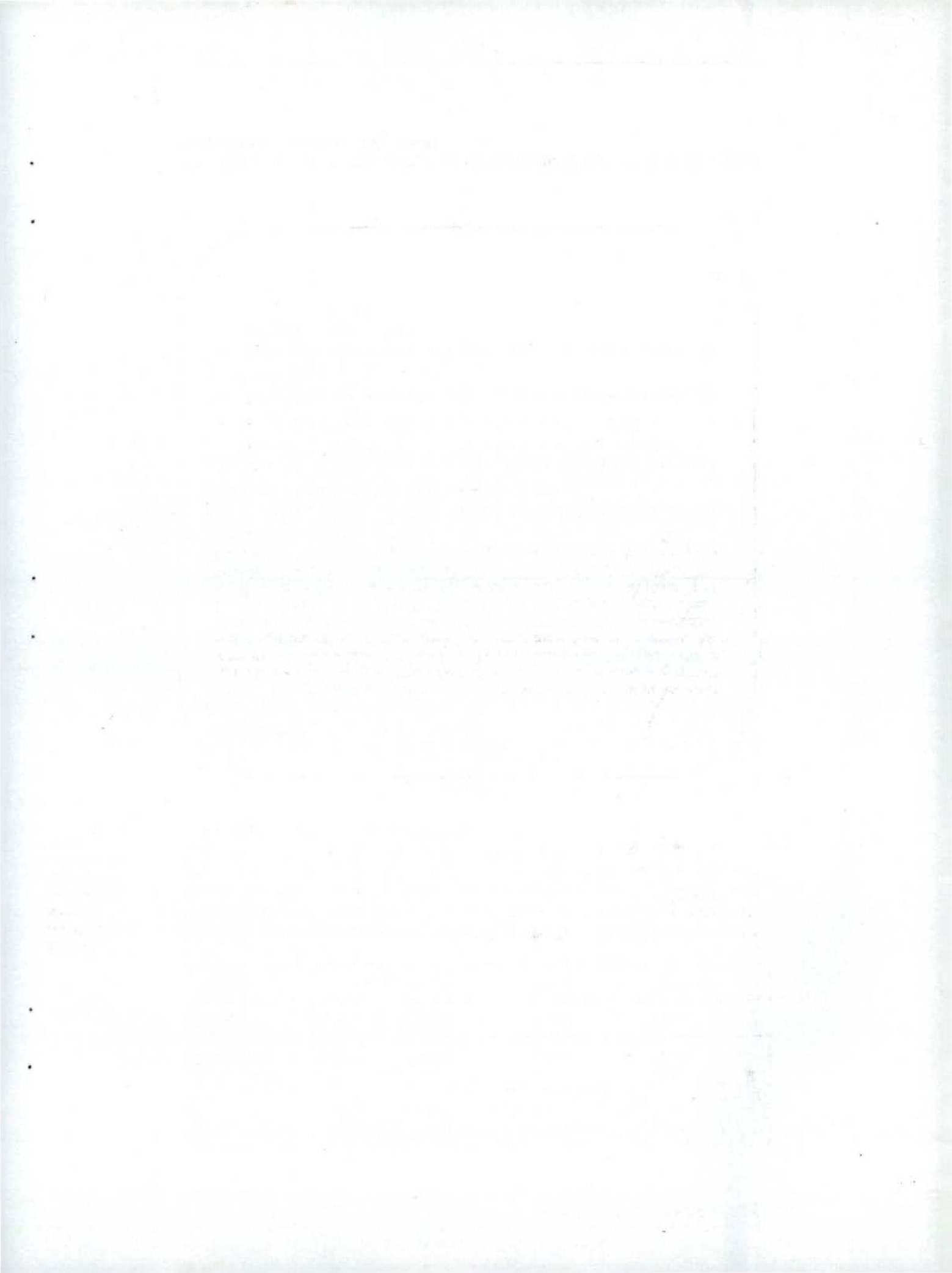
### Conclusion

A large number of buses of the Corporation are involved in accidents year after year as a result of which the Corporation is forced to make payment of huge amounts as accident compensation. In many cases, the Corporation had to make payment of accident compensation claims more than the normally due amounts owing to inexperience of its Standing Counsels and their ineffective handling of cases before MACT. The inefficient and inadequate organisational set-up of the Corporation for handling accident cases also led to payment of interest, imposition of penalties and loss of huge potential revenue. The Corporation has also not made cause-wise analysis of accidents and taken remedial measures to avoid them.

*With a view to improving the situation and reducing accidents, the Corporation need to take following remedial measures:-*

- *Strengthen the appointment procedure of Standing Counsels so as to ensure appointment of senior and experienced advocates as Standing Counsels.*
- *Review and strengthen the working of its Legal and Claims Sections*
- *Take strict action against the officials of the Corporation responsible for accidents.*
- *Make cause-wise analysis of accidents and take necessary action to minimise/ avoid accidents.*

The above matters were reported to Government (May 1999); their replies have not been received (July 1999).





## **CHAPTER IV**

### **MISCELLANEOUS TOPICS OF INTEREST RELATING TO GOVERNMENT COMPANIES AND STATUTORY CORPORATIONS**

- 4.1 Government companies**
- 4.2 Statutory corporations**



*4. Miscellaneous topics of interest relating to Government companies and statutory corporations*

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## MISCELLANEOUS TOPICS OF INTEREST RELATING TO GOVERNMENT COMPANIES AND STATUTORY CORPORATIONS

### GOVERNMENT COMPANIES

#### 4.1.1 Kerala State Poultry Development Corporation Limited

*Nugatory expenditure of Rs 49.74 lakh*

**Taking up of an unviable project for implementation without tying up finance resulted in a nugatory expenditure of Rs 49.74 lakh**

With a view to partially meeting the demand for poultry feed in the State, the Company decided to establish a poultry feed mixing plant with an annual capacity of 0.23 lakh tonnes. Government accorded (May 1993) administrative sanction for the project having a capital outlay of Rs188.15 lakh, of which Rs125.65 lakh was to be raised from financial institutions. The Company received (July 1993-February 1997) a sum of Rs62.50 lakh from the Central (Rs10 lakh) and State (Rs52.50 lakh) Governments as their share for the project.

**The Company incurred an expenditure of Rs 49.74 lakh towards the project cost**

The Company acquired (February 1994) 5.2875 acres of land at Mala in Thrissur district for the Unit at a cost of Rs5.15 lakh and spent Rs8.22 lakh for its development. Besides awarding the civil work in November 1994 for Rs141.22 lakh, it also engaged (February 1996) a firm for installation of the plant and machinery for Rs36.10 lakh on turnkey basis. The firm was paid (April 1996) Rs5.42 lakh as mobilisation advance against bank guarantee for an equal amount. The Company paid Rs 27.95 lakh to the civil contractor in full and final settlement of his claim and also incurred Rs 3 lakh towards miscellaneous expenditure for the project.

**Project was abandoned due to its unviability**

Though the commercial banks had agreed in principle to finance the project, they did not extend any assistance due to unviability of the scheme such as high overhead/labour cost, etc., despite revising (September 1996) the project estimate to Rs217.20 lakh. In the circumstances, the State Government and the Company decided (January/July 1998) to abandon the project due to paucity of funds. Thus, the implementation of an unviable project and without tying up finance from banks resulted in a nugatory expenditure of Rs49.74 lakh.

While admitting the expenditure incurred for the project as a loss, Government stated (June 1999) that it proposed to dispose of the land/building and the actual loss could be determined only thereafter.

#### **4.1.2 The Kerala State Handicapped Persons' Welfare Corporation Limited**

*Loss of Rs 32.81 lakh*

**Purchase of green gram in excess of requirement resulted in a loss of Rs 32.81 lakh**

**Green gram was purchased in excess of requirement**

In pursuance of a Government decision, the Company has been undertaking distribution of rice and green gram to the various projects under Integrated Child Development Schemes at the rates fixed by Government from time to time. As at the end of March 1996, the Company held a stock of 171 tonnes of green gram in various godowns, which was sufficient to meet five months' requirements of the projects. The Company distributed this quantity to the projects between April and September 1996.

The Company without inviting tenders, placed orders (March-April 1996) for supply of a total quantity of 1112 tonnes of green gram from three firms based at Kochi/Alappuzha at a landed cost of Rs 24960 per tonne. This quantity was sufficient to meet 33 months' requirement as against its shelf life of six months. The firms supplied the entire quantity by December 1996. The Company found out (November 1996) that the stock held by it was far in excess of the requirement and returned 128 tonnes to the suppliers. In the meantime, the quality of the item started deteriorating and after removing eight tonnes (cost: Rs 2 lakh) of damaged grains, the Company distributed 813 tonnes to the projects up to January 1998 at the fixed cost of Rs 199.37 lakh. The samples of the grain from various godowns were got tested between August 1997 and July 1998 which revealed that the grain was unfit for human consumption. Hence, the Company disposed of (October 1997/August 1998) 125 tonnes (cost: Rs 31.20 lakh) as cattle feed for Rs 9.87 lakh. The balance quantity of 38 tonnes (cost: Rs 9.48 lakh) was found short. The Company paid Rs 181.49 lakh, out of the landed cost of Rs 245.61 lakh due for the net purchase of 984 tonnes, to the suppliers and the balance amount of Rs 64.12 lakh has not been released pending finalisation of a vigilance enquiry. Thus, the purchase of green gram in bulk without taking into account the shelf life and requirement, led to deterioration in its quality which resulted in a loss of Rs 32.81 lakh.

Government stated (May 1999) that responsibility for the loss sustained by the Company by way of irregular purchase could be fixed only after the finalisation of the vigilance investigation.

### 4.1.3 The Kerala Land Development Corporation Limited

#### *Unauthorised payment of Rs 3.25 crore*

**Unauthorised payments by way of contractor's profit and tender excess resulted in an extra expenditure of Rs 3.25 crore**

The Company undertakes different kinds of works on behalf of various Governmental agencies. The work is got executed through the nominees of the beneficiary committee and payment is arranged by the Company.

Government 's  
instructions  
were  
misinterpreted

Government decided (October 1980) that estimates for the work to be executed through the nominees of the committee with people's participation should not include ten *per cent* contractor's profit as in the case of normal contract work. Further, according to the guidelines of the Government in vogue, tender excess\* was not allowable on the estimates in respect of works executed by the nominees of the committee with people's participation.

A review (February 1998) by Audit of the works executed during 1996-97 and 1997-98 by the nominees revealed that the estimates included ten *per cent* contractor's profit though styled as incidental charges amounting to Rs85.77 lakh in violation of the Government orders. Further it was noticed in Audit that the Thrissur regional office of the Company allowed tender excess ranging from 20 to 48 *per cent* amounting to Rs 239.42 lakh to execute its works during 1996-97 and 1997-98 contrary to the intention of the Government.

Government stated (July 1999) that the incidental charges were included to cover expenses like interest on investments, preliminary organisation expenses, tools, etc. The reply is not tenable, as the intention of the Government to entrust the work to the nominees was to have people's participation without any profit motive and hence the payment by way of incidental charges and tender excess to the nominees of the beneficiary committee had defeated the objective of the Government decision/intention and resulted in unauthorised expenditure to the extent of Rs 3.25 crore.

\* It is a system where tenderers quote a certain percentage plus or minus the estimate to arrive at the competitiveness

#### **4.1.4 Kerala State Electronics Development Corporation Limited**

##### **4.1.4.1 Infructuous expenditure of Rs 125.60 lakh**

**Failure of the Company to provide necessary funds to pay customs duty to clear imported materials resulted in an infructuous expenditure of Rs 125.60 lakh**

**Imported materials were not cleared for want of funds**

The Company had been importing materials for the execution of various projects undertaken from time to time. The payments for the imports were made in foreign exchange by means of letters of credit opened with various banks. But the Company had not cleared certain consignments imported on the ground of financial stringency to pay customs duty. Materials costing Rs 125.60 lakh thus lying uncleared with various customs authorities as on 31 March 1997 were auctioned by them in March 1998. The Company had not received any amount from Customs after the auction. Thus the decision of the Company to import materials without providing adequate funds and without considering the technology updatment resulted in an infructuous expenditure of Rs 125.60 lakh.

The Company stated (March 1999) that materials worth Rs 103.41 lakh were not cleared due to its inability to provide funds for payment of customs duty while those costing Rs 22.19 lakh were not cleared due to major technology changes or discontinuance of production of allied products. Further, according to the Company, there has been no loss due to non-clearance of the materials as it could meet the customers demand with alternative software systems developed by it. Government endorsed (March 1999) the reply of the Company. The reply is not tenable as the Company failed to get anything in return from the imports for which it had already paid for and also because the cost of developing the alternative software systems had not been assessed.

##### **4.1.4.2 Non-realisation of Rs 8.11 lakh**

**Failure to get the cut-off date extended for preferring foreign exchange variation claim, resulted in non-realisation of Rs 8.11 lakh**

The Company secured (April 1988) two orders from Mazagon Dock Limited (MDL) for the supply of transput module enclosures (TME) at a total cost of Rs2.32 crore. All technical clarifications on TME were to be obtained from the Indian Navy. The items were to be supplied by March 1989 on the basis of designs developed by Weapons and System Engineering Establishment, New Delhi (WSEE) and the price included foreign exchange component to a maximum of US \$ 0.33 crore at the exchange rate of Rs13.50 per US \$ with 1



June 1988 as the cut-off date. As per the agreement, any variation in foreign exchange rate was payable only up to the cut-off date.

Claim was not accepted due to abnormal delay in getting the cut-off date extended

While the work was in progress, WSEE redesigned the TME necessitating MDL to extend the delivery period up to April 1990, but the Company did not obtain permission to submit the foreign exchange variation claim beyond the original cut-off date. The Company supplied the item within the extended period. After a lapse of over four years, the Company requested (June 1994) the Navy to extend the original *cut-off date* to March 1990 on account of the design change with a view to enabling it to prefer the variation claim in terms of the purchase orders. In July/August 1996 WSEE/Navy recommended to MDL to allow the Company's claim. Though the Company preferred (September 1996) the variation claim amounting to Rs 8.11 lakh, it had not been accepted by MDL so far (March 1999) on the ground that extension of delivery period did not mean extension of cut-off date. As such, the possibility of realising the claim was remote.

Thus, the failure to get the original "cut-off date" extended while accepting the design change, resulted in non-realisation of Rs 8.11 lakh.

Government stated (December 1998) that the case was still being followed-up by the Company with MDL.

#### **4.1.5 Kerala Forest Development Corporation Limited**

##### **4.1.5.1 Loss of Rs 136.81 lakh**

**Sale of eucalyptus to a firm at prices lower than the notified prices resulted in a loss of Rs 136.81 lakh**

As per the provisions contained in the Kerala Forest Produce (Fixation of Selling Price) Act, 1978 (i) Government shall, before the end of each financial year fix the selling price of every forest produce including eucalyptus for the following financial year; (ii) no forest produce shall be sold by the Government at a price which is less than the selling price so fixed; and (iii) the sale of any forest produce at less than the notified price is violative of the Act and hence null and void. According to the Law Department of Government, the provisions of the Act are equally applicable to the Company.

Eucalyptus was sold at lower prices than the notified prices

(a) It was, however, noticed in Audit that the Company sold 86916 stacked tonnes of eucalyptus to the Western India Plywood Industries Limited (WIPL), Baliapatam, Kannur during the period from 1990-91 to 1994-95 and in 1997-98 at the prices allowed by Government, exclusively for WIPL which

were lower than the notified prices, ranging from Rs 75 to Rs 187.50 per stacked tonne resulting in a loss of Rs 129.32 lakh to the Company.

The Company stated (August 1997/November 1998) that according to its Articles of Association, Government was empowered to issue directions for the conduct of the business and affairs of the Company and the sale of eucalyptus to WIPL at less than the notified prices was as per such directions and that Government had agreed (July 1997) to pay compensation for the loss sustained by the Company on account of supply of eucalyptus to industrial units at subsidised rates.

It was, however, observed in Audit that Government's sanction for payment of subsidy covered sale of eucalyptus to Hindustan Newsprints Limited and Grasim Industries Limited only and not that of WIPL.

**Eucalyptus  
was sold  
disregarding  
Government  
directions**

(b) Government accorded (January 1997) sanction to supply 10000 tonnes of eucalyptus to WIPL during 1996-97 season (April 1996 to March 1997) at the notified price of Rs 840 per stacked tonne. However, as per agreement executed with WIPL, the Company allowed them time up to May 1997 for lifting this quantity. The notified (March 1997) price of eucalyptus for 1997-98 was Rs 915 per stacked tonne. WIPL lifted 9983.705 tonnes of eucalyptus during the period from April to July 1997 out of the total quantity of 11205.535 tonnes allotted paying Rs 840 per stacked tonne as against Rs 915 payable. This has resulted in a revenue loss of Rs 7.49 lakh to the Company.

Thus the sale of a total quantity of 0.97 lakh stacked tonnes of eucalyptus to WIPL during the period from 1990-91 to 1994-95 and in 1997-98 at less than the notified prices resulted in a revenue loss of Rs 136.81 lakh to the Company.

The matter was reported to Government/Company in February 1999; their replies had not been received (July 1999).

#### **4.1.5.2 Loss of Rs 72.78 lakh**

**Abnormal delay in the disposal of wood led to deterioration of its quality resulting in loss of Rs 72.78 lakh**

In 1992, there were about 2300 wind-fallen, top-broken and dead-standing trees in Pachakkanam Cardamom Estate of the Company. The Company estimated the species as 3116.157 cubic metres (cum) softwood and 833.460 cum hardwood and fixed their prices on the basis of Forest Schedule of Rates, 1992 at Rs 82.31 lakh and Rs 42.54 lakh respectively.

The Company invited (April 1993) tenders from manufacturers requiring softwood as raw material, for the sale of 3000 cum softwood including extraction of all wind-fallen trees. Though the highest tender received was ten *per cent* above the schedule of rates, the Company did not consider this offer as it had revised (June 1993) its sales policy which allowed all class of buyers to participate in the tender. This policy was further revised (August 1993) according to which, the extraction of all species of trees would be carried out by forest contractors and the marketing thereof by the Company. In line with its revised sales policy, the Company invited (August 1993) fresh tenders for the extraction and transportation of about 1500-2500 cum of timber. As there was no response to the tender, it was retendered (October 1993) reducing the quantity to 998 cum after eliminating all dead-standing, top-broken and deteriorated trees. The Company did not consider any quotation to this tender also as it wanted to call fresh bid by including all trees which could be economically extracted. Hence, it was tendered (December 1993) again refixing the quantity as 3000 cum. The Company accepted the lowest tender of Rs 892 per cum for the above work with the stipulation that the contract was to be completed by March 1995.

Extra  
expenditure  
due to delay in  
extraction/trans-  
portation of  
wood  
expenditure

The contractor (Trans Trade) did not complete the work even within the extended period of November 1996. Hence, the Company arranged the residual portion of extraction/transportation of 291.201 cum wood departmentally at a cost of Rs1.47 lakh. This cost could not be recovered from the contractor, as there was no enabling clause in the agreement. The Company could get extracted a total of 1353.391 cum soft wood and 377.552 cum hard wood and incurred a total expenditure of Rs 12.07 lakh on the extraction and transportation.

Delay in  
extraction  
led to  
deterioration  
in quality of  
wood

The entire timber was sold for Rs 57.30 lakh (softwood – Rs 37.87 lakh; hard wood – Rs 19.43 lakh) during April 1995 to February 1997. However the girth of timber extracted fell short of the original estimation by 1762.766 cum softwood and 455.908 hard wood, total valued at Rs 72.78 lakh computed at the Forest Schedule of Rates, 1992. This short fall in extraction of timber was mainly due to deterioration in the quality of the timber owing to abnormal delay of over three years in its extraction which had occurred due to frequent changes in Company's sales policy.

The Company stated (March 1998) that only during extraction, the quality of a wind-fallen tree could be correctly estimated and attributed this as the reason for the difference between quantity of timber estimated and that extracted and sold. The reply is not tenable as the short fall in extraction of timber had occurred due to decaying of wood for over three years.

The matter was reported to Government/Company in February 1999; their replies had not been received (July 1999).

#### 4.1.6 The Kerala State Civil Supplies Corporation Limited

##### 4.1.6.1 Loss of Rs 2.76 crore

**Uneconomic purchases of vegetables and lack of control over shortages resulted in an avoidable loss of Rs 2.76 crore**

The basic objective of the Company is to ensure availability of adequate foodstuffs in the State at reasonable prices, which is achieved through its strategy of market intervention. Traditionally prices tend to peak during Onam – Kerala's most important festival, especially in the case of vegetables and the Company makes large-scale intervention by setting up sale centres designated as 'Onam Fair' in all taluk/district headquarters to meet the extra demand and to keep the prices under check. The vegetable sales last for six days only. It was noticed (October-December 1998) in Audit that during the four year period ended December 1998 the Company sustained avoidable losses to the extent of Rs 2.76 crore due to uneconomic purchases and lack of control over shortages as discussed below:

Vegetables were purchased in bulk at rates higher than the local retail prices

(i) The policy of the Company till 1997 was to purchase the requirement of vegetables including banana directly from production centres/leading markets in Kerala, Tamil Nadu and Karnataka by deputing its officials. A comparison of the wholesale and retail prices in Pollachi and Nagercoil (Tamil Nadu) compiled by the Department of Economics and Statistics, Government of Tamil Nadu indicated that the price paid by the Company's officials at Pollachi were higher than the procurement prices paid by Kerala State Horticultural Products Development Corporation Limited (KHPDC) for supply of vegetables in Thiruvananthapuram. This situation had arisen due to the fact that the Company's officials were directed to purchase a fixed quantity from each centre irrespective of the prices, instead of restricting the purchase in costlier markets and diverting the purchases to cheaper markets. Consequently, these officials failed to rearrange purchases which would have enabled a saving of Rs 85.97 lakh (Rs.26.17 lakh-vegetable and Rs 59.80 lakh-banana) during 1995 to 1997 to the Company.

(ii) The entire purchase for 'Onam Fair' 1998 was made through tender system. As the Company was purchasing vegetables in bulk, it should have obtained the most competitive rates. Further, the Company did not ensure the reasonableness or otherwise of the tendered rates with reference to then prevailing market rates. The procurement rates of the Company were higher than the retail-selling prices in Kerala as compiled by the Department of Economics and Statistics and those of KHPDC. Consequently, the Company paid extra price to the extent of Rs 101.90 lakh (vegetable Rs 43.75 lakh and banana Rs 58.15 lakh) when compared to the procurement price of KHPDC during 1998.

Shortages  
resulted in  
avoidable  
loss  
of Rs 0.88

(iii) The action plan of the Company for Onam fair envisaged one *per cent* shortage in transit. All the other losses would be the liability of the Fair Officer. An analysis of shortages of various fairs under each region made by audit indicated that the shortages ranged between one and 26.1 *per cent* during the three years ended 1998. It was observed that shortages under Thiruvananthapuram and Kottayam regions far exceeded those of other regions. Based on the norm of one *per cent* for shortages, the Company had sustained avoidable loss to the extent of Rs 87.86 lakh on shortages over and the above norm.

The Company stated (July 1999) that they were more concerned with uninterrupted supply and cost was not the main consideration. Government also endorsed (July 1999) these views. The reply is not tenable as vegetables and bananas were available at economic prices and the Company could have safeguarded its financial interests.

#### 4.1.6.2 *Extra expenditure of Rs 8.10 lakh*

**Purchase of commodities without considering the market trend and stock in transit resulted in an extra expenditure of Rs 8.10 lakh**

The Company determines the quantity of commodities required for distribution during a period of three months through its retail outlets called Maveli Stores taking into account the preceding three months' total sales and the stock in hand.

The Company invited (January 1997) tenders and placed orders with various firms for the supply of certain pulses and spices on 12 February 1997. The Company placed orders with some of those firms for the supply of additional quantity of some of the items again on 14 February 1997. This was stated to be in view of the precarious stock position of those commodities. The Company received the items by the middle of March 1997.

Commodities  
were purchased  
without  
considering the  
market trend and  
stock in transit

A review of the stock position of the commodities as on 31 January 1997 by Audit, however, revealed that the additional procurement of pulses and spices on 14 February 1997 was not warranted as there was sufficient stock of the items and the procurement prices of the goods showed a declining trend since March 1997. The additional procurement had, therefore, resulted in an extra expenditure of Rs 8.10 lakh as shown below:

Item	Total stock (including stock in transit) as on 31 January 1997	Quantity ordered on 12 February 1997	Total	Total sales during		Quantity ordered on 14 February 1997	Average quoted rates in			Extra expenditure
				Nov. 1996 - Jan. 1997	March-May 1997		January 1997	March 1997	Difference	
1	2	3	4(2+3)	5	6	7	8	9	10(8-9)	11(7x10)
(in tonnes)							(in Rupees)			Rs in lakh
Chilly	343	306	649	482	551	90	28340	23520	4820	4.29
Peas dhal	323	180	503	434	383	100	18310	14960	3350	3.35
Bengal gram (bold)	373	280	653	643	542	100	18430	17970	460	0.46
<b>Total</b>										<b>8.10</b>

The Company stated (April 1999) that stock-in-hand alone was to be considered for the purpose of determining the short-term requirement of any item as stock-in-transit might not ultimately get delivered. As stock includes stock-in-transit also and the requirement of each item was fixed taking into consideration the preceding three months total sales, the reply is not tenable.

The matter was reported to Government in March 1999: their reply had not been received (July 1999).

#### 4.1.6.3 Payment of interest Rs 50.48 lakh

**Failure to file income tax return in the prescribed form resulted in payment of interest amounting to Rs 50.48 lakh**

**Income Tax return was filed without the required annexures and accounts**

The taxable income of the Company for 1987-88 was Rs 520.87 lakh. It had to file income tax return along with the audited statement of accounts before 31 July 1988 under Section 139(1) of the Income Tax Act, 1961. But the Company did not file the return even within the extended period up to December 1988. A return without the required accompanying annexures was however filed in October 1990. Despite further extension of time up to January 1992, the Company furnished only provisional statement of accounts in January 1991. The income tax department did not accept them due to non-fulfilment of the provision of the Act and levied (November 1992) an interest of Rs 50.48 lakh under section 139(8) of the Act. Thus, the failure of the Company to file the return in the prescribed manner even within the extended time resulted in payment of interest of Rs 50.48 lakh.

Government stated (March 1999) that the Company could not file the return before the stipulated period in the absence of audited statement of accounts and its request for waiver of interest was pending with the department. The reply is not tenable as the Company failed to finalise its accounts in time, which was a statutory obligation.

#### **4.1.7 Foam Mattings (India) Limited**

*Avoidable payment of interest of Rs 10.76 lakh*

**Short remittance of advance income tax resulted in payment of interest amounting to Rs 10.76 lakh**

Advance  
income tax  
was paid at  
less than the  
prescribed  
rates

According to Section 208 of the Income Tax Act 1961, the Company was liable to pay advance income tax from the financial years 1994-95 to 1996-97 as it had taxable income in those years. Advance tax on the estimated income of each financial year is payable on quarterly basis at the prescribed rates. As the advance tax paid in each quarter fell short of the proportionate amount due on the basis of returned income and the total payment made fell short of 90 *per cent* of tax due, the Company had to pay a sum of Rs 10.76 lakh towards interest under Sections 234 B and 234 C of the Act for these years.

Government stated (March 1999) that the Company was not fully aware of the provisions of the Act regarding the payment of advance tax and the advance tax paid fell short of the actual amount payable as it was paid on the basis of provisional assessment of profit. As payment of advance tax is a statutory obligation, the Company should have taken appropriate action as per the Act and hence the reply is untenable.

#### **4.1.8 The Kerala Minerals and Metals Limited**

*4.1.8.1 Avoidable payment of Rs 8.85 crore*

**Failure of the Company to incorporate relevant provision in the rehabilitation scheme of BIFR for tax exemption resulted in an avoidable payment of Rs 8.85 crore as income tax.**

The Board for Industrial Finance and Reconstruction (BIFR) declared the Company as a *sick company* in February 1993. Thereafter, BIFR appointed (August 1993) Industrial Development Bank of India (IDBI) as the operating agency to prepare a rehabilitation scheme for the Company taking into account its guidelines, in this respect. One of the guidelines, was exemption from the provision of Section 41 (1) of the Income Tax Act, 1961, under which benefit, if any, received from reduction in the trading liability attracts income tax.

Tax exemption provision was not included in the package

IDBI while preparing the package omitted to include exemption from this provision and forwarded it to the Company for its remarks before finalising the scheme. The Company also failed to notice this omission while furnishing its remarks on other aspects to BIFR in April 1994 or at the time of finalisation of the rehabilitation scheme in June 1994.

Tax was paid on reliefs and concessions

The Company started working profitably from 1993-94 onwards and, it earned a taxable profit of Rs 25.05 crore during 1995-96. This included an amount of Rs 19.24 crore obtained as reliefs and concessions which were chargeable to income tax under Section 41(1) of the Act and the Company paid tax of Rs 8.85 crore thereon between March 1996 and October 1999. Since the tax exemption provision was not incorporated in the draft scheme, the Company's requests (September 1995/1996) for exemption from the payment of income tax was declined by BIFR (December 1996).

Government stated (December 1998) that there was no dearth of attempt on the part of the Company to represent before BIFR and the operating agency to get income tax exemption. The reply is not tenable as the Company failed to take up the issue of granting exemption on income tax with IDBI before finalisation of the rehabilitation scheme.

#### 4.1.8.2 *Payment of interest of Rs 26.92 lakh*

**Failure to appropriate advance payments against current dues resulted in avoidable payment of interest of Rs 26.92 lakh**

Advance payments were not appropriated against current dues

BIFR sanctioned (June 1994) a scheme for the rehabilitation of the Company which envisaged reliefs/concessions from financial institutions and banks. The cut off date for implementation of the scheme was 31 March 1993. The dues to financial institutions and banks after allowance of reliefs/concessions amounted to Rs 143.32 crore, which was to be repaid in instalments scheduled between April 1993 and April 2000. The Company repaid the entire dues by April 1996 because of the improvement in its working from 1993-94 to 1995-96. However it was noticed (November 1995) that during appropriation of payments made, the financial institutions had charged Rs 26.92 lakh towards compound/penal interest. This was due to appropriation of repayments made in advance against future dues (last instalments) instead of crediting them first against the current dues as per normal schedule of repayment. Due to the failure of the Company to effect timely reconciliation/to ascertain appropriation of advance repayments then and there, it could not secure credit against the instalments which fell due immediately leading to avoidable payment of Rs 26.92 lakh by way of compound/penal interest.

Government stated (July 1999) that the financial institution had informed the Company that the appropriations made by them were within the stipulations of the loan agreement and BIFR package. The reply is untenable as no specific



clause regarding the method of appropriation of advance payment of dues was included in the loan agreement/BIFR package.

#### **4.1.9 Kerala Tourism Development Corporation Limited**

*Loss of Rs 45.57 lakh*

**Failure to collect sales tax in respect of cooked food served in beer parlours resulted in a loss of Rs 45.57 lakh**

Sales tax  
was not  
collected in  
respect of  
cooked food

The Company started running exclusive beer bars called *Sabala* Restaurant and Beer Parlours in various parts of the State since April 1990. According to the first schedule of the Kerala General Sales Tax Act 1963, foreign liquor includes beer and sales tax is leviable in respect of food served in bar-attached hotels and restaurants. Although the Company was thus liable to pay sales tax on the sale of cooked food in these parlours, it failed to collect such sales tax during the period from 1990-91 to 1994-95. Its request for waiver of the tax on the ground that tax had not been collected from the customers was turned down by the Government in August 1994. Thus, the non-collection of sales tax on the sale of cooked food amounting to Rs 757.49 lakh in these parlours during the period from 1990-91 to 1994-95, would result in a loss of Rs 45.57 lakh to the Company.

The Company stated (November 1998) that, being a new venture it was not aware of the correct interpretation of law.

The matter was reported to Government in March 1999; their reply had not been received (July 1999).

#### **4.1.10 The Kerala State Cashew Development Corporation Limited**

*4.1.10.1 Loss of Rs 28.59 lakh*

**Failure to collect sales tax on sale of REP licences resulted in a loss of Rs 28.59 lakh**

Under the Kerala General Sales Tax Act, 1963, *goods* means all kinds of movable property other than newspaper, actionable claims, electricity, stocks and shares and securities. Accordingly, import replenishment licences (REP licences) are goods taxable under the Act and tax is leviable at all points of sales in the State. It has been judicially held (May 1996) that REP licences are

goods within the meaning of the Act and the premium or price received by the transferor thereof was liable to sales tax.

**Sales tax was not collected**

Being a registered exporter of cashew kernel, the Company was entitled to import entitlements by way of REP licences to the extent of about ten or eleven *per cent* of the Free on Board (f.o.b.) value of exports till the scheme was abolished in July 1991. The Company used to transfer these licences at a premium. During the period from 1987-88 to 1991-92, the Company sold licences for a premium of Rs 431.89 lakh without collecting sales tax even though the Company had to pay sales tax on the premium. Thus, the failure to collect sale tax in respect of the sale of licences resulted in a loss of Rs 28.59 lakh to the Company.

Government stated (May 1999) that the Company was not able to collect sales tax on premium on REP licencees as other exporters too were not collecting it. Besides the Company opined (December 1998) that if it alone realised tax, it would not have been in a position to transfer them. As REP licences were not freely available the Company's apprehension about its ability to sell them was rather unfounded.

#### **4.1.10.2 Unfruitful expenditure of Rs 9.75 lakh**

**Despite having contract for certification on landed weight and quality of raw nuts with the surveyors, inclusion of provision in contract to approve the quantity/quality by the Company's representative before shipment, rendered foreign tour expenditure of Rs 9.75 lakh unfruitful.**

The Company entered into three contracts with overseas suppliers for the import of 0.17 lakh tonnes of dried raw cashew nuts costing Rs 60 crore at Cochin Port during August 1996, January 1997 and May 1997. According to the contract, the price of nuts was to be based on landed weight and landed quality as certified by the surveyors viz. Societie Generale de Surveillance (SGS). Though this certificate alone was to be considered for any loss sustained by the Company towards shortages in weight and inferior quality of nuts, the contract contained an additional clause to the effect that the quality of the nuts was also to be approved by the Company's representative before shipment. The contract stipulated performance bond (PB) covering two *per cent* of the contract value to be issued by the suppliers for the due fulfilment of contract conditions.

**Provision incorporated in the agreement was unnecessary**

The Company, deputed four of its officials to Abidjan (Ivory Coast) and Guinea-Bissau during the period from 15 October 1996 to 17 November 1997, to approve the quality of the nuts before shipment and incurred an expenditure of Rs 9.75 lakh towards their journey fare and four months' stay in those places. As the imports were made on landed quantity/quality basis, the contract provision to approve the quality of nuts by the representative of

the Company was unnecessary, which rendered the foreign tour expenditure of Rs 9.75 lakh unfruitful.

The Company stated (March/June 1999) that it had since resolved not to send its officials abroad for approving the quality of nuts and decided instead to increase the PB amount to three *per cent*. It was also stated that the decision to send officials abroad as done by private processors, was to reduce the risk of getting inferior quality nuts after opening letter of credit. However as the imports were made on landed quantity/quality basis, the reply is not tenable.

The matter was reported to Government in May 1999; their reply had not been received (July 1999).

#### **4.1.11 Autokast Limited**

*Loss of Rs 13.12 lakh*

**Failure to avail of the export benefit in time resulted in a loss of Rs 13.12 lakh**

**Export benefit was not availed of within the stipulated period**

The Company being a manufacturer-exporter, was eligible to apply for the benefit under Duty Entitlement Pass Book (DEPB) Scheme of Exim Policy 1997-2002. The scheme envisages a credit of eight *per cent* of the f.o.b value of exports to be adjusted against basic duty payable on imports, the claim for which had to be preferred within 180 days from the date of exports. The Company was entitled to a duty credit of Rs 13.12 lakh on the f.o.b value of castings of Rs 163.95 lakh exported between April 1997 and June 1998. The Company however availed of the benefit against the exports made from July 1998 only. As the duty credit was negotiable for value and the time limit for preferring the claim had already expired, the Company was unable to avail of the benefit for the prior period thereby suffering a loss of Rs 13.12 lakh.

Government stated (June 1999) that the Company could not process the claim due to frequent changes in the legislation and non-clarity of the scheme. As the Company had six months' time to prefer claim which was sufficient to obtain the clarifications, the reply is not tenable.

#### **4.1.12 Transformers and Electricals Kerala Limited**

##### **4.1.12.1 Procurement of materials**

The following instances of avoidable payments were noticed (July-December 1998) in procurement of materials by the Company.

##### **4.1.12.1.1 Payment of demurrage of Rs 50.94 lakh**

**Delay in clearance of materials from Port resulted in payment of demurrage of Rs 39.30 lakh besides loss of interest of Rs 50.94 lakh on locked up funds.**

**Materials were cleared on piece meal basis**

The Company imported 1000 tonnes of Cold Rolled Grain Oriented (CRGO) steel at a cost of Rs631.71 lakh which was received at Madras Port in five consignments during the period from March to September 1996. The material was cleared on piecemeal basis and the final lot was cleared in December 1996. The delay in clearance was up to 226 days in certain assignments. As a result of the delay, the Company paid demurrage of Rs 39.30 lakh to port authorities and also suffered loss of interest of Rs 50.94 lakh on locked up funds.

The management stated (June 1999) that the delay in clearance and payment of demurrage was unavoidable due to the critical financial position of the Company.

##### **4.1.12.1.2 Avoidable payment of customs duty of Rs 144.45 lakh**

**Non-utilisation of duty free import facility resulted in payment of customs duty amounting to Rs 144.45 lakh.**

**Duty free import facility was not availed**

Under the Export Import Policy 1992-97 of Government of India, raw materials and components imported for manufacture of goods meant for export and deemed exports were exempt from payment of customs duty. It was noticed that the Company did not plan import of materials meant for manufacturing goods for executing the export/deemed export orders so as to, avail of the benefit of exemption of customs duty. Consequently, it had to make avoidable payment of customs duty amounting to Rs 144.45 lakh.

Particulars	Additional cost due to non-utilisation of duty free import facility (Rs. in lakh)
Andhra Pradesh State Electricity Board (APSEB), Order dated 9.2.1996(deemed export order as the APSEB work was financed by OECF Japan).	54.26
First National Engineering SDWBDA, Malasia, order dated 6.6.1995.	12.15
Perushanumum Lishick Negra, Indonesia, order dated 29.12.1993	17.06
Gujarat Electricity Board (GEB)order dated 5.11.1993(deemed export order as GEB was financed by World Bank)	56.24
Madhya Pradesh State Electricity Board (MPEB)order dated 4.5.1994 deemed export order as MPEB was financed by World Bank)	4.74
<b>Total</b>	<b>144.45</b>

The burden on customs duty became necessary due to:

- (i) non- inclusion of certain items of components in the import licence application.
- (ii) inclusion of quantity at less than what was actually required in the import licence application and
- (iii) import of quantity at less than that in import application which resulted in the use of duty paid material.

#### 4.1.12.2 Execution of orders

**Due to delays in execution of orders for power transformers /gas circuit breakers the Company had to pay liquidated damages of Rs 167.85 lakh.**

Delays in the execution of work orders received from Kerala State Electricity Board (KSEB), Bhakra Beas Management Board (BBMB) and GEB for manufacture and supply of transformers and gas circuit breakers (GCB) during the period from 1994-95 to 1997-98 and consequent payment of liquidated damages were noticed as detailed below:

##### 4.1.12.2.1 Payment of liquidated damages of Rs 167.85 lakh

Delay in delivery led to levy of damages

The products of the Company are tailor made. There were provisions in the agreements for levy of liquidated damages for delayed delivery. The major cases where the Company had paid liquidated damages are tabulated below:

Sl. No	Name of Party	Number of units ordered	Scheduled date of delivery	Actual date of delivery	No. of units delivered	Reasons for delay in delivery	Liquidated damages levied (Rs. in lakh)
1.	KSEB	66.67 MVA transformers 4	31.12.94	31.12.94	1	Stated to be short period for delivery	13.64
		-do- 1	31.10.96	28.1.95 to 31.12.96	4		
2.	KSEB	105 MVA transformers 3	31.12.94	31.12.94	1	Stated to be short period for delivery	58.72
		33.33 MVA transformers 8	31.12.94	31.3.95 to 31.1.97	10		
3.	BBMB	100 MVA Transformer 1	30.5.96	13.2.97	1	Delay in submission and approval of drawings	9.60
4.	GEB	220 KV GCB 40	6.3.96	27.11.96 to 26.3.97	16	Delay in testing equipment	80.43
		66KV GCB 10		30.11.97	34		
5.	KSEB	66.67 MVA transformers 1	29.2.96	4.3.96	1	Delay in taking delivery by KSEB	3.50
6.	KSEB	10 MVA transformers 4	31.3.95	30.6.95	4	Delay in supplying accessories	1.96
		10 MVA transformers 5	31.5.95	31.7.95	5		
<b>Total</b>							<b>167.85</b>

The management stated (June 1999) that the delivery period was so short that no manufacturer in India could have adhered to them. The reply is not tenable as this fact should have been considered before accepting the order and financial interests of the Company safeguarded.

#### 4.1.12.3. Loss due to non-refund of claims of Rs 14.93 lakh

**Delay in preferring claims for refund of central excise duty paid on goods manufactured for deemed exports resulted in loss of Rs 14.93 lakh**

Central Excise Duty (CED) paid on goods manufactured for deemed exports were reimbursed by the Ministry of Commerce, Government of India. However the refund claims were to be presented to the Ministry for reimbursement within six months from the date of payment of invoice. The Company paid CED of Rs 761.50 lakh during the period from April 1993 to March 1997. Of this, the Company failed to prefer the claims for Rs 14.93 lakh within the prescribed time and therefore those were rejected by the Ministry resulting in a loss to that extent.

**Refund claims were not preferred within the time limit**

#### 4.1.13 Kerala State Industrial Enterprises Limited

##### *Loss of interest of Rs 26 lakh*

**Government direction to transfer Air Cargo Complex resulted in a loss of interest of Rs 26 lakh to the Company.**

The Company has been running an Air Cargo Complex attached to Thiruvananthapuram airport since 1979. Government of India decided to elevate the airport to international status with effect from April 1991. Meanwhile, the International Airports Authority of India (IAAI), as part of its airport development activities, suggested (February 1991) to the Company to transfer the Complex to it, in view of the provisions in the International Airports Authority of India Act, 1971 to this effect. A joint meeting of the representatives of Government, IAAI and the Company was held in April 1991, in which the State Government directed the Company to transfer the Complex to IAAI. IAAI agreed to reimburse salaries and other expenses of employees of the Complex to the Company, until they were absorbed in IAAI after discussion with the Company and take all steps for the expansion of the Complex. IAAI also agreed to take all possible steps to expand and modernise the Complex to cope up with the additional requirements of the airport. However the Company did not safeguard its interest for ensuring any return on investment.

Accordingly, the Company transferred the custodianship of the Complex to IAAI on 9 April 1991. Government, however, got the custodianship retransferred to the Company on 30 September 1993 on the ground that IAAI failed to fulfil its assurances given at the time of taking over of the Complex. Out of the total revenue of Rs 175.14 lakh earned by the Complex during the custodianship of IAAI, a sum of Rs 30.97 lakh alone, being salaries and expenses of employees was reimbursed to the Company.

It was observed in Audit that there was no statutory restriction on the Company to run the Complex in the airport, even after it was elevated to international status. Thus, the transfer of the Complex along with land, building, etc. valued at around Rs 60 lakh to IAAI without any statutory requirement and without obtaining any commitment to either make good the loss of revenue or any return on the investment in the event of non-fulfilling the obligations by IAAI resulted in a loss of interest amounting to Rs 26 lakh computed at 18 *per cent* on the investment for the period from April 1991 to September 1993

**Air-Cargo  
Complex was  
transferred  
without  
considering  
Company's  
interest**

The Company stated (October 1998) that there was no loss of revenue to the Company in the transfer as the custodianship of Complex rested with IAAI. Government was of the opinion (April 1999) that by transferring the Complex,

more investment from IAAI would have come in that field and more employment opportunities would also have been created. The replies are not tenable as the transfer was effected without obtaining any firm commitment from IAAI either to make good the loss of revenue or make any return on the investment of the Company.

#### **4.1.14 Kerala State Industrial Development Corporation Limited**

*Loss of Rs 25.38 lakh*

**Failure of the Company to realise minimum quoted price on disinvestment resulted in a loss of Rs 25.38 lakh**

**Shares were  
sold below  
minimum  
quoted price**

The Company decided (April 1994) to disinvest 80560 shares held by it in Binani Zinc Limited (BZL). According to the policy followed by the Company, shares were to be repurchased by the co-promoters at the highest of (i) book value; or (ii) market value in the case of quoted shares; or (iii) interest added value. As there was no promotional agreement with the co-promoters of BZL, and the shares were listed in the stock exchanges, the Company was at liberty to sell the shares in the market. But consistent with its policy of giving the first right of purchase or refusal to the co-promoters, the Company offered (April 1994) the shares to the co-promoters of BZL. After negotiations with the co-promoters, the sale price of the shares was fixed at Rs 1568.50 per share-cum-dividend for the year 1993-94. The price had been arrived at by adopting the mean of the average price quoted for the shares in the Bombay (Rs.1631) and Calcutta (Rs.1506) Stock Exchanges for the period from January 1994 to April 1994. The Company sold the entire holdings in BZL to the nominees of the co-promoters by realising a sum of Rs 1263.58 lakh. The disinvestment of the shares at the negotiated price, which was less than the minimum price of Rs 1600 per share quoted in the Bombay Stock Exchange during April 1994, resulted in a loss of Rs 25.38 lakh.

The Company stated (November 1998) that by fixing the price at the four months' quoted average prices prevailed in the stock exchanges as against six months average prices as stipulated by Securities and Exchange Board of India (SEBI), it was able to get a higher price. It was, however, observed (December 1998) in Audit that the six months' average price stipulated by SEBI was applicable to purchase of shares from open market and not for sales. As regards sale of shares, SEBI had stipulated that public financial institutions should not sell shares of any Company held by it before inviting open bids and evaluating them. The loss could have been avoided if the shares were sold to the highest bidder after inviting open bids by following the regulations of SEBI in this respect as applicable to a public financial institution when there was no promotional agreement with BZL.



Government stated (May 1999) that a vigilance case had been registered and the investigation was in progress.

#### **4.1.15 Malabar Cements Limited**

##### **4.1.15.1 Extra expenditure of Rs 16.53 lakh**

**Movement of coal from a more distant colliery resulted in an extra expenditure of Rs 16.53 lakh towards transportation.**

The Company procures coal from Singareni Collieries Company Limited, Khammam District, Andhra Pradesh (SCCL) and Western Coalfields Limited, Chandrapur, Maharashtra (WCL) based on the allotment made to various cement plants by the Standing Linkage Committee, on a quarterly basis. The Company appoints a liaison agent on an yearly basis for each of these two collieries, who among other things, has to ensure weighment of wagons to avoid shortage of coal. SCCL and WCL are located about 1300 km and 1400 km away respectively from the cement plant of the Company at Walayar.

Coal was not lifted from nearby colliery

During the period from January to May 1997 and in February 1998, although there was an allotment of 22600 tonnes of coal from SCCL, the Company lifted 19892.49 tonnes of coal from WCL. If the coal was moved from SCCL, which was comparatively nearer, the Company could have avoided the extra transportation cost amounting to Rs 16.53 lakh for an additional distance of 100 km.

Government stated (March 1999) that the Company preferred WCL to SCCL in view of better quality of coal and avoiding losses arising from shortage of coal in transit. An analysis of coal purchased by the Company in 1996 and 1997 from both the collieries revealed that the grade of the coal was more or less same. The payment for coal was made on the basis of RR weight and penalty was recoverable from the liaison agent for shortage of coal in transit. Hence, the reply is not tenable.

##### **4.1.15.2 Loss of Rs 13.26 lakh**

**Payment of bonus for the supply of superior quality of coal not contemplated in the contracts with the liaison agents resulted in a loss of Rs 13.26 lakh.**

The Company had liaison/service agents with a view to ensuring expeditious despatch of the allotted quantity and quality of coal of different grades from WCL on payment of service charges. The price is determined by WCL depending upon the grade of coal, which is linked to the ash content present therein. According to the terms and conditions of the contract with the agent

for the year 1996 for C or D grade coal normally having an ash content up to 32 per cent, they were eligible for bonus at Rs15 per tonne for every percentage of decrease below 32 per cent. The rate of bonus for 1997 was fixed at Rs 10 per tonne for every percentage of decrease when the ash content was between 30 and 32 per cent and also at Rs15 per tonne if the ash content was below 30 per cent. The Company fixed the criteria for the bonus taking into account the notification of WCL in this regard.

Bonus was paid for superior grade of coal not contemplated in the contract

A review by Audit (May 1998) of the payment of bonus for 1996 and 1997 revealed that the Company paid Rs13.26 lakh to the agents as bonus for the despatch of 31532.95 tonnes of BC or BD grade coal, which were superior than C or D grade coal. As the bonus was restricted to the supply of C or D grade coal only and was not applicable to any superior grade, the payment has resulted in a loss of Rs13.26 lakh to the Company.

The Company stated (April 1999) that the variation in ash content of coal actually supplied from that of the lower grade was nominal and therefore proposed to effect a pro-rata recovery of Rs 0.75 lakh from the agents. Government stated (June 1999) that the contract contained a clause which enabled the Company to pay bonus for any grade of coal other than C or D after discussion with the contractor. The Company had not discussed the bonus formula on this matter with the contractors before making payment. As it had paid higher rate for the superior grade coal, the payment of the bonus in addition reckoning the bonus formula applicable to the lower grade coal lacked justification.

#### 4.1.16 Steel Industrials Kerala Limited

##### Loss of Rs 11.32 lakh

Purchase of scrap from the open market for conversion beyond the terms and conditions of the agreement with KWA resulted in a loss of Rs 11.32 lakh.

There was no provision in the agreement for purchase of scrap from outside

The foundry unit of the Company executed (February 1989) an agreement with Kerala Water Authority (KWA) for the conversion of scrap supplied by the latter, into cast iron specials to be delivered to it by getting conversion charges fixed from time to time. The contract was renewed every year on the same terms and conditions up to March 1996, when it was changed into a cost based one, as KWA had not supplied sufficient quantity of scrap. During the period from February 1989 to March 1996, KWA supplied 2658 tonnes of scrap for conversion whereas the castings delivered to it, was 2504 tonnes equivalent to 2946 tonnes of scrap. The Company met the shortfall in the supply of scrap by KWA by resorting to the purchase of 288 tonnes from open market at a cost of Rs 23.02 lakh. As KWA did not make up for the short supplies, the Company preferred (January 1997) a claim towards the cost of

scrap purchased, against which KWA paid (March 1997) Rs 11.70 lakh only and the balance was written off by the Company. Thus, the purchase of scrap from outside not contemplated in the agreement with KWA resulted in a loss of Rs 11.32 lakh to the Company.

The Company stated (February 1999) that such a settlement was arrived at to get the continued patronage of KWA, which was essential for the survival of its foundry unit. Government stated (June 1999) that though the Company approached KWA for a cost based contract on various occasions, such a proposition was not accepted by KWA. As the Company had approached KWA in August 1995 only and there was shortfall in the supplies of scrap even from the very beginning, the agreement could have been changed into a cost based contract in 1989 itself to avoid the loss to the Company, the reply was not tenable.

#### **4.1.17 The State Farming Corporation of Kerala Limited**

*Loss of Rs 6.24 lakh*

**The Company had to sustain loss of Rs 6.24 lakh due to failure to protect its interest on conversion realisation of crumb rubber**

The Company could not get prospective buyers for the sale of about 400 tonnes of the field coagulam (scrap rubber) produced in various estates till March 1996. In view of the declining trend in the market, the Company decided (May 1996) to convert the scrap rubber into crumb rubber. The work was entrusted to Ponmudi Rubbers (P) Limited, Thiruvananthapuram, without inviting tenders. The agreement entered into (May 1996) with the firm for conversion of about 400 tonnes of scrap rubber into crumb rubber contained stipulation to the effect that the firm would not be responsible for the quantity to be realised while converting the scrap rubber into crumb rubber or its quality. Besides, the contract also provided for the payment of processing charges, mobilisation advance, loading and unloading charges. The Company delivered 413 tonnes of scrap during May to November 1996. The Company also forwarded (September 1996) samples of scrap collected to the Rubber Board to determine the percentage of Dry Rubber Content (DRC) present in them. Based on its analysis report, the realisable percentage of DRC as worked out by the Company was 72.4. As against 299 tonnes of crumb which the Company ought to have received, the firm supplied 283 tonnes of crumb rubber only representing 68.5 per cent of DRC, resulting in short supply of 16 tonnes. By non-invitation of tenders for the conversion and acceding to the firm's stipulation that it would not be responsible for conversion realisation, the Company had not protected its interest. In the result, it sustained a loss of Rs 6.24 lakh computed at the selling price of Rs 0.39 lakh on the short supply of 16 tonnes.

Conversion work was entrusted without inviting tenders and without protecting Company's interest

Government stated (July 1999) that the DRC percentage of 72.4 was not reasonable as this was worked out from the representative samples collected (September 1996) from the then available stock in the estates. The reply is not tenable as the Company had itself worked out the realisable percentage of DRC.

## 4.2 STATUTORY CORPORATIONS

### 4.2.1 KERALA STATE ELECTRICITY BOARD

#### 4.2.1.1 Outstanding dues

**While on one hand the Board could not liquidate its outstanding dues owing to paucity of funds, on the other hand its scarce funds remained locked up in idle investments.**

1. The dues against the Board on account of purchase of power, supplies and works, electricity duty, staff related expenditure etc. amounted to Rs 980.86 crore as on 31 March 1998. The break-up of the dues is as follows:

Particulars	Amount (Rs. in crore)
Purchase of power	124.34
Capital supplies and works	180.08
O & M supplies and works	91.84
Electricity duty and other levies payable to Government	253.79
Staff related liabilities	18.44
Others	312.37
<b>Total</b>	<b>980.86</b>

An analysis of the dues revealed the following:

#### (a) Purchase of power

(i) The Board has been purchasing power mainly from National Thermal Power Corporation Limited (NTPC), Nuclear Power Corporation Limited (NPC), Neyveli Lignite Corporation (NLC) and also paying wheeling charges to Tamil Nadu Electricity Board (TNEB) and Madhya Pradesh Electricity Board (MPEB) for using their grid for wheeling the power purchased from the above undertakings. The age-wise details of the outstanding dues of Rs 124.34 crore to these undertakings as on 31 March 1998 were as follows:

Year	NTPC	NPC	NLC	TNEB	MPEB	Total
	(Purchase of power)			(wheeling charges)		
	(Rupees in crore)					
Prior to 1994-95	-	-	12.80	0.37	-	13.17
1994-95	-	-	21.24	0.69	-	21.93
1995-96	-	-	21.30	3.83	-	25.13
1996-97	-	17.09	5.83	2.26	-	25.18
1997-98	27.01	2.65	3.82	5.30	0.15	38.93
<b>Total</b>	<b>27.01</b>	<b>19.74</b>	<b>64.99</b>	<b>12.45</b>	<b>0.15</b>	<b>124.34</b>

The Board has opened Letters of Credit with Banks for making payment of current power purchase bills of NTPC, NPC and NLC. However payment of supplementary claims is not covered by Letters of Credit.

Dues as per reconciliation statement exceeded the amount as per accounts

(ii) As against Rs 27.01 crore payable to NTPC as per accounts, the dues pending on that date according to the reconciliation statement mutually agreed by the NTPC and Board were Rs 38.92 crore. The difference of Rs 11.91 crore was mainly on account of non-inclusion of debit notes for incentive, advance tax and water cess raised by NTPC, pending verification of the claims.

Dues were not cleared due to paucity of funds

(iii) Dues amounting to Rs 64.99 crore and Rs 12.45 crore of NLC and TNEB respectively included dues pertaining to the periods prior to 1994-95. The main reason for non-payment of these old dues were stated to be paucity of funds and non-payment of the Board's counter claim for wheeling charges amounting to Rs 12 crore by TNEB.

Dues were not reconciled.

(iv) Since no reconciliation was done in respect of the dues outstanding the other undertakings (NPC, NLC & TNEB), the correctness of the amounts outstanding could not be ensured.

Suppliers have claimed surcharge for delayed payment.

(v) Surcharge for delayed payment of dues claimed by NLC and NTPC for the period up to March 1998 but not admitted by the Board amounted to Rs 58.89 crore in respect of NLC and Rs 16.13 crore in respect of NTPC.

Central Government deducted dues to CPSUs from Plan assistance

(vi) It was observed that as the Board was not prompt in paying the dues to Central Public Sector Undertakings (CPSUs) towards purchase of power, the Central Government has deducted an amount of Rs 84.63 crore during the period from 1994-95 and 1997-98 from central plan assistance to the State Government thus depriving the State of its due share of central assistance. The State Government in turn adjusted these amounts from the annual budget allocation to the Board, which has affected the ways and means position of the Board.

**(b) Supplies and works (Capital and O&M)**

Party-wise/age-wise details of dues were not maintained

The year-wise and party-wise details of dues of Rs 271.92 crore payable towards supplies and works (Capital and O&M) were not available. A test check of five units of the Board in May 1999 showed that none of the units had maintained the sub ledgers in this regard properly with the result that the party-wise details of the dues and the year of pendency could not be ascertained. Further it was noticed that there were some items without any details or showing huge debit balances which indicated absence of periodical reconciliation to rectify the mistakes. (Regional Stores Aluva)

**(c) Electricity duty and other levies payable to Government**

Electricity duty collected was diverted for other purposes

1. The amount of Rs 253.79 crore outstanding towards Electricity duty as on 31 March 1998 related to the period from 1995-96 to 1997-98. The Board did not remit the electricity duty collected to the Government but diverted it for other purposes. The amount payable was adjusted by Government out of funds sanctioned to the Board. An amount of Rs 215.20 crore was adjusted in this manner by Government during the period from 1994-95 to 1997-98.

2. For timely liquidation of liabilities an efficient system of working capital management is a pre-requisite. A review of the performance of the Board in this regard for a period of five years up to 1998-99, however, showed that the Board did not have an efficient system of cash/fund management as can be seen from the following.

**a) Delay in transfer of funds to the central collection account.**

The Board has a standing arrangement with the State Bank of Travancore for receipt and transfer of funds from each branch of the bank where the sale proceeds of the energy collected from the consumers are remitted by the units of the Board. According to the provisions in the agreement, the balance in various collection accounts at the end of each day's transactions should be transferred to the central collection account maintained in the Board's Administrative Complex Branch, Thiruvananthapuram, the next day morning, positively. Funds above Rs 25000 were to be transferred by telegraphic transfer and funds below Rs 25000 by way of mail transfer at Board's cost.

There were delays in transfer of funds from units to Head Office

But it was noticed that there was abnormal and unjustifiable delay varying from 11 to 1553 days in the transfer of funds ranging from Rs 0.23 lakh to Rs 11.61 lakh during the period from March 1994 to May 1998, as a result of which the Board not only suffered an interest loss of Rs 0.61 crore but could also not utilise the funds for working capital requirements.

*b) Delay in transfer of funds from current account to cash credit account.*

All funds received in the collection account should be transferred to the current account from which payments are effected and any deficiency would be met from cash credit account. Surplus funds are not permitted to be retained in the current account and are utilised to repay the liability in cash credit account, if any.

Interest loss  
was incurred  
due to non-  
transfer of funds  
from current  
account to cash  
credit account

A scrutiny of cash credit account vis-à-vis the balance in current accounts of the Board in Bank of India and Canara Bank branches at Thiruvananthapuram revealed that the transfer of funds was not being effected promptly with the result that large amounts were retained in current accounts without fetching any interest while the interest liability in respect of cash credit account increased due to non-clearance of dues. It was seen that funds varying from Rs 4.15 lakh to Rs 244.03 lakh were kept in the current account in Bank of India for periods ranging from 6 to 11 days during April 1997 to October 1998. Similarly, balances varying from Rs 7.79 lakh to Rs 116.24 lakh were kept in Canara Bank for periods ranging from 1 day to 52 days during April 1996 to December 1998. The loss of interest suffered by the Board due to non-transfer of funds to cash credit account worked out to Rs 1.46 crore.

*(c) Idle investment in small Hydroelectric Project.*

Investment  
in small  
Hydro-  
electric  
projects  
remained  
idle

In line with the Government decision to permit private agencies to implement power generation projects in the State, the Board decided to entrust the Anakayam Small Hydroelectric project along with 11 other small projects to a private agency viz., Idle Projects Services Private Limited, Kochi. According to the agreement entered into (June 1993) with the agency, the cost of investigation, preparation of project report and allied work, if any, carried out by the Board should be reimbursed by the agency to the Board. Eventhough the agreement had stipulated that the agency should furnish within six months of signing the agreement, a programme of construction for completing the project within a reasonable time, it did not take up the work even after four years and, hence, the agreement was cancelled in August 1997. An amount of Rs 80 lakh spent by the Board on the project has, therefore, been rendered idle. The loss of interest calculated at 20 percent payable on cash credit works out to Rs 0.80 crore for a period of five years up to March 1999.

It may therefore be seen that absence of proper fund management resulted in locking up of scarce funds and loss of interest. Consequently, the Board could not liquidate its outstanding dues in time and had to pay surcharge and bear other penalties levied by the creditors and Central Government.

The matter was reported to Government/the Board in June 1999; their replies have not been received.(July 1999).

**4.2.1.2 Extra expenditure of Rs 37.26 lakh in the implementation of 15 point programme**

**Despite emphasis in the fifteen point programme on improvement of power supply in the Northern region of the State, the Board could neither achieve the targets fixed for construction of lines/transformers nor increase power connections and connected load.**

The Fifteen Point Programme of the Government of Kerala launched during July 1995 envisaged, *inter alia*, improvement of power supply in the State especially in the Malabar area i.e., Northern region of the State. A programme for construction of 1500 km 11 KV lines and installation of 2000 distribution transformers in addition to the normal targets for such works for the year 1995-96, was accordingly drawn up by the Board for implementation during the period from July 1995 to March 1996. For this purpose Government had also released (August/October 1995 and February 1996) Rs 52 crore.

**There was shortfall in achievement of targets.**

With a view to laying special emphasis on transmission and voltage improvement in Malabar area, the Board fixed a target of 1000 km of 11 KV lines and 1500 transformers for the northern region as against 500 km of 11 KV lines and 500 transformers for the southern region of the State. But the achievement in respect of construction of 11 KV lines and installation of transformers was only 34 *per cent* (342.4 km) and 68 *per cent* (1018 numbers) respectively in the northern region as against 88 *per cent* (443.8 km) and 100 *per cent* (500 numbers) in the southern region. The reasons for non-achievement of targets were neither on record nor furnished to Audit.

**Rates for local purchases exceeded the central purchase rates.**

In order to avoid delay in completion of the works due to shortage of materials, the Deputy Chief Engineers were empowered to make local purchases, if necessary, relaxing the annual ceiling for such purchases. A test check of records pertaining to the electrical circles of Thiruvananthapuram, Kollam, Kottarakara, Thrissur and Kozhikode revealed that the rates for local purchases in some cases exceeded the rates for the same items as per purchase orders placed centrally by the Chief Engineer (Materials Management). The extra expenditure incurred by the Board in this regard amounted to Rs 37.26 lakh.

The execution of the programme did not result in any additional benefit to the Board as there was a sharp decline in release of additional power connections and connected load during the year 1996-97 as compared to the preceding two years. As the accounts for the works under the programme were not kept separately the quantum of expenditure incurred thereof was not available.

The above matter were reported to Government/Board (May 1999), their replies have not been received (July 1999).



#### 4.2.1.3 Avoidable loss of Rs 28.22 crore

**Import of power at higher rate without assessing the actual requirement resulted in avoidable loss of Rs 28.22 crore.**

Power purchase agreement was signed without assessing requirement

In order to sustain the normal availability of power in the wake of lifting of 30 per cent cut on High Tension (HT) and Extra High Tension (EHT) consumers, the Board entered into (14 January 1998) an agreement with NTPC for the purchase of 100 MW of power per day from Eastern Region Electricity Board (EREB) at a landed cost of Rs 2.82 per unit. The State Government issued orders fixing the per unit price of EREB power on a no-profit-no-loss basis at Rs 3.20 plus duty and surcharge. It was only after entering into the contract that the Board intimated (25 January 1998) the HT and EHT consumers through a press release that the power cut to the extent of 30 per cent would be lifted by supplying the EREB power, which was priced at higher rates. They were also given the option not to avail of this facility subject to the condition that they should restrict the consumption to 70 per cent of the base average. Their requirements were to be communicated by the consumers before 31 January 1998. Out of the total number of 36 EHT, 1586 HT and Deemed HT consumers; 21 EHT, 77 HT and Deemed HT consumers intimated (31 January 1998) that they did not require EREB power priced at higher rate. In the meantime the Board started availing of power from NTPC with effect from 1 February 1998, according to the contract.

Bulk of imported power was sold at lower rates

During the period from February to July 1998, the Board purchased a total quantity of 327.82 Million Units MU of energy from EREB. Out of this only 155.74 MU could be sold at the rate of Rs 3.20 per unit fixed, the total revenue realised being Rs 49.84 crore. The remaining 172.08 MU had to be sold at the general average rate of Rs 1.18 per unit. The loss on account of this worked out to Rs 28.22 crore.

Though the deliberations for purchase of power from EREB started as early as July 1997, no effort was made by the Board in the intervening period to ascertain the requirement of consumers by obtaining commitments from them before lifting the power cut. As a result, only 47.5 per cent of the energy purchased at the higher rate could be sold on no-profit-no-loss basis. Thus the failure to assess the requirement before finalising the import of power resulted in avoidable loss of Rs 28.22 crore.

The matter was reported to Government/the Board in May 1999; their replies had not been received (July 1999).

#### 4.2.1.4 Excess payment of Rs 2.05 crore

**Incorrect application of method of calculation for working out escalation resulted in excess payment of Rs 2.05 crore.**

**Delay on the part of the Board led to revision in rates**

The Board entered into a contract (February 1990) with T.O Abraham & Company for the work of trimming surge shaft, concrete lining to the surge shaft and pressure shaft and allied works of the Kakkad Hydroelectric Project. The work was to be completed by February 1991, which was subsequently extended to December 1995 to suit the revisions made by the Board due to technical reasons. As a result of the delay on the part of the Board, the contractor requested for enhancement in rates on the ground that there were revisions in PWD schedule of rates in 1990 and 1992. The enhancement claimed by the contractor was sanctioned by the Board considering the delay which was not attributable to him and the absence of escalation clause in the contract. According to the orders issued by the Board, the contractor was to be given 45 *per cent* enhancement over the quoted rates on all works carried out from 19 February 1991 (date of original completion) up to 31 August 1992 and a further increase of 35 *per cent* on the above rates (i.e., 50.75 *per cent* over the quoted rate) from 1 September 1992 till agreed date of completion.

**Incorrect application of order led to further undue benefit to the contractor**

However, while making payments to the contractor (against CC Bills X to XVI, submitted up to the end of March 1995), relating to work done after 1 September 1992, the Board paid at the rate of 195.75 *per cent* of the quoted rate instead of at the rate of 150.75 *per cent*. This resulted in double payment of the 45 *per cent* enhancement for the work carried out from 1 September 1992 to 31 March 1995 leading to an excess payment to the contractor amounting to Rs 181.33 lakh. The inclusion of this excess payment for the purpose of computing compensation payable to the contractor towards K' value (a factor used for compensation for increase in labour cost), resulted in a further excess payment of Rs 23.91 lakh up to March 1995.

**Delay in arranging work and incorrect application of rates led to over payment**

Thus the delay on the part of the Board in arranging the work and the wrong method of calculation adopted for determining the enhancement in rates resulted in an avoidable total excess payment of Rs 205.24 lakh to the contractor. On being pointed out by Audit, it was stated by the Board (July 1998) that a commission of enquiry had been constituted to scrutinize the entire issue. However, it was noted that the terms of reference of the commission of enquiry did not contain any specific reference to the above contract.

The matter was reported to Government/the Board in May 1999; their replies had not been received (July 1999).

#### 4.2.1.5 Extra expenditure of Rs 59.84 lakh

**Non-lifting of cement within the validity period resulted in extra expenditure of Rs 59.84 lakh**

Full delivery of ordered quantity was not taken within validity period

The Board placed (January 1996) orders on Chettinad Cement Corporation of India Limited for the supply of 0.30 lakh tonnes of ordinary portland (bagged) cement against the estimated requirement of 0.40 lakh tonnes at a total rate of Rs 2698.40 per tonnes which was valid for a period of six months from date of order. As per Clause 6 of the purchase order, the supply of cement was to be arranged as per despatch instructions issued by the Board from time to time. The Board took delivery of only 7195 tonnes of cement during the validity period (17 July 1996) of the purchase order, with the result that 15000 tonnes (12990 tonnes of ordinary portland and 2010 tonnes of portland pozzalana cement) of the material had to be procured (August 1996 - February 1997) from the same supplier at enhanced rates of Rs 3100 tonnes and Rs 3080 tonnes respectively. Thus, the failure to take delivery of cement within the validity period of the purchase order resulted in avoidable extra expenditure to the extent of Rs 59.84 lakh.

The matter was reported to Government/the Board (May 1999); their replies had not been received. (July 1999)

#### 4.2.1.6 Extra expenditure of Rs 63.35 lakh

**Avoidable purchase of cross arms from outside resulted in extra expenditure of Rs 63.35 lakh.**

Capacity was grossly under utilised

The Central Mechanical Division of the Board at Pallom had the capacity to fabricate 0.75 lakh sets of two line cross arms up to the year 1995-96 which was enhanced to 1.50 lakh sets from 1996-97 onwards. During the three years from 1995-96 to 1997-98 this capacity was utilised to produce 55985 sets only. While the available facilities remained under utilised to the extent of 3.19 lakh sets and the cost of production for the three years ended March 1998 ranged between Rs 76 and Rs 84 only per set, the Board resorted to purchase of 6.3 lakh sets of two line cross arms from outside at prices ranging from Rs 90.39 to Rs 101 per set.

Purchases at higher rates could have been avoided

Out of the above, purchases to the extent of 3.19 lakh sets (equivalent to unutilised capacity) at higher rates from outside without utilising own production capacity to fabricate cross arms at lesser cost, resulted in avoidable extra expenditure of Rs 63.35 lakh to the Board. According to the Board, the production of cross arms was low due to shortage of materials and also because the available facilities were utilised for fabrication of other items. However, the reply is not tenable as it was not difficult to procure the required

materials in sufficient quantity. Further, the production of other items were found to be much below targets and were indicative of under-utilisation of capacity.

The matter was reported to Government/the Board in May 1999; their replies had not been received (July 1999).

#### 4.2.1.7 Loss of revenue of Rs 1.61 crore

**Conferring undue benefit on account of under-invoicing resulted in loss of revenue of Rs 1.61 crore**

**Allocation of additional load was against Board orders**

The Board issued orders prescribing the procedure for regulating power consumption of consumers by fixing specific monthly quota on the basis of Base Average Consumption (BAC) consequent to the introduction of 35 per cent power cut in January 1996. The clarificatory orders issued by the Board in July 1996 prohibited allocation of additional load to power intensive industries. Further orders issued (October 1996) increased the tariff at twice/thrice the normal tariff for consumption over and above the allowed monthly quota up to and beyond BAC. As per this order only non-power industries were to be allocated additional load wherein the increase in BAC and additional quota were to be computed @ 400 and @ 200 units per KVA of additional load, respectively.

**The ineligible additional quota was not billed at higher/penal rates**

It was noticed that the provisions relating to non-power intensive industries were applied in the case of Travancore Chemicals and Manufacturing Company Limited, Kalamassery (TCM) - a power intensive - EHT consumer having an additional load of 750 KVA sanctioned before the introduction of power cut. Consequently, the energy and demand charges of the consumer stood under invoiced conferring unauthorised benefit to the extent of Rs 160.86 lakh during the period from October 1996 to March 1997, resulting in loss of revenue.

**The higher quota was sanctioned on the basis of incorrect BAC**

The Board stated (December 1998) that the additional load was sanctioned prior to the introduction of power cut. The reply is incorrect as it was seen that the additional load was sanctioned from October 1996. Further TCM Limited is a power-intensive industry which is ineligible for any additional load after introduction of power cut.

The matter was reported to Government/Board in May 1999; their replies have not been received (July 1999).

**4.2.1.8 Excess payment of Rs 55.32 lakh**

**Failure to adopt IEEMA rates as reference price and non adjustment according to IEEMA rates resulted in excess payment of Rs 55.32 lakh**

**IEEMA rates were not adopted as reference price**

During the years 1995-96 and 1996-97, the Board purchased four types of aluminium conductors (AAC 7/3.1 mm, AACC 7/2.21 mm, ACSR Raccoon & ACSR Rabbit) from private industrial units and Traco Cable Company limited.(a State Government company) According to the usual procedure, the purchase orders stipulated pro-rata increase/decrease in rates with reference to the increase/decrease in price of EC grade aluminium published in the circular issued by the Indian Electrical & Electronics Manufacturers' Association (IEEMA). It was noticed in Audit that in respect of 9187.56 km. of conductors purchased from Venad Conductors (Pvt.) Limited and Standard Steel and Aluminium Company Limited, Thiruvananthapuram during the period August 1995 to April 1996 the Board allowed increase in rates with reference to the higher price of Rs 70500 per tonne. of aluminium fixed by the Indian Aluminium Company Limited (INDAL), instead of the lower rate of Rs 68283 per tonne published by IEEMA. As a result of entering into an agreement under which the price was calculated with reference to aluminium price fixed by INDAL instead of IEEMA the Board paid an extra amount of Rs 25.75 lakh.

**Excess payment was made due to non-adjustment as per IEEMA rates**

While the purchase order also prescribed pro-rata adjustment in rates of conductors for decrease in price of EC grade aluminium published by IEEMA, the Board failed to carry out necessary adjustment for decrease in prices effective from May, June and December 1996 resulting in avoidable excess payment of Rs 29.57 lakh on 14,234.432 km. of aluminium conductors purchased from the above private parties during the period May 1996 to March 1997.

Thus, the failure of the Board to incorporate the usual clause for price variation and to carry out adjustments in price as per conditions of purchase order resulted in extra payment of Rs 55.32 lakh .

The matter was reported to Government/the Board in May 1999; their replies have not been received (July 1999).

#### **4.2.1.9 Avoidable loss of Rs 14.05 lakh**

**Improper storage of cables resulted in avoidable expenditure of Rs 14.05 lakh in getting them recoiled on new drums.**

Cables were kept in open yard and left to vagaries of nature

The Board procured 2740.716 km of ACSR (Kundah) conductor cables between August 1990 and April 1992 for the 220 KV transmission line work under a World Bank Scheme. Due to inordinate delay in the execution of the work, the cables remained unused for nearly eight years. However, the unused cables were not stored properly and were kept in the open yard of the stores at Angamally and Madakkathara during this period.

Cables had to be recoiled at extra cost

As a result of improper storage for eight years, the wooden drums on which the cables were wound got destroyed due to vagaries of nature. To facilitate transportation of the cables, the Board had to get the cables recoiled on 894 wooden drums during August 1995 to December 1998 incurring an expenditure of Rs 14.05 lakh. Thus the failure to ensure proper storage of cables resulted in avoidable loss of Rs 14.05 lakh.

The matter was reported to Government/the Board in May 1999; their replies have not been received (July 1999).

#### **4.2.1.10 Loss of interest of Rs 29.12 lakh.**

**Purchase of pumps before acquisition of land for pump house resulted in locking up of Rs 51.09 lakh and loss of interest thereon amounting to Rs 29.12 lakh**

In March 1988, the Board took up the implementation of the Vadakkepuzha Diversion Scheme, which envisaged installation of a pump-house with three numbers of 200 HP pumps, motors and accessories. Accordingly, action was initiated (1989-90) for acquisition of 11.633 hectares of land required for the scheme and 2.75 acres for rehabilitation of evictees.

Though the Board could not obtain possession of the land due to objections from the Forest Department and Government of India, even after pursuing the matter for five years, orders were placed with Kirloskar Brothers Limited in March 1994 for the supply of pumps and accessories at a cost of Rs 57.25 lakh. In October 1994, the Board decided to cancel the contract for construction of the pump house if the land could not be obtained by 29 November 1994. Though the Board cancelled the contract for civil works after lapse of three months in March 1995, it failed to cancel the order for supply of pumps and accessories, simultaneously. The equipment were

delivered during March 1995 and September 1997 and a total payment of Rs 51.09 lakh has been made by the Board up to December 1997. The acquisition of land has not materialised so far (February 1999) and the equipment, the performance guarantee of which expired in September 1998, have been idling from March 1995 onwards as they could not be installed.

Thus, the procurement of pumps and accessories, even while the Board was unsure of obtaining the land for the scheme resulted in locking up of Rs 51.09 lakh and avoidable loss of interest thereon amounting to Rs 29.12 lakh up to March 1999.

The matter was reported to Government/the Board in May 1999, their replies have not been received (July 1999).

#### **4.2.2 Kerala State Road Transport Corporation**

##### **4.2.2.1 Extra expenditure of Rs 45.45 lakh**

**Purchase of engine oil from the highest tenderer resulted in an extra expenditure of Rs 45.45 lakh.**

The Corporation used to purchase its entire requirement of engine oil from Indian Oil Corporation Limited (IOC) at the open market rate. With the oil becoming freely available at competitive rates, the Corporation invited (October 1996) tenders for the supply of oil from oil companies whose products were approved by the two vehicle manufacturers viz., Ashok Leyland Limited and TELCO Limited, without requiring the tenderers to quote the mode of supply of oil. The first, second and third lowest offerers were those of Chemoleums Limited, Hindustan Petroleum Products Limited (HPC) and IOC. All the organisations offered interest free credit for payment. Their oil was suitable for both makes of buses operated by the Corporation. HPC and IOC are Central Government Companies. The Corporation, however, apprehended possible allegations if it purchased oil from a private party. Hence the Corporation decided (February 1997) to continue purchase oil from IOC at the rate of Rs 51050 per kilolitre though HPC had offered oil of equally acceptable quality at a lower rate of Rs 47370 per kilolitre. The brand names of oil of HPC and IOC were *hylube* and *servo pride 40* respectively. During the period from March 1997 to August 1998, the Corporation purchased 1235.140 kilolitres of oil from IOC at the higher rate of Rs 51050 per kilolitre, resulting in an extra expenditure of Rs 45.45 lakh.

Offer of the second lowest tenderer for the same product was not considered

The Corporation stated (January 1999) that IOC, besides ensuring quality, was prompt and reliable in the supply of oil. Since HPC was also a reputed Central Government Company, there was no reason to doubt the quality, promptness and reliability of its supply. Further both the vehicle manufacturers recommended the use of either *hylube* or *servo pride 40* oil for their vehicles and the terms and conditions for the supply of oil offered by HPC were similar to those of IOC. Government stated (April 1999) that the Corporation considered the offer of IOC as it offered to supply oil in barrels of 205 litres as against HPC's offer of bulk supply, in which case the Corporation would have to face storage problems. The reply is not tenable as the tender notice did not require the tenderers to quote the mode of supply of oil.

#### 4.2.2.2 Loss of revenue of Rs 36.67 lakh

**Improper handling of tendering process coupled with the failure to adjust the EMD and advances against the loss suffered by the Corporation, resulted in a loss of revenue of Rs 36.67 lakh**

The contract for the right to display advertisements on the buses of the Corporation is awarded on tender-cum-auction basis. The Corporation invited (September 1995) tenders for a period of three years from October 1995 to October 1998. Venpakal Advertisers (Venpakal) and Omega Petro-products (P) Limited (Omega), Thiruvananthapuram participated in the tender-cum-auction and quoted Rs 80 lakh and Rs 82.51 lakh respectively. Though the contract was awarded (September 1995) to Omega, it was subsequently cancelled (November 1995) due to the non-fulfilment of the tender conditions, after forfeiting the earnest money deposit (EMD) of Rs 0.25 lakh and withholding the advance of Rs 27.50 lakh remitted by it.

The Corporation retendered (December 1995) the contract covering a period of three years from January 1996 to December 1998. Three firms including Venpakal and Omega Communications (a division of Omega) besides Impact Media, (Impact) Thiruvananthapuram responded to the tender. Though Impact quoted the highest rate of Rs 83 lakh on auction, the Corporation awarded (December 1995) the contract to Omega Communications despite unfavourable legal opinion to this effect and extended time to it up to 3 January 1996 to fulfil the tender conditions. However on the basis of a suit filed (January 1996) by Impact, the Corporation cancelled the contract and awarded (October 1996) it to Impact for three years from November 1996 to October 1999. As Impact also did not fulfil the tender conditions within the extended period of 10 November 1996, the Corporation cancelled (December 1996) the contract and forfeited the EMD of Rs 0.25 lakh and withheld the advance of Rs 1.66 lakh paid by it.

The Corporation again invited (January 1997) tenders for a period of three years from February 1997 to February 2000 and three firms responded to the



tender. The Court stayed (February 1997) this tender also on the basis of a suit filed by Impact but vacated it soon. Thereafter, the Corporation awarded the contract (March/May 1997) for three years from March 1997 to February 2000 to Venpakal which quoted the highest rate of Rs 95.40 lakh.

Loss was not realised from the defaulting tenderers

The Corporation refunded (June/July 1998) the total forfeited EMD of Rs 0.50 lakh (Rs.0.25 lakh each) to Impact and Omega Communications and the advances of Rs 29.16 lakh to Omega and Impact without adjusting the loss it had suffered in terms of the tender conditions. Thus the improper handling of tendering process and the failure to adjust the EMD and advance of Rs 29.66 lakh against the loss it had sustained, resulted in a loss of revenue of Rs 36.67 lakh computed at the original offer of Rs 80 lakh of Venpakal in September 1995.

Government stated (July 1999) that it could not consider the offer of Venpakal as its offer was below the previous contract value and on account of restrictions imposed by the Court. The reply is not tenable as the tender was finalised in auction and the Court had not restricted the Corporation from awarding the contract to Venpakal. Further the Corporation also failed to adjust the EMD and advances against the loss in terms of tender notice instead of refunding them.

#### 4.2.2.3 Loss of Rs 4.17 lakh

**Delay in getting the stay vacated coupled with delay in the allotment of space for stall, resulted in a loss of Rs 4.17 lakh.**

There was delay in getting the stay vacated

The licence to run the cool-bar/milk booth in the bus station at Kozhikode was proposed to be given (February 1995) to the highest tenderer for a period of three years from April 1995 to March 1998 on a fixed fee of Rs 15504 per month excluding electricity and water charges. As the highest tenderer failed to fulfil the tender conditions in time, the Corporation accepted (July 1995) the offer of the second highest tenderer to run the stall on the same terms and conditions as the highest tenderer. In the meantime, the existing licensee obtained (March 1995) a stay from the Court against his eviction and to maintain the status quo. The Corporation, however, did not act quickly to get the stay vacated, which enabled the previous licensee to run the stall paying a licence fee of Rs 5400 per month only. The Corporation took possession (September 1997) of the space after a lapse of over two years when the suit was dismissed. This resulted in a revenue loss of Rs 2.93 lakh to the Corporation computed at Rs 10104 per month from April 1995 to August 1997.

Allotment of stall was delayed

The new licensee was prepared to occupy the stall only if he was permitted to run the stall for a period of three years from the date of actual possession in terms of the tender notification. The Corporation allowed (April 1998) his request after a delay of eight months. He occupied the space from 6 May 1998

after executing necessary agreement with the Corporation in this regard. This resulted in the postponement of the contract to May 1998 and consequent loss of Rs 1.24 lakh for the period of idling of space from September 1997 to April 1998 computed at Rs 15504 per month.

Thus, the failure of the Corporation to get the stay vacated in April 1995 resulted in an aggregate loss of Rs 4.17 lakh.

Government attributed (July 1999) the failure to get the stay vacated quickly to the laxity and the irresponsible attitude of the then Standing Counsel of the Corporation and further informed that steps were being initiated against the old licensee to realise Rs 4 lakh with future interest for obtaining stay orders from the Court by misrepresenting facts.

### **4.2.3 Kerala Industrial Infrastructure Development Corporation**

#### *Infructuous expenditure of Rs 15.09 lakh*

**Decision of the Corporation to start land acquisition work without ensuring viability of the projects resulted in an infructuous expenditure of Rs 15.09 lakh**

**Infructuous  
expenditure  
was incurred  
on abandoned  
projects**

The Corporation proposed (July 1994/August 1995) to develop industrial parks in Kozhikode and Ernakulam districts. The Corporation, therefore, obtained (May/October 1995) sanction from the Government to acquire 266.65 acres and 229 acres of private lands in Kozhikode and Ernakulam districts respectively. Government further constituted (October 1995/September 1996) special land acquisition units in the districts on deputation basis to look after the land acquisition work. The units started functioning with effect from April/October 1996. While the acquisition work was in progress, the Corporation resolved (November 1996) not to go ahead with the projects and accordingly approached (January 1997) Government for sanction without furnishing the reasons therefor. Government accorded (March 1997) sanction for the abolition of the units and also for the cancellation of the land acquisition proceedings in the districts. The Corporation had incurred (1996-97) an expenditure of Rs15.09 lakh by way of office expenses and establishment charges for the land acquisition staff.

According to the Government (June 1999), the project in Ernakulam was abandoned as it could not take possession of the surplus land from HMT with whom the project was to be set up as a joint venture due to several technical issues involved in it between the Central and State Governments while that in Kozhikode was on account of resource constraints. It was further stated that the decision to drop the proposals was taken with a view to limiting its

activities to a few number of specific projects, which could be successfully completed in time without any resource constraints.

As the Corporation failed to ensure the viability of the projects before incurring the expenditure, the reply is not tenable.



Thiruvananthapuram  
The

(R.K.VERMA)  
Accountant General (Audit), Kerala

Countersigned



New Delhi  
The

(V.K.SHUNGLU)  
Comptroller and Auditor General of India



# **Annexures**



## ANNEXURE 1

**Statement of companies in which State Government had invested more than Rs.10 lakh in equity capital but which are not subject to audit by the Comptroller and Auditor General of India**

*(Referred to in preface and paragraph 1.10)*

Sl. No.	Name of company	Amount of investment in share capital up to 1998-99 (Rupees in lakh)
1	Premier Tyres Limited	60.00
2	Apollo Tyres Limited	50.00
3	The Travancore Rayons Limited	164.63
4	Madura Coats Limited	22.67
5	Travancore Electro Chemical Industries Limited	14.00
6	Punalur Paper Mills Limited	13.27
7	The Indian Aluminium Company Limited	16.83
8	Cochin International Airport Limited	600.00
	<b>T o t a l</b>	<b>941.40</b>





## Annexure 2

## Statement showing particulars of capital, loans/equity received out of budget, other than Loans and Loans outstanding as on 31st March 1999 in respect of Government Companies and Statutory Corporations.

(Referred to in Paragraph 1.2.1 and 1.3)

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

Sl. No.	Sector and name of the Company/Corporation	Paid up capital as at the end of the current year.					Equity/loans received out of Budget during the year		Other loans received during the year @	Loans** outstanding at the close of 1998-99			Debt equity ratio for 1998-99 (Previous year) 4(f)/3(e)
		State Government	Central Government	Holding Companies	Others	Total	Equity	Loans		Government	Others	Total	
(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
<b>Government Companies</b>													
<b>AGRICULTURE AND ALLIED</b>													
1	The Plantation Corporation of Kerala Limited	556.88	...	...	...	556.88	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
2	The State Farming Corporation of Kerala Limited	842.57	...	...	61.00	903.57	...	...	...	...	21.97	21.97	0.02 : 1 (0.02 : 1)
3	The Rehabilitation Plantations Limited	205.85	133.42	...	...	339.27	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
4	Oil Palm India Limited	679.47	499.29	...	...	1178.76	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
5	The Kerala Agro Industries Corporation Limited	304.57	169.54	...	...	474.11	...	50.00	...	...	4.00	4.00	0.01 : 1 (0.16 : 1)
6	The Kerala State Coir Corporation Limited	754.55	...	...	...	754.55	250.00	...	...	93.25	...	93.25	0.12 : 1 (0.18 : 1)
7	The Kerala State Cashew Development Corporation Limited	11679.02	...	...	...	11679.02	...	2524.00	...	9694.69	640.00	10334.69	0.88 : 1 (0.61 : 1)
8	Kerala Agro-Machinery Corporation Limited	161.46	...	...	...	161.46	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)

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(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
9	Kerala State Coconut Development Corporation Limited	285.05	...	...	...	285.05	...	...	...	185.67	36.00	221.67	0.78 : 1 (0.78 : 1)
10	Foam Mattings (India) Limited	423.73	...	...	...	423.73	50.00	...	...	5.68	...	5.68	0.01 : 1 (1.34 : 1)
11	Kerala State Horticultural Products Development Corporation Limited	283.00	...	...	...	283.00	100.00	...	...	...	1.96	1.96	0.01 : 1 (0.00 : 1)
12	Kerala Livestock Development Board Limited	732.57	...	...	...	732.57	...	...	...	...	...	0.00	0.00 : 1 (0.17 : 1)
13	Kerala State Poultry Development Corporation Limited	196.72	...	...	...	196.72	...	...	...	...	140.05	140.05	0.71 : 1 (0.29 : 1)
14	The Kerala Fisheries Corporation Limited	484.75	...	...	...	484.75	...	...	...	237.67	...	237.67	0.49 : 1 (0.49 : 1)
15	Kerala Inland Fisheries Development Corporation Limited	16.44	...	...	...	16.44	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
16	Kerala Feeds Limited	2085.00	...	515.20	116.30	2716.50	224.00	...	...	...	350.37	350.37	0.13 : 1 (0.02 : 1)
	<b>Sector wise total</b>	<b>19691.63</b>	<b>802.25</b>	<b>515.20</b>	<b>177.30</b>	<b>21186.38</b>	<b>624.00</b>	<b>2574.00</b>	<b>0.00</b>	<b>10216.96</b>	<b>1194.35</b>	<b>11411.31</b>	<b>0.54 : 1 (0.39 : 1)</b>
<b>INDUSTRY</b>													
17	United Electrical Industries Limited	387.92	...	...	11.14	399.06	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
18	Traco Cable Company Limited	1282.02	...	...	19.79	1301.81	...	...	...	187.70	4706.89	4894.59	3.76 : 1 (2.57 : 1)
19	Transformers and Electricals Kerala Limited	1119.41	...	...	238.13	1357.54	...	...	...	690.76	755.16	1445.92	1.07 : 1 (0.90 : 1)
20	Kerala Electrical and Allied Engineering Company Limited	2802.70	...	...	603.24	3405.94	...	...	...	4.25	1464.75	1469.00	0.43 : 1 (0.47 : 1)
21	The Kerala Premo Pipe Factory Limited	130.91	...	...	...	130.91	...	...	...	...	25.00	25.00	0.19 : 1 (0.19 : 1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
22	Trivandrum Rubber Works Limited (Subsidiary of SFCK)	120.00	...	...	114.75	234.75	...	...	...	558.38	...	558.38	2.38 : 1 (6.30 : 1)
23	The Kerala Ceramics Limited	590.77	...	...	474.90	1065.67	...	...	...	150.00	84.70	234.70	0.22 : 1 (0.22 : 1)
24	Kerala Construction Components Limited	27.57	...	...	0.51	28.08	...	...	...	66.14	2.27	68.41	2.44 : 1 (1.53 : 1)
25	The Chalakudy Refractories Limited	346.51	...	...	0.13	346.64	...	...	...	109.26	109.26	109.26	0.32 : 1 (0.31 : 1)
26	Kerala Special Refractories Limited	291.23	...	...	...	291.23	...	...	...	107.00	...	107.00	0.37 : 1 (0.38 : 1)
27	Kerala Small Industries Development Corporation Limited (SIDCO)	1464.40	...	...	...	1464.40	200.00	...	...	296.25	36.99	333.24	0.23 : 1 (0.25 : 1)
28	Kerala State Film Development Corporation Limited	1241.36	...	...	...	1241.36	60.17	205.00	...	596.80	317.79	914.59	0.74 : 1 (0.63 : 1)
29	The Kerala Asbestos Cement Pipe Factory Limited	6.09	...	...	...	6.09	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
	<b>Sector wise total</b>	<b>9810.89</b>	<b>0.00</b>	<b>0.00</b>	<b>1462.59</b>	<b>11273.48</b>	<b>260.17</b>	<b>205.00</b>	<b>0.00</b>	<b>2657.28</b>	<b>7502.81</b>	<b>10160.09</b>	<b>0.90 : 1 (0.85 : 1)</b>
<b>ENGINEERING</b>													
30	The Metal Industries Limited	140.56	...	...	7.40	147.96	117.94	...	...	30.00	1.00	31.00	0.21 : 1 (1.94 : 1)
31	The Metropolitan Engineering Company Limited	248.74	...	...	0.17	248.91	...	...	...	262.24	34.65	296.89	1.19 : 1 (1.04 : 1)
32	Steel Complex Limited (Subsidiary of KSIDC)	616.00	...	...	84.00	700.00	...	225.00	...	1406.00	371.26	1777.26	2.54 : 1 (2.26 : 1)
33	Steel Industries Kerala Limited (SILK)	3000.00	...	...	...	3000.00	...	448.00	...	3230.06	329.62	3559.68	1.19 : 1 (0.78 : 1)
34	Scooters Kerala Limited	472.00	...	...	...	472.00	...	55.00	...	102.00	25.00	127.00	0.27 : 1 (0.25 : 1)
35	Kerala Automobiles Limited	731.00	...	...	...	731.00	...	...	...	535.00	412.52	947.52	1.30 : 1 (0.91 : 1)

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(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
36	Steel and Industrial Forgings Limited (Subsidiary of SILK)	...	...	540.00	...	540.00	...	...	...	...	910.90	910.90	1.69 : 1 (1.68 : 1)
37	Autokast Limited (Subsidiary of SILK)	...	...	1797.00	...	1797.00	...	400.00	...	...	635.14	635.14	0.35 : 1 (2.06 : 1)
38	Kerala Hi-tech Industries Limited	1300.00	...	...	...	1300.00	...	...	...	...	2756.43	2756.43	2.12 : 1 (2.12 : 1)
39	Kerala State Engineering Works Limited	45.64	...	...	...	45.64	...	...	...	123.69	...	123.69	2.71 : 1 (2.71 : 1)
40	SIDECO Mohan Kerala Limited (Subsidiary of SIDCO)	...	...	8.67	8.33	17.00	...	...	...	12.00	19.44	31.44	1.85 : 1 (1.84 : 1)
	<b>Sector wise total</b>	<b>6553.94</b>	<b>0.00</b>	<b>2345.67</b>	<b>99.90</b>	<b>8999.51</b>	<b>117.94</b>	<b>1128.00</b>	<b>0.00</b>	<b>5700.99</b>	<b>5495.96</b>	<b>11196.95</b>	1.24 : 1 (1.40 : 1)
<b>ELECTRONICS</b>													
41	Keltron Counters Limited (Subsidiary of KELTRON)	...	...	496.90	...	496.90	...	...	...	...	294.73	294.73	0.59 : 1 (0.71 : 1)
42	Kerala State Electronics Development Corporation Limited(KELTRON)	9182.37	...	...	...	9182.37	...	442.00	...	2502.00	3170.00	5672.00	0.62 : 1 (0.64 : 1)
43	Keltron Electro-Ceramics Limited (Subsidiary of KELTRON)	...	...	314.44	3.84	318.28	...	...	...	...	135.27	135.27	0.43 : 1 (0.43 : 1)
44	Keltron Crystals Limited (Subsidiary of KELTRON)	...	...	129.72	4.26	133.98	...	...	...	...	272.52	272.52	2.03 : 1 (2.03 : 1)
45	Keltron Component Complex Limited (Subsidiary of KELTRON)	...	...	172.99	69.46	242.45	...	...	...	...	778.26	778.26	3.21 : 1 (4.55 : 1)
46	Keltron Magnetics Limited (Subsidiary of KELTRON)	...	...	25.09	...	25.09	...	...	...	...	53.12	53.12	2.12 : 1 (2.11 : 1)
47	Keltron Resistors Limited (Subsidiary of KELTRON)	...	...	159.81	...	159.81	...	...	...	...	116.48	116.48	0.73 : 1 (0.72 : 1)
48	Keltron Power Devices Limited (Subsidiary of KELTRON)	...	...	410.23	...	410.23	...	...	...	...	649.08	649.08	1.58 : 1 (1.58 : 1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
49	Keltron Rectifiers Limited (Subsidiary of KELTRON)	...	...	663.75	...	663.75	...	...	...	35.00	324.83	359.83	0.54 : 1 (0.54 : 1)
50	SIDKEL Televisions Limited (Subsidiary of SIDCO)	...	...	33.00	10.50	43.50	...	...	...	1.93	24.96	26.89	0.62 : 1 (0.62 : 1)
51	Astral Watches Limited (Subsidiary of KSIDC)	...	...	81.09	...	81.09	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
	<b>Sector wise total</b>	<b>9182.37</b>	<b>0.00</b>	<b>2487.02</b>	<b>88.06</b>	<b>11757.45</b>	<b>0.00</b>	<b>442.00</b>	<b>0.00</b>	<b>2538.93</b>	<b>5819.25</b>	<b>8358.18</b>	<b>0.71 : 1 (0.77 : 1)</b>
	<b>TEXTILES</b>												
52	Trivandrum Spinning Mills Limited	463.78	...	...	...	463.78	...	...	...	484.70	10.00	494.70	1.07 : 1 (1.01 : 1)
53	Kerala State Textile Corporation Limited	1838.19	...	...	25.00	1863.19	50.00	127.28	...	459.50	296.62	756.12	0.41 : 1 (0.32 : 1)
54	Kerala Garments Limited (Subsidiary of KSHDC)	...	...	48.00	...	48.00	...	...	...	4.40	20.20	24.60	0.51 : 1 (0.51 : 1)
55	Sitaram Textiles Limited	420.00	...	...	...	420.00	...	275.00	...	732.35	...	732.35	1.74 : 1 (1.74 : 1)
	<b>Sector wise total</b>	<b>2721.97</b>	<b>0.00</b>	<b>48.00</b>	<b>25.00</b>	<b>2794.97</b>	<b>50.00</b>	<b>402.28</b>	<b>0.00</b>	<b>1680.95</b>	<b>326.82</b>	<b>2007.77</b>	<b>0.72 : 1 (0.66 : 1)</b>
	<b>HANDLOOM AND HANDICRAFTS</b>												
56	Kerala State Handloom Development Corporation Limited (KSHDC)	1131.78	...	...	5.42	1137.20	75.00	367.00	...	1218.43	...	1218.43	1.07 : 1 (0.81 : 1)
57	Handicrafts Development Corporation of Kerala Limited	195.52	61.00	...	...	256.52	...	...	...	120.51	...	120.51	0.47 : 1 (0.47 : 1)
	<b>Sector wise total</b>	<b>1327.30</b>	<b>61.00</b>	<b>0.00</b>	<b>5.42</b>	<b>1393.72</b>	<b>75.00</b>	<b>367.00</b>	<b>0.00</b>	<b>1338.94</b>	<b>0.00</b>	<b>1338.94</b>	<b>0.96 : 1 (0.75 : 1)</b>
	<b>FOREST</b>												
58	Kerala Forest Development Corporation Limited (KFDC)	412.87	93.00	...	...	505.87	...	...	...	39.57	9.38	48.95	0.10 : 1 (0.11 : 1)
59	Forest Industries (Travancore) Limited	29.19	...	...	8.52	37.71	...	...	...	94.13	...	94.13	2.50 : 1 (2.49 : 1)

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(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
60	Travancore Plywood Industries Limited (Subsidiary of KSIE)	48.59	...	...	...	48.59	...	95.70	...	48.25	...	48.25	0.99 : 1 (0.99 : 1)
61	Kerala State Bamboo Corporation Limited	603.88	...	...	...	603.88	...	...	...	...	...	0.00	0.00 : 1 (0.08 : 1)
62	Kerala State Wood Industries Limited (Subsidiary of KFDC)	74.78	...	...	95.22	170.00	...	...	...	...	370.00	370.00	2.18 : 1 (2.17 : 1)
<b>Sector wise total</b>		<b>1169.31</b>	<b>93.00</b>	<b>0.00</b>	<b>103.74</b>	<b>1366.05</b>	<b>0.00</b>	<b>95.70</b>	<b>0.00</b>	<b>181.95</b>	<b>379.38</b>	<b>561.33</b>	<b>0.41 : 1 (0.46 : 1)</b>
<b>MINING</b>													
63	Kerala State Mineral Development Corporation Limited	125.67	...	...	...	125.67	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
64	Kerala Clays and Ceramic Products Limited	131.82	...	...	...	131.82	...	...	...	...	...	0.00	0.00 : 1 (0.09 : 1)
<b>Sector wise total</b>		<b>257.49</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>257.49</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00 : 1 (0.05 : 1)</b>
<b>CONSTRUCTION</b>													
65	Kerala State Construction Corporation Limited	87.50	...	...	...	87.50	...	...	...	205.00	...	205.00	2.34 : 1 (2.34 : 1)
66	Kerala Police Housing and Construction Corporation Limited	603.00	...	...	...	603.00	...	...	...	...	153.23	153.23	0.25 : 1 (0.31 : 1)
<b>Sector wise total</b>		<b>690.50</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>690.50</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>205.00</b>	<b>153.23</b>	<b>358.23</b>	<b>0.51 : 1 (0.57 : 1)</b>
<b>AREA DEVELOPMENT</b>													
67	The Kerala Land Development Corporation Limited	671.40	34.00	...	...	705.40	...	33.82	...	1310.82	...	1310.82	1.86 : 1 (3.41 : 1)
<b>Sector wise total</b>		<b>671.40</b>	<b>34.00</b>	<b>-</b>	<b>-</b>	<b>705.40</b>	<b>-</b>	<b>33.82</b>	<b>-</b>	<b>1310.82</b>	<b>-</b>	<b>1310.82</b>	<b>1.86 : 1 (3.41 : 1)</b>

DEVELOPMENT OF ECONOMICALLY WEAKER SECTION													
68	Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes Limited	1583.91	1402.66	...	...	2986.57	275.33	...	...	...	1547.55	1547.55	0.52 : 1 (0.42 : 1)
69	The Kerala State Backward Classes Development Corporation Limited	2680.00	...	...	...	2680.00	650.00	...	...	...	501.35	501.35	0.19 : 1 (0.74 : 1)
70	Kerala Fishermen's Welfare Corporation Limited	42.00	...	...	...	42.00	...	...	...	195.75	...	195.75	4.66 : 1 (4.66 : 1)
71	Kerala State Handicapped Persons Welfare Corporation Limited	173.95	...	...	...	173.95	13.34	26.66	...	109.25	...	109.25	0.63 : 1 (0.51 : 1)
72	Kerala State Development Corporation for Christian Converts from Scheduled Castes & the Recommended Communities Limited	407.69	...	...	...	407.69	40.00	...	...	155.00	108.35	263.35	0.65 : 1 (0.98 : 1)
73	Kerala Artisans' Development Corporation Limited	195.31	...	...	...	195.31	...	...	...	...	...	0.00	0.00 : 1 (0.26 : 1)
74	Kerala State Palmyrah Products Development and Workers' Welfare Corporation Limited	87.00	...	...	...	87.00	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
	<b>Sector wise total</b>	<b>5169.86</b>	<b>1402.66</b>	<b>0.00</b>	<b>0.00</b>	<b>6572.52</b>	<b>978.67</b>	<b>26.66</b>	<b>0.00</b>	<b>460.00</b>	<b>2157.25</b>	<b>2617.25</b>	<b>0.40 : 1 (0.60 : 1)</b>
PUBLIC DISTRIBUTION													
75	The Kerala State Civil Supplies Corporation Limited	856.00	...	...	...	856.00	...	...	...	13259.97	...	13259.97	15.49 : 1 (15.49 : 1)
	<b>Sector wise total</b>	<b>856.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>856.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13259.97</b>	<b>-</b>	<b>13259.97</b>	<b>15.49 : 1 (15.49 : 1)</b>
CEMENT													
76	The Travancore Cements Limited	26.00	...	...	24.00	50.00	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)

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(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
77	Malabar Cements Limited	2599.87	...	...		2599.87	...	...	...	284.17	223.87	508.04	0.20 : 1 (0.30 : 1)
	<b>Sector wise total</b>	<b>2625.87</b>	<b>0.00</b>	<b>0.00</b>	<b>24.00</b>	<b>2649.87</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>284.17</b>	<b>223.87</b>	<b>508.04</b>	<b>0.19 : 1 (0.30 : 1)</b>
<b>TOURISM</b>													
78	Kerala Tourism Development Corporation Limited (KTDC)	2861.47	...	...	...	2861.47	600.00	...	...	828.89	...	828.89	0.29 : 1 (0.42 : 1)
79	Tourist Resorts (Kerala) Limited (Subsidiary of KTDC)	...	...	1339.91	...	1339.91	200.00	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
80	Bekal Resorts Development Corporation Limited	2800.00	...	...	226.00	3026.00	600.00	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
	<b>Sector wise total</b>	<b>5661.47</b>	<b>0.00</b>	<b>1339.91</b>	<b>226.00</b>	<b>7227.38</b>	<b>1400.00</b>	<b>0.00</b>	<b>0.00</b>	<b>828.89</b>	<b>0.00</b>	<b>828.89</b>	<b>0.11 : 1 (0.17 : 1)</b>
<b>DRUGS, CHEMICALS AND PHARMACEUTICALS</b>													
81	The Travancore-Cochin Chemicals Limited	1691.19	...	...	440.00	2131.19	...	...	...	...	5246.29	5246.29	2.46 : 1 (2.26 : 1)
82	Kerala Soaps and Oils Limited (Subsidiary of KSIE)	259.99	...	40.60	...	300.59	...	100.00	...	2250.64	86.17	2336.81	7.77 : 1 (1.59 : 1)
83	Kerala State Drugs and Pharmaceuticals Limited (Subsidiary of KSIE)	30.00	...	390.00	...	420.00	...	65.00	...	...	...	0.00	0.00 : 1 (0.79 : 1)
84	The Pharmaceutical Corporation (Indian Medicines) Kerala Limited	228.78	...	...	...	228.78	100.00	...	...	...	...	0.00	0.00 : 1 (0.03 : 1)
85	Kerala State Detergents and Chemicals Limited (Subsidiary of KSIE)	...	...	154.63	...	154.63	...	...	...	...	505.75	505.75	3.27 : 1 (3.27 : 1)
86	Kerala State Salicylates and Chemicals Limited (Subsidiary of KSIE)	...	...	628.00	...	628.00	...	...	...	679.99	472.98	1152.97	1.84 : 1 (1.83 : 1)
87	Travancore Titanium Products Limited	143.06	...	...	33.69	176.75	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)



(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
88	The Kerala Minerals and Metals Limited	3093.27	...	...		3093.27	...	...	...	...	...	0.00	0.00 : 1 (0.04 : 1)
89	The Travancore Sugars and Chemicals Limited	97.96	...	...	28.28	126.24	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
	<b>Sector wise total</b>	<b>5544.25</b>	<b>0.00</b>	<b>1213.23</b>	<b>501.97</b>	<b>7259.45</b>	<b>100.00</b>	<b>165.00</b>	<b>0.00</b>	<b>2930.63</b>	<b>6311.19</b>	<b>9241.82</b>	<b>1.27 : 1 (1.03 : 1)</b>
<b>FINANCING</b>													
90	Kerala State Industrial Development Corporation Limited (KSIDC)	20974.00	...	...	...	20974.00	3000.00	300.00	...	7388.48	2090.00	9478.48	0.45 : 1 (0.49 : 1)
91	The Kerala State Financial Enterprises Limited	300.00	...	...	...	300.00	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
92	Kerala Urban Development Finance Corporation Limited	51.00	...	...	45.04	96.04	...	100.00	...	600.00	1155.12	1755.12	18.27 : 1 (25.41 : 1)
93	Kerala Transport Development Finance Corporation Limited	4083.00	...	...	...	4083.00	950.00	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
94	Kerala Power Finance Corporation Limited	...	...	...	...	0.00	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
	<b>Sector wise total</b>	<b>25408.00</b>	<b>0.00</b>	<b>0.00</b>	<b>45.04</b>	<b>25453.04</b>	<b>3950.00</b>	<b>400.00</b>	<b>0.00</b>	<b>7988.48</b>	<b>3245.12</b>	<b>11233.60</b>	<b>0.44 : 1 (0.52 : 1)</b>
<b>MISCELLANEOUS</b>													
95	Kerala State Industrial Products Trading Corporation Limited	33.90	...	...	...	33.90	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
96	Kerala State Beverages (Manufacturing and Marketing) Corporation Limited	102.50	...	...	...	102.50	...	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
97	Kerala School Teachers and Non-teaching Staff Welfare Corporation Limited	50.00	...	...	...	50.00	...	...	...	...	343.90	343.90	6.88 : 1 (8.88 : 1)

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(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
98	Kerala State Women's Development Corporation Limited	336.00	80.70	...	...	416.70	66.00	...	...	...	775.20	775.20	1.86 : 1 (4.67 : 1)
99	Overseas Development and Employment Promotion Consultants Limited.	61.79	...	...	...	61.79	5.00	...	...	1.00	...	1.00	0.02 : 1 (0.05 : 1)
100	Kerala State Industrial Enterprises Limited (KSIE)	3240.18	...	...	26.74	3266.92	50.00	...	...	5541.15	...	5541.15	1.70 : 1 (1.75 : 1)
101	Kerala State Maritime Development Corporation Limited	749.00	...	...	...	749.00	80.30	...	...	...	...	0.00	0.00 : 1 (0.00 : 1)
102	Meat Products of India Limited	135.54	...	...	45.56	181.10	74.00	...	...	33.00	18.94	51.94	0.29 : 1 (0.24 : 1)
103	Kerala Shipping and Inland Navigation Corporation Limited	1060.94	...	...	3.02	1063.96	100.00	...	...	3.00	...	3.00	0.00 : 1 (0.00 : 1)
	<b>Sector wise total</b>	<b>5769.85</b>	<b>80.70</b>	<b>0.00</b>	<b>75.32</b>	<b>5925.87</b>	<b>375.30</b>	<b>0.00</b>	<b>0.00</b>	<b>5578.15</b>	<b>1138.04</b>	<b>6716.19</b>	<b>1.13 : 1 (1.21 : 1)</b>
	<b>Total A (Companies – Sector wise)</b>	<b>103112.10</b>	<b>2473.61</b>	<b>7949.03</b>	<b>2834.34</b>	<b>116369.08</b>	<b>7931.08</b>	<b>5839.46</b>	<b>0.00</b>	<b>57162.11</b>	<b>33947.27</b>	<b>91109.38</b>	<b>0.78 : 1 (0.82 : 1)</b>
<b>Statutory Corporations</b>													
<b>POWER</b>													
1	Kerala State Electricity Board	155300.00	---	---	---	155300.00	---	14900.57	93928.34	14900.57	287849.29	302749.86	1.95 : 1 (--)
	<b>Sector wise total</b>	<b>155300.00</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>155300.00</b>	<b>---</b>	<b>14900.57</b>	<b>93928.34</b>	<b>14900.57</b>	<b>287849.29</b>	<b>302749.86</b>	<b>1.95 : 1 (--)</b>
<b>TRANSPORT</b>													
2	Kerala State Road Transport Corporation	8398.61	2321.04	---	---	10719.65	---	---	1997.00	8290.39	4397.00	12687.39	1.18 : 1 (1.06 : 1)
	<b>Sector wise total</b>	<b>8398.61</b>	<b>2321.04</b>	<b>---</b>	<b>---</b>	<b>10719.65</b>	<b>---</b>	<b>---</b>	<b>1997.00</b>	<b>8290.39</b>	<b>4397.00</b>	<b>12687.39</b>	<b>1.18 : 1 (1.06 : 1)</b>

FINANCING													
3	Kerala Financial Corporation	8992.92	---	...	1507.50	10500.42	1300.00	...	...	...	61713.00	61713.00	5.88 : 1 (5.67 : 1)
	<b>Sector wise total</b>	<b>8992.92</b>	<b>---</b>	<b>---</b>	<b>1507.50</b>	<b>10500.42</b>	<b>1300.00</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>61713.00</b>	<b>61713.00</b>	<b>5.88 : 1 (5.67 : 1)</b>
AGRICULTURE AND ALLIED													
4	Kerala State Warehousing Corporation	350.00	...	...	325.00	675.00	25.00	...	...	70.75	...	70.75	0.10 : 1 (0.18 : 1)
	<b>Sector wise total</b>	<b>350.00</b>	<b>---</b>	<b>---</b>	<b>325.00</b>	<b>675.00</b>	<b>25.00</b>	<b>---</b>	<b>---</b>	<b>70.75</b>	<b>---</b>	<b>70.75</b>	<b>0.10 : 1 (0.18 : 1)</b>
MISCELLANEOUS													
5	Kerala Industrial Infrastructure Development Corporation	1343.00	494.00	...	...	1837.00	...	20.00	...	9244.10	...	9244.10	5.03 : 1 (0.00 : 1)
	<b>Sector wise total</b>	<b>1343.00</b>	<b>494.00</b>	<b>---</b>	<b>---</b>	<b>1837.00</b>	<b>---</b>	<b>20.00</b>	<b>---</b>	<b>9244.10</b>	<b>---</b>	<b>9244.10</b>	<b>5.03 : 1 (0.00 : 1)</b>
	<b>Total - B ( Statutory Corporations -- Sector wise)</b>	<b>174384.53</b>	<b>2815.04</b>	<b>---</b>	<b>1832.50</b>	<b>179032.07</b>	<b>1325.00</b>	<b>14920.57</b>	<b>95925.34</b>	<b>32505.81</b>	<b>353959.29</b>	<b>386465.10</b>	<b>2.15:1 (12.35:1)</b>
	<b>Grand total (A+B)</b>	<b>277496.63</b>	<b>5288.65</b>	<b>7949.03</b>	<b>4666.84</b>	<b>295401.15</b>	<b>9256.08</b>	<b>20760.03</b>	<b>95925.34</b>	<b>89667.92</b>	<b>387906.56</b>	<b>477574.48</b>	<b>1.62 : 1 (3.31 : 1)</b>

Note: Except in respect of companies which finalised their accounts for 1998-99 (Serial Number 3, 4, 8, 16, 30, 33, 35, 36, 63, 64, 77, 79, 80, 81, 87, 89, 94, 95, 100 and 101) figures are provisional and as given by the companies

\*\*Loans outstanding at the close of 1998-99 represents long-term only

@ Includes bonds, debentures, inter corporate deposits etc.



## ANNEXURE -- 3

Summarised financial results of Government Companies and Statutory Corporations for the latest year for which accounts were finalised

(Referred to in Paragraph 1.5 &amp; 1.6)

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

Sl. No.	Sector and name of Company/ Corporation	Name of department	Date of incorporation	Period of accounts	Year in which accounts finalised	Net profit (+)/ Loss(-)	Net impact of Audit Comments	Paid-up capital	Accumulated profit(+)/ Loss(-)	Capital employed (A)	Total return on capital employed	Percentage of total return on capital employed	Arrears of accounts in terms of years	Status of the Company / Corporation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
<b>Government Companies</b>														
<b>AGRICULTURE AND ALLIED</b>														
1	The Plantation Corporation of Kerala Limited	Agriculture	12.11.1962	1997-98	1999-2000	(-)497.89	DL 14.94	556.88	(+)2193.82	4578.00	-497.57	...	1	Working
2	The State Farming Corporation of Kerala Limited	Agriculture	15.04.1972	1996-97	1999-2000	(+)705.94		903.57	(+)2584.11	2348.13	712.19	33.3	2	Working
3	The Rehabilitation Plantations Limited	Rehabilitation	05.05.1976	1998-99	1999-2000	(+)398.19		339.27	(+)3388.96	3728.23	398.19	10.7	Nil	Working
4	Oil Palm India Limited	Agriculture	21.11.1977	1998-99	1999-2000	(+)463.31		1178.76	(+)1068.06	2850.40	463.48	16.3	Nil	Working
5	The Kerala Agro Industries Corporation Limited	Agriculture	22.03.1968	1996-97	1999-2000	(-)67.06		474.11	(-)602.59	670.67	-39.99	...	2	Working
6	The Kerala State Coir Corporation Limited	Industries	19.07.1969	1994-95	1999-2000	(-)28.61	IL 6.11	257.54	(-)368.51	122.40	-13.32	...	4	Working
7	The Kerala State Cashew Development Corporation Limited	Industries	19.07.1969	1993-94	1999-2000	(-)1911.65	IL 53.15	4041.52	(-)12666.70	-6827.42	-1459.91	...	5	Working
8	Kerala Agro-Machinery Corporation Limited	Agriculture	24.03.1973	1998-99	1999-2000	(+)992.05		161.46	(+)2380.83	2396.83	992.05	41.4	Nil	Working

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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
9	Kerala State Coconut Development Corporation Limited	Agriculture	10.10.1975	1991-92	1997-98	(-)127.59		285.05	(-)972.22	9.23	-23.64	...	7	Under closure
10	Foam Mattings (India) Limited	Industries	18.12.1978	1997-98	1999-2000	(+)207.86	IP 6.55	373.73	(+)305.59	759.53	214.35	28.2	1	Working
11	Kerala State Horticultural Products Development Corporation Limited	Agriculture	20.03.1989	1994-95	1998-99	(-)22.06		83.00	(-)92.23	21.13	-23.61	...	4	Working
12	Kerala Livestock Development Board Limited	Agriculture	14.11.1975	1996-97	1998-99	(+)0.94		732.57	(-)213.50	1309.99	18.80	1.4	2	Working
13	Kerala State Poultry Development Corporation Limited	Agriculture	15.12.1989	1997-98	1999-2000	(-)26.00		196.72	(-)110.24	307.84	-19.51	...	1	Working
14	The Kerala Fisheries Corporation Limited	Fisheries	12.04.1966	1984-85	1987-88	(-)89.87		484.75	(-)1104.60	-210.30	-41.04	...	14	Under liquidation
15	Kerala Inland Fisheries Development Corporation Limited	Fisheries	03.02.1981	1988-89	1991-92	(-)0.01		16.44	(-)16.44	Nil	-0.01	...	10	Under liquidation
16	Kerala Feeds Limited	Agriculture	13.10.1995	1998-99	1999-2000	(-)86.46		2740.50	(-)86.46	2963.36	-75.13	...	Nil	Working
	<b>Sector wise total</b>					<b>(-)88.91</b>		<b>12825.87</b>	<b>(-)4319.12</b>	<b>15028.02</b>	<b>605.33</b>	<b>4.0</b>		
	<b>INDUSTRY</b>													
17	United Electrical Industries Limited	Industries	03.10.1950	1997-98	1998-99	(+)100.95		399.06	(+)156.35	581.34	113.40	19.5	1	Working
18	Traco Cable Company Limited	Industries	05.02.1960	1997-98	1999-2000	(-)1006.70	IL 60.55	1301.81	(-)1454.93	4517.09	-140.56	...	1	Working
19	Transformers and Electricals Kerala Limited	Industries	09.12.1963	1996-97	1998-99	(+)177.00	DP 14.38	1357.54	(-)2885.20	3377.63	972.70	28.8	2	Working
20	Kerala Electrical and Allied Engineering Company Limited	Industries	05.06.1964	1997-98	1998-99	(-)468.61		3405.94	(-)3287.04	3620.66	273.51	7.6	1	Working

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
21	The Kerala Premo Pipe Factory Limited	Local Admn.	12.09.1961	1984-85	1992-93	(-)8.48		130.91	Nil	100.72	3.58	3.6	14	Under closure
22	Trivandrum Rubber Works Limited (Subsidiary of SFCK)	Industries	01.11.1963	1991-92	1998-99	(-)90.38	IL 10.58	234.75	(-)1676.16	-485.64	-55.68	...	7	Working
23	The Kerala Ceramics Limited	Industries	01.11.1963	1991-92	1999-2000	(-)93.76		1086.91	(-)1662.07	144.28	-27.54	...	7	Working
24	Kerala Construction Components Limited	Industries	21.12.1957	1994-95	1999-2000	(-)6.95		28.08	(-)93.13	5.87	-2.34	...	4	Working
25	The Chalakudy Refractories Limited	Industries	15.03.1969	1988-89	1992-93	(-)54.48		346.64	Nil	-39.30	-25.48	..	10	Under closure
26	Kerala Special Refractories Limited	Industries	05.11.1985	1994-95	1995-96	...		291.23	(Commercial production not commenced)				4	Under liquidation
27	Kerala Small Industries Development Corporation Limited (SIDCO)	Industries	06.11.1975	1996-97	1999-2000	(-)50.23	IL 75.70	1064.40	(-)1670.21	138.26	44.73	32.0	2	Working
28	Kerala State Film Development Corporation Limited	Cultural	23.07.1975	1997-98	1998-99	(-)45.84		1181.19	(-)1398.38	489.23	-35.69	...	1	Working
29	The Kerala Asbestos Cement Pipe Factory Limited	Local Admn.	09.03.1984	1984-85	1986-87	...		6.09	(Commercial production not commenced)				14	Under liquidation
	<b>Sector wise total</b>					<b>(-)1547.48</b>		<b>10834.55</b>	<b>(-)13970.77</b>	<b>12450.14</b>	<b>1120.63</b>	<b>9.0</b>		
<b>ENGINEERING</b>														
30	The Metal Industries Limited	Industries	06.03.1928	1998-99	1999-2000	(-)22.17		147.96	(-)98.74	324.38	-16.32	...	Nil	Working
31	The Metropolitan Engineering Company Limited	Industries	05.01.1945	1995-96	1999-2000	(-)7.53		192.91	(-)436.09	193.07	-4.85	...	3	Working

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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
32	Steel Complex Limited (SCL) (Subsidiary of KSIDC)	Industries	12.12.1969	1997-98	1998-99	(-)314.65	IL 29.94	700.00	(-)2984.34	897.590	(-)35.87	...	1	Working
33	Steel Industrials Kerala Limited (SILK)	Industries	03.01.1975	1998-99	1999-2000	(-)311.75		3100.00	(-)1850.74	2808.40	-187.38	...	Nil	Working
34	Scooters Kerala Limited	Industries	15.11.1976	1993-94	1999-2000	(-)53.25		229.99	(-)365.47	-0.34	-37.01	...	5	Working
35	Kerala Automobiles Limited	Industries	15.03.1978	1998-99	1999-2000	(+)228.59		535.93	(-)1329.87	969.47	365.65	37.7	Nil	Working
36	Steel and Industrial Forgings Limited (Subsidiary of SILK)	Industries	01.06.1983	1998-99	1999-2000	(+)131.56		540.06	(-)20.40	1820.60	169.28	9.3	Nil	Working
37	Autokast Limited (Subsidiary of SILK)	Industries	21.05.1984	1997-98	1998-99	(-)899.25		1655.00	(-)8015.09	-955.64	-372.40	...	1	Working
38	Kerala Hi-tech Industries Limited	Industries	19.06.1989	1997-98	1999-2000	(-)1126.40		1300.00	(-)2701.85	1348.82	-156.81	...	1	Working
39	Kerala State Engineering Works Limited	Public Works	20.03.1978	1991-92	1992-93	(-)16.54		45.64	(-)150.92	-71.71	-1.63	...	7	Under liquidation
40	SIDECO Mohan Kerala Limited (Subsidiary of SIDCO)	Industries	20.08.1980	1996-97	1998-99	(-)15.46		17.00	(-)89.37	-65.88	-0.03	...	2	Under closure
<b>Sector wise total</b>						<b>(-)2406.85</b>		<b>8464.490</b>	<b>(-)18042.88</b>	<b>7268.76</b>	<b>-241.50</b>	<b>-3.3</b>		
<b>ELECTRONICS</b>														
41	Keltron Counters Limited (Subsidiary of KELTRON)	Industries	21.07.1964	1997-98	1998-99	(+)32.79		496.90	(-)1192.72	-59.89	70.22	...	1	Working
42	Kerala State Electronics Development Corporation Limited (KELTRON)	Industries	29.09.1972	1995-96	1998-99	(-)1252.67	IL 208.90	9182.37	(-)9214.33	11817.47	1312.60	11.1	3	Working
43	Keltron Electro-Ceramics Limited (Subsidiary of KELTRON)	Industries	23.04.1974	1997-98	1999-2000	(+)0.51		318.28	(-)172.13	401.10	42.29	10.5	1	Working



(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
44	Keltron Crystals Limited (Subsidiary of KELTRON)	Industries	08.10.1974	1997-98	1998-99	(-)151.65		133.98	(-)499.91	-43.95	-80.16	...	1	Working
45	Keltron Component Complex Limited (Subsidiary of KELTRON)	Industries	08.10.1974	1997-98	1998-99	(+)20.92	DP 13.89	242.45	(+)166.39	2495.06	387.38	15.5	1	Working
46	Keltron Magnetics Limited (Subsidiary of KELTRON)	Industries	01.03.1975	1997-98	1998-99	(-)35.49		25.09	(-)201.25	-79.17	-9.53	...	1	Working
47	Keltron Resistors Limited (Subsidiary of KELTRON)	Industries	29.04.1975	1997-98	1998-99	(+)4.96		159.81	(-)133.65	159.40	28.11	17.6	1	Working
48	Keltron Power Devices Limited (Subsidiary of KELTRON)	Industries	28.01.1976	1995-96	1998-99	(-)253.50		840.53	(-)2400.69	-898.09	-88.66	...	3	Under closure
49	Keltron Rectifiers Limited (Subsidiary of KELTRON)	Industries	28.03.1976	1995-96	1999-2000	(-)21.67		518.27	(-)1224.51	25.20	57.29	227.3	3	Working
50	SIDKEL Televisions Limited (Subsidiary of SIDCO)	Industries	21.03.1984	1995-96	1998-99	(-)28.39		43.50	(-)231.21	-49.02	-21.28	..	3	Under closure
51	Astral Watches Limited (Subsidiary of KSIDC)	Industries	10.02.1978	1991-92	1999-2000	(+)3.31		8.00	(-)8.19	95.72	3.31	3.5	7	Working
	<b>Sector wise total</b>					<b>(-)1680.88</b>		<b>11969.18</b>	<b>(-)15112.20</b>	<b>13863.83</b>	<b>1701.57</b>	<b>12.3</b>		
	<b>TEXTILES</b>													
52	Trivandrum Spinning Mills Limited	Industries	01.11.1963	1997-98	1998-99	(-)137.25		463.78	(-)1183.93	-58.41	-129.26	..	1	Working
53	Kerala State Textile Corporation Limited	Industries	09.03.1972	1997-98	1999-2000	(-)222.85	IL 11.29	1813.20	(-)1157.77	1724.36	-52.14	..	1	Working
54	Kerala Garments Limited (Subsidiary of KSHDC)	Industries	17.07.1974	1997-98	1999-2000	(-)29.49		48.00	(-)206.72	-95.86	-23.68	...	1	Working
55	Sitaram Textiles Limited	Industries	14.02.1975	1996-97	1998-99	(-)183.42		420.00	(-)1980.73	-635.18	-30.91	...	2	Working
	<b>Sector wise total</b>					<b>(-)573.01</b>		<b>2744.98</b>	<b>(-)4529.15</b>	<b>934.91</b>	<b>-235.99</b>	<b>-25.2</b>		

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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
<b>HANDLOOM AND HANDICRAFTS</b>														
56	Kerala State Handloom Development Corporation Limited (KSHDC)	Industries	24.06.1968	1995-96	1999-2000	(-)22.71	IL 69.02	637.20	(-)608.36	994.29	24.58	2.5	3	Working
57	Handicrafts Development Corporation of Kerala Limited	Industries	16.11.1968	1992-93	1998-99	(+)19.19	IL 11.04	182.74	(-)156.27	170.73	32.52	19.1	6	Working
<b>Sector wise total</b>						<b>(-)3.52</b>		<b>819.94</b>	<b>(-)764.63</b>	<b>1165.02</b>	<b>57.10</b>	<b>4.9</b>		
<b>FOREST</b>														
58	Kerala Forest Development Corporation Limited (KFDC)	Agriculture	24.01.1975	1996-97	1999-2000	(+)137.29	DP 130.59	768.44	(+)305.16	1005.53	167.30	16.6	2	Working
59	Forest Industries (Travancore) Limited	Industries	10.08.1946	1997-98	1999-2000	(+)3.74		37.71	(+)5.78	213.60	25.36	11.6	1	Working
60	Travancore Plywood Industries Limited (Subsidiary of KSIE)	Industries	01.11.1963	1997-98	1998-99	(-)147.68	DL 2.63	48.59	(-)1673.74	-541.97	-141.38	...	1	Working
61	Kerala State Bamboo Corporation Limited	Industries	21.07.1964	1995-96	1998-99	(+)12.93		345.86	(+)49.10	500.12	33.61	6.7	3	Working
62	Kerala State Wood Industries Limited (Subsidiary of KFDC)	Industries	08.09.1981	1988-89	1997-98	(-)119.94		170.00	(-)565.19	422.55	-14.10	...	10	Under closure
<b>Sector wise total</b>						<b>(-)113.66</b>		<b>1370.60</b>	<b>(-)1878.89</b>	<b>1599.83</b>	<b>70.79</b>	<b>4.4</b>		
<b>MINING</b>														
63	Kerala State Mineral Development Corporation Limited	Industries	24.06.1992	1998-99	1999-2000			125.67	(Commercial production not commenced)				Nil	Working
64	Kerala Clays and Ceramic Products Limited	Industries	27.06.1984	1998-99	1999-2000	(+)61.36		131.82	(+)91.63	237.91	61.36	25.8	Nil	Working
<b>Sector wise total</b>						<b>(+)61.36</b>		<b>257.49</b>	<b>(+)91.63</b>	<b>237.91</b>	<b>61.36</b>	<b>25.8</b>		

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	<b>CONSTRUCTION</b>													
65	Kerala State Construction Corporation Limited	Public Works	25.03.1975	1996-97	1999-2000	(+)55.64		87.50	(-)771.91	-243.19	86.33	...	2	Working
66	Kerala Police Housing and Construction Corporation Limited	Home	02.07.1990	1997-98	1999-2000	nil		603.00	nil	928.82	34.58	3.7	1	Working
	<b>Sector wise total</b>					<b>(+)55.64</b>		<b>690.50</b>	<b>(-)771.91</b>	<b>685.63</b>	<b>120.91</b>	<b>17.6</b>		
	<b>AREA DEVELOPMENT</b>													
67	The Kerala Land Development Corporation Limited	Agriculture	15.12.1972	1996-97	1999-2000	(-)48.51		705.40	(-)3161.38	3323.98	-48.44	...	2	Working
	<b>Sector wise total</b>							<b>705.40</b>		<b>3323.98</b>	<b>-48.44</b>	<b>-1.5</b>		
	<b>DEVELOPMENT OF ECONOMICALLY WEAKER SECTION</b>													
68	Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes Limited	SC and ST Development	17.12.1972	1990-91	1998-99	(+)25.02	DP 40.65	1544.64	254.11	2143.02	45.16	2.1	8	Working
69	The Kerala State Backward Classes Development Corporation Limited	SC and ST Development	28.02.1995	1996-97	1998-99	(+)2.93		1330.00	(-)4.34	3029.34	31.53	1.0	2	Working
70	Kerala Fishermen's Welfare Corporation Limited	Fisheries	31.01.1978	1982-83	1990-91	(-)31.61		42.00	(-)100.39	271.68	-15.84	...	16	Under liquidation
71	Kerala State Handicapped Persons' Welfare Corporation Limited	Social Welfare	01.09.1979	1987-88	1995-96	(-)8.15		160.61	(-)43.55	6.41	-5.97	...	11	Working

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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
72	Kerala State Development Corporation for Christian Converts from Scheduled Castes & the Recommended Communities Limited	SC and ST Development	31.12.1980	1989-90	1998-99	(-)9.49		128.25	(-)29.97	98.28	-9.49	...	9	Working
73	Kerala Artisans' Development Corporation Limited	Industries	01.10.1981	1997-98	1999-2000	(-)17.07		195.31	(-)154.78	92.10	-7.17	...	1	Working
74	Kerala State Palmyrah Products Development and Workers' Welfare Corporation Limited	Industries	13.11.1985	1996-97	1998-99	(-)3.06		75.00	(-)16.75	61.83	-3.06	...	2	Working
<b>Sector wise total</b>						<b>(-)41.43</b>		<b>3475.81</b>	<b>(-)95.67</b>	<b>5702.66</b>	<b>35.16</b>			
<b>PUBLIC DISTRIBUTION</b>														
75	The Kerala State Civil Supplies Corporation Limited	Food	25.06.1974	1994-95	1999-2000	(-)2211.10		856.00	(-)10238.56	288.32	-553.10	...	4	Working
<b>Sector wise total</b>								<b>856.00</b>		<b>288.32</b>	<b>-553.10</b>	<b>-191.8</b>		
<b>CEMENT</b>														
76	The Travancore Cements Limited	Industries	09.10.1946	1997-98	1998-99	(+)294.43		50.00	(+)1006.53	1055.37	306.91	29.1	1	Working
77	Malabar Cements Limited	Industries	11.04.1978	1998-99	1999-2000	(+)919.00		2599.87	(+)4811.39	7849.49	1000.30	12.7	nil	Working
<b>Sector wise total</b>						<b>(+)1213.43</b>		<b>2649.87</b>	<b>(+)5817.92</b>	<b>8904.86</b>	<b>1307.21</b>	<b>14.7</b>		
<b>TOURISM</b>														
78	Kerala Tourism Development Corporation Limited (KTDC)	General Admn	29.12.1965	1993-94	1997-98	(+)56.52		921.47	(-)842.57	723.79	96.91	13.4	5	Working
79	Tourist Resorts (Kerala) Limited (Subsidiary of KTDC)	General Admn	29.08.1989	1998-99	1999-2000	(+)23.08		1339.91	(+)73.88	926.33	23.08	2.5	nil	Working

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
80	Bekal Resorts Development Corporation Limited	General Admn	03.07.1995	1998-99	1999-2000			1785.00	(Commercial activities not yet commenced)			nil	Working	
	<b>Sector wise total</b>					<b>(+)79.6</b>		<b>4046.38</b>	<b>(-)768.69</b>	<b>1650.12</b>	<b>119.99</b>	<b>7.3</b>		
<b>DRUGS, CHEMICALS AND PHARMACEUTICALS</b>														
81	The Travancore-Cochin Chemicals Limited	Industries	08.11.1951	1998-99	1999-2000	(-)842.55		2131.19	(+)428.63	8736.01	21.47	0.3	NIL	Working
82	Kerala Soaps and Oils Limited (Subsidiary of KSIE)	Industries	01.11.1963	1991-92	1997-98	(-)331.60		185.59	(-)2337.03	-22.10	-178.47	...	7	Working
83	Kerala State Drugs and Pharmaceuticals Limited (Subsidiary of KSIE)	Industries	23.12.1971	1993-94	1998-99	(-)393.10		430.00	(-)2657.52	-1046.62	2.13	...	5	Working
84	The Pharmaceutical Corporation (Indian Medicines) Kerala Limited	Health	08.09.1975	1997-98	1999-2000	(+)69.42		162.12	(+)8.47	182.69	74.39	40.7	1	Working
85	Kerala State Detergents and Chemicals Limited (Subsidiary of KSIE)	Industries	10.06.1976	1992-93	1997-98	(-)108.82		154.63	(-)1410.57	-443.36	-108.62	...	6	Working
86	Kerala State Salicylates and Chemicals Limited (Subsidiary of KSIE)	Industries	15.11.1984	1994-95	1998-99	(-)454.71	DL 6.45	628.00	(-)2310.59	-435.40	-130.25	...	4	Working
87	Travancore Titanium Products Limited	Industries	18.12.1946	1998-99	1999-2000	(+)988.13		176.75	(+)4414.81	4140.46	988.23	23.9	nil	Working
88	The Kerala Minerals and Metals Limited	Industries	16.02.1972	1997-98	1998-99	(+)1862.08		3093.27	(+)2971.27	7793.36	1892.28	24.3	1	Working
89	The Travancore Sugars and Chemicals Limited	Industries	23.06.1937	1998-99	1999-2000	(+)256.04		126.24	(-)430.40	-186.36	256.04	...	nil	Working
	<b>Sector wise total</b>					<b>(+)1044.89</b>		<b>7087.79</b>	<b>(-)1322.93</b>	<b>18718.66</b>	<b>2817.20</b>	<b>15.1</b>		

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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
<b>FINANCING</b>														
90	Kerala State Industrial Development Corporation Limited (KSIDC)	Industries	21.07.1961	1997-98	1998-99	(+)782.21		15228.35	(+)2718.66	27220.33	1563.67	5.7	1	Working
91	The Kerala State Financial Enterprises Limited	Taxes	06.11.1969	1996-97	1998-99	(+)461.62		300.00	(+)278.43	19708.03	3229.92	16.4	2	Working
92	Kerala Urban Development Finance Corporation Limited	Local Admn.	28.01.1970	1997-98	1998-99	(+)11.68	DP 2.10	96.04	(+)109.31	4237.03	453.52	10.7	1	Working
93	Kerala Transport Development Finance Corporation Limited	Transport	27.02.1991	1997-98	1998-99	(+)429.42		3133.00	(+)625.65	3944.60	487.70	12.4	1	Working
94	Kerala Power Finance Corporation Limited	Power	20.03.1998	1998-99	1999-2000	(+)36.19		1950.00	(+)14.21	1964.21	36.19	1.8	nil	Working
<b>Sector wise total</b>						<b>(+)1721.12</b>		<b>20707.39</b>	<b>(+)3746.26</b>	<b>57074.20</b>	<b>5771.00</b>	<b>10.1</b>		
<b>MISCELLANEOUS</b>														
95	Kerala State Industrial Products Trading Corporation Limited	Industries	04.08.1976	1998-99	1999-2000	(+)108.94		33.90	(+)231.34	265.32	108.94	41.1	Nil	Working
96	Kerala State Beverages (Manufacturing and Marketing) Corporation Limited	Taxes	23.02.1984	1997-98	1998-99	(+)786.25	DP 5.14	102.50	(+)678.45	1715.81	786.25	45.8	1	Working
97	Kerala School Teachers and Non-teaching Staff Welfare Corporation Limited	General Education	16.08.1984	1993-94	1998-99	(-)5.86		50.00	(-)7.99	583.91	59.80	10.2	5	Working
98	Kerala State Women's Development Corporation Limited	Social Welfare	22.02.1988	1992-93	1998-99	(-)10.97		143.00	(-)19.77	158.54	-10.97	...	6	Working

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
99	Overseas Development and Employment Promotion Consultants Limited.	Labour	20.10.1977	1997-98	1998-99	(+)7.92		56.79	(-)13.16	47.65	9.17	19.2	1	Working
100	Kerala State Industrial Enterprises Limited (KSIE)	Industries	25.01.1973	1998-99	1999-2000	(+)138.92	DP 16.24	3266.92	(+)188.83	8945.38	147.92	1.7	nil	Working
101	Kerala State Maritime Development Corporation Limited	Fisheries	06.12.1994	1998-99	1999-2000	(-)128.43	DL 76.38	749.00	(-)184.63	490.27	-128.43	...	Nil	Working
102	Meat Products of India Limited	Agriculture	13.03.1973	1995-96	1998-99	(-)42.74	IL 8.29	186.11	(-)300.36	25.67	-29.11	...	3	Working
103	Kerala Shipping and Inland Navigation Corporation Limited	Transport	29.12.1975	1997-98	1998-99	(+)10.92		963.96	(+)6.85	1078.86	20.11	1.9	1	Working
<b>Sector wise total</b>						<b>(+)864.95</b>		<b>5552.18</b>	<b>(+)579.56</b>	<b>13311.41</b>	<b>963.68</b>	<b>7.2</b>		
<b>Total - A(Sector wise - Companies)</b>						<b>(-)3674.36</b>		<b>95058.420</b>	<b>(-)64741.41</b>	<b>162208.26</b>	<b>13672.90</b>	<b>8.4</b>		
<b>B Statutory Corporations</b>														
<b>POWER</b>														
1	Kerala State Electricity Board	Power	01.04.1957	1997-98*	1999-2000	(+)2461.68		NA	(+)1342.15	357443.71	24965.03	7.00	1	Working
<b>Sector wise total</b>										357443.71	24965.03			
<b>TRANSPORT</b>														
2	Kerala State Road Transport Corporation	Transport	15.03.1965	1997-98	1998-99	(-)5099.78	IL 489.74	10719.65	(-)37376.37	-8140.42	-2777.08	...	1	Working
<b>Sector wise total</b>								<b>10719.65</b>		<b>-8140.42</b>	<b>-2777.08</b>			
<b>FINANCING</b>														
3	Kerala Financial Corporation	Finance	01.12.1953	1998-99	1999-2000	1148.49	DP 739.48	10500.42	(+)8.73	66908.02	8347.21	12.50	...	Working
<b>Sector wise total</b>						<b>1148.49</b>		<b>10500.42</b>	<b>(+)8.73</b>	<b>66908.02</b>	<b>8347.21</b>			

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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
<b>AGRICULTURE AND ALLIED</b>														
4	Kerala State Warehousing Corporation	Agriculture	20.02.1959	1996-97	1998-99	(+)94.89	...	575.00	(+)45.00	977.00	140.45	14.3	2	Working
<b>Sector wise total</b>						<b>(+)94.89</b>		<b>575.00</b>	<b>(+)45.00</b>	<b>977.00</b>	<b>140.45</b>			
<b>MISCELLANEOUS</b>														
5	Kerala Industrial Infrastructure Development Corporation	Industries	23.02.1993	1998-99*	1999-2000	(-)43.29		1837.00	(-)239.28	10574.58	-43.29	...	Nil	Working
<b>Sector wise total</b>						<b>(-)43.29</b>		<b>1837.00</b>	<b>(-)239.28</b>	<b>10574.58</b>	<b>-43.29</b>			
<b>Total - B (All sector wise Statutory Corporations)</b>						<b>(-)1438.01</b>		<b>23632.07</b>	<b>(-)36219.77</b>	<b>427762.89</b>	<b>30631.32</b>			
<b>Grand total (A+B)</b>						<b>(-)5112.37</b>		<b>118690.49</b>	<b>(-)100961.18</b>	<b>589971.15</b>	<b>44305.22</b>			

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

IL : Increase in loss;

DL: Decrease in loss;

DP: Decrease in profit;

\*Provisional;

NA: Not applicable.



## ANNEXURE 4

Statement showing subsidy received, guarantees received, waiver of dues, loans on which moratorium allowed and loans converted into equity during the year and subsidy receivable and guarantees outstanding at the end of March 1999

(Referred to in Paragraph 1.3)

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

Sl. No.	Name of the Public Sector Undertaking	@Subsidy received during the year				Guarantees received during the year and outstanding at the end of year**					Waiver of dues during the year				Loans on which moratorium allowed	Loans converted in to equity during the year
		Central Govt.	State Govt.	Others	Total	Cash credit from banks	Loans from other sources	Letters of credit opened by banks in respect of imports	Payment obligation under agreement with foreign consultants or contracts	Total	Loans repayment written off	Interest waived	Penal interest waived/ others	Total		
(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
	Government Companies															
	<b>AGRICULTURE AND ALLIED</b>															
1	The Plantation Corporation of Kerala Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2	The State Farming Corporation of Kerala Limited	...	...	...	...	...	506.66 (506.66)	...	...	506.66 (506.66)	...	...	...	...	...	...
3	The Rehabilitation Plantations Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
4	Oil Palm India Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
5	The Kerala Agro Industries Corporation Limited	...	...	...	...	64.41 (64.41)	...	...	...	64.41 (64.41)	...	...	...	...	...	...
6	The Kerala State Coir Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
7	The Kerala State Cashew Development Corporation Limited	...	...	...	...	...	...	3389.95 (3389.95)	...	3389.95 (3389.95)	...	...	...	...	...	...
8	Kerala Agro-Machinery Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

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(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
9	Kerala State Coconut Development Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
10	Foam Mattings (India) Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
11	Kerala State Horticultural Products Development Corporation Limited	...	72.26	...	72.26	...	...	...	...	...	...	...	...	...	...	...
12	Kerala Livestock Development Board Limited	...	400.00	...	400.00	...	...	...	...	...	...	...	...	...	...	...
13	Kerala State Poultry Development Corporation Limited	...	95.00	...	95.00	...	(167.00)	...	...	(167.00)	...	...	...	...	...	...
14	The Kerala Fisheries Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
15	Kerala Inland Fisheries Development Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
16	Kerala Feeds Limited	...	...	...	...	...	(800.00)	...	...	(800.00)	...	...	...	...	...	...
	<b>Sector wise total</b>		<b>567.26</b>	<b>0.00</b>	<b>567.26</b>	<b>64.41</b> <b>(64.41)</b>	<b>506.66</b> <b>(1473.66)</b>	<b>3389.95</b> <b>(3389.95)</b>	...	<b>3961.02</b> <b>(4928.02)</b>	...	...	...	...	...	...
	<b>INDUSTRY</b>															
17	United Electrical Industries Limited	...	...	...	...	...	(4800.00)	...	...	(4800.00)	...	...	...	...	...	...
18	Traco Cable Company Limited	...	...	...	...	(840.79)	(11515.73)	(295.30)	...	(12651.82)	...	...	...	...	...	...
19	Transformers and Electricals Kerala Limited	...	...	...	...	...	...	15207.53 (15207.53)	...	15207.53 (15207.53)	...	...	...	...	...	...
20	Kerala Electrical and Allied Engineering Company Limited	...	...	...	...	169.00 (9115.00)	160.00 (1566.69)	850.00 (2500.00)	...	1179.00 (13181.69)	...	...	...	...	...	...
21	The Kerala Premo Pipe Factory Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
22	Trivandrum Rubber Works Limited (Subsidiary of SFCK)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
23	The Kerala Ceramics Limited	...	...	...	...	113.12 (499.20)	...	...	...	113.12 (499.20)	...	...	...	...	...	...

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
24	Kerala Construction Components Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
25	The Chalakudy Refractories Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
26	Kerala Special Refractories Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
27	Kerala Small Industries Development Corporation Limited (SIDCO)	...	...	...	...	26.42 (75.00)	6.25 (6.25)	...	...	32.67 (81.25)	...	...	...	...	...	...
28	Kerala State Film Development Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
29	The Kerala Asbestos Cement Pipe Factory Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
	<b>Sector wise total</b>	...	...	...	...	<b>308.54</b> <b>(10529.99)</b>	<b>166.25</b> <b>(17888.67)</b>	<b>16057.53</b> <b>(18002.83)</b>	...	<b>16532.32</b> <b>(46421.49)</b>	...	...	...	...	...	...
	<b>ENGINEERING</b>															
30	The Metal Industries Limited	...	...	...	...	13.47 (36.20)	...	...	...	13.47 (36.20)	...	...	...	...	...	...
31	The Metropolitan Engineering Company Limited	...	...	...	...	(214.50)	...	...	...	(214.50)	...	...	...	...	...	...
32	Steel Complex Limited (Subsidiary of KSIDC)	...	...	...	...	(669.00)	(352.55)	(222.50)	...	(1244.05)	...	...	...	...	...	...
33	Steel Industries Kerala Limited (SILK)	...	...	...	...	764.25 (1576.25)	...	...	...	764.25 (1576.25)	...	...	...	...	...	...
34	Scooters Kerala Limited	...	...	...	...	19.85 (34.85)	...	...	...	19.85 (34.85)	...	...	...	...	...	...
35	Kerala Automobiles Limited	...	...	...	...	202.00 (695.00)	(650.82)	...	...	202.00 (1345.82)	...	...	...	...	...	...
36	Steel and Industrial Forgings Limited (Subsidiary of SILK)	...	...	...	...	(853.00)	...	...	...	(853.00)	...	...	...	...	...	...
37	Autokast Limited (Subsidiary of SILK)	...	...	...	...	(750.00)	(2832.00)	...	...	(3582.00)	130.00	...	...	130.00	...	142.00

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(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
38	Kerala Hi-tech Industries Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
39	Kerala State Engineering Works Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
40	SIDECO Mohan Kerala Limited (Subsidiary of SIDCO)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
	<b>Sector wise total</b>	...	...	...	...	<b>999.57 (4828.80)</b>	<b>(3835.37)</b>	<b>(222.50)</b>	<b>0.00</b>	<b>999.57 (8886.67)</b>	<b>130.00</b>	...	...	<b>130.00</b>	...	<b>142.00</b>
<b>ELECTRONICS</b>																
41	Keltron Counters Limited (Subsidiary of KELTRON)	...	...	...	...	(118.73)	(138.43)	(38.84)	...	(296.00)	...	...	...	...	...	...
42	Kerala State Electronics Development Corporation Limited(KELTRON)	...	...	...	...	(12718.00)	(6110.71)	...	...	(18828.71)	...	...	...	...	...	...
43	Keltron Electro-Ceramics Limited (Subsidiary of KELTRON)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
44	Keltron Crystals Limited (Subsidiary of KELTRON)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
45	Keltron Component Complex Limited (Subsidiary of KELTRON)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
46	Keltron Magnetics Limited (Subsidiary of KELTRON)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
47	Keltron Resistors Limited (Subsidiary of KELTRON)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
48	Keltron Power Devices Limited (Subsidiary of KELTRON)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
49	Keltron Rectifiers Limited (Subsidiary of KELTRON)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
50	SIDKEL Televisions Limited (Subsidiary of SIDCO)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
51	Astral Watches Limited (Susiary of KSIDC)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
	<b>Sector wise total</b>	...	...	...	...	<b>(12836.73)</b>	<b>(6249.14)</b>	<b>(38.84)</b>	...	<b>(19124.71)</b>	...	...	...	...	...	...
<b>TEXTILES</b>																
52	Trivandrum Spinning Mills Limited	...	...	...	...	...	(62.81)	...	...	(62.81)	...	...	...	...	...	...
53	Kerala State Textile Corporation Limited	...	...	...	...	(166.94)	(309.22)	...	...	(476.16)	...	...	...	...	...	...
54	Kerala Garments Limited (Subsidiary of KSHDC)	...	...	...	...	...	...	...	...	0.00	...	...	...	...	...	...
55	Sitaram Textiles Limited	...	...	...	...	(179.00)	(13.50)	(25.00)	...	(217.50)	...	...	...	...	...	...
	<b>Sector wise total</b>	...	...	...	...	<b>(345.94)</b>	<b>(385.53)</b>	<b>(25.00)</b>	...	<b>(756.47)</b>	...	...	...	...	...	...
<b>HANDLOOM AND HANDICRAFTS</b>																
56	Kerala State Handloom Development Corporation Limited (KSHDC)	...	714.52	...	714.52	...	...	...	...	0.00	...	...	...	...	...	...
57	Handicrafts Development Corporation of Kerala Limited	...	8.88	...	8.88	(26.00)	...	...	...	(26.00)	...	...	...	...	...	...
	<b>Sector wise total</b>	...	<b>723.40</b>	<b>0.00</b>	<b>723.40</b>	<b>(26.00)</b>	...	...	...	<b>(26.00)</b>	...	...	...	...	...	...
<b>FOREST</b>																
58	Kerala Forest Development Corporation Limited (KFDC)	...	...	...	0.00	...	(9.38)	...	...	(9.38)	...	...	...	...	...	...
59	Forest Industries (Travancore) Limited	...	...	...	0.00	...	...	...	...	0.00	...	...	...	...	...	...
60	Travancore Plywood Industries Limited (Subsidiary of KSIE)	...	...	...	0.00	...	...	...	...	0.00	...	...	...	...	...	...
61	Kerala State Bamboo Corporation Limited	...	70.00	...	70.00	...	...	...	...	0.00	...	...	...	...	...	...

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62	Kerala State Wood Industries Limited (Subsidiary of KFDC)	...	...	...	0.00	...	...	...	...	0.00	...	...	...	...	...	...
<b>Sector wise total</b>			<b>70.00</b>		<b>70.00</b>	...	<b>(9.38)</b>	...	...	<b>(9.38)</b>	...	...	...	...	...	...
<b>MINING</b>																
63	Kerala State Mineral Development Corporation Limited	...	...	...	0.00	...	...	...	...	0.00	...	...	...	...	...	...
64	Kerala Clays and Ceramic Products Limited	...	...	...	0.00	...	...	...	...	0.00	...	...	...	...	...	...
<b>Sector wise total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CONSTRUCTION</b>																
65	Kerala State Construction Corporation Limited	...	...	...	0	...	...	...	...	0	...	...	...	...	...	...
66	Kerala Police Housing and Construction Corporation Limited	...	...	...	0	...	...	...	...	0	...	...	...	...	...	...
<b>Sector wise total</b>																
<b>AREA DEVELOPMENT</b>																
67	The Kerala Land Development Corporation Limited	...	...	...	0.00	(1397.98)	(3024.02)	...	...	(4422.00)	...	...	...	...	...	...
<b>Sector wise total</b>		...	...	...	<b>0.00</b>	<b>(1397.98)</b>	<b>(3024.02)</b>	...	...	<b>(4422.00)</b>	...	...	...	...	...	...
<b>DEVELOPMENT OF ECONOMICALLY WEAKER SECTION</b>																
68	Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes Limited	...	435.37	...	435.37	...	397.15 (1547.55)	...	...	397.15 (1547.55)	...	...	...	...	...	...
69	The Kerala State Backward Classes Development Corporation Limited	...	...	...	0.00	...	(2194.37)	...	...	(2194.37)	...	...	...	...	...	...
70	Kerala Fishermen's Welfare Corporation Limited	...	...	...	0.00	...	...	...	...	0.00	...	...	...	...	...	...

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
71	Kerala State Handicapped Persons' Welfare Corporation Limited	...	...	...	0.00	...	...	...	...	0.00	...	...	...	...	...	...
72	Kerala State Development Corporation for Christian Converts from Scheduled Castes & the Recommended Communities Limited	...	...	...	0.00	...	(1341.22)	...	...	(1341.22)	...	...	...	...	...	...
73	Kerala Artisans' Development Corporation Limited	...	...	...	0.00	...	105.29 (105.29)	...	...	105.29 (105.29)	...	...	...	...	...	...
74	Kerala State Palmyrah Products Development and Workers' Welfare Corporation Limited	...	25.00	...	25.00	...	...	...	...	0.00	...	...	...	...	...	...
	<b>Sector wise total</b>		<b>460.37</b>	<b>0.00</b>	<b>460.37</b>	<b>0.00</b>	<b>502.44 (5188.43)</b>	<b>0.00</b>	<b>0.00</b>	<b>502.44 (5188.43)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>PUBLIC DISTRIBUTION</b>																
75	The Kerala State Civil Supplies Corporation Limited	...	5000.00	...	5000.00	1130.60 (1500.00)	...	...	...	1130.60 (1500.00)	...	...	...	...	...	...
	<b>Sector wise total</b>	...	<b>5000.00</b>	...	<b>5000.00</b>	<b>1130.60 (1500.00)</b>	...	...	...	<b>1130.60 (1500.00)</b>	...	...	...	...	...	...
<b>CEMENT</b>																
76	The Travancore Cements Limited	...	...	...	0.00	...	...	...	...	0.00	...	...	...	...	...	...
77	Malabar Cements Limited	...	...	...	0.00	...	(525.34)	...	...	(525.34)	...	...	...	...	...	...
	<b>Sector wise total</b>	...	...	...	<b>0.00</b>	...	<b>(525.34)</b>	...	...	<b>(525.34)</b>	...	...	...	...	...	...
<b>TOURISM</b>																
78	Kerala Tourism Development Corporation Limited (KTDC)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

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(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
79	Tourist Resorts (Kerala) Limited (Subsidiary of KTDC)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
80	Bekal Resorts Development Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
	<b>Sector wise total</b>	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
<b>DRUGS, CHEMICALS &amp; PHARMACEUTICALS</b>																
81	The Travancore-Cochin Chemicals Limited	...	...	...	0.00	...	...	...	...	0.00	...	...	...	...	...	...
82	Kerala Soaps and Oils Limited (Subsidiary of KSIE)	...	...	...	0.00	...	981.61 (981.61)	37.00 (2204.00)	...	1018.61 (3185.61)	...	...	...	...	...	...
83	Kerala State Drugs and Pharmaceuticals Limited (Subsidiary of KSIE)	...	...	...	0.00	217.61 (217.61)	12.08 (12.08)	22.69 (22.69)	...	252.38 (252.38)	...	...	...	...	...	...
84	The Pharmaceutical Corporation(Indian Medicines) Kerala Limited	...	...	...	0.00	...	...	...	...	0.00	...	...	...	...	...	...
85	Kerala State Detergents and Chemicals Limited (Subsidiary of KSIE)	...	...	...	0.00	...	...	...	...	0.00	...	...	...	...	...	...
86	Kerala State Salicylates and Chemicals Limited (Subsidiary of KSIE)	...	...	...	0.00	...	...	...	...	0.00	...	...	...	...	...	...
87	Travancore Titanium Products Limited	...	...	...	0.00	...	...	...	...	0.00	...	...	...	...	...	...
88	The Kerala Minerals and Metals Limited	...	...	...	0.00	930.00 (1000.00)	...	301.60 (500.00)	...	1231.60 (1500.00)	...	...	...	...	...	...
89	The Travancore Sugars and Chemicals Limited	...	...	...	0.00	...	...	...	...	0.00	...	24.51	115.04	139.55	...	65.00
	<b>Sector wise total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1147.61</b>	<b>993.69</b>	<b>361.29</b>	<b>0</b>	<b>2502.59</b>	<b>0</b>	<b>24.51</b>	<b>115.04</b>	<b>139.55</b>	<b>0</b>	<b>65</b>

\* This figure represents vending fees.



(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
						(1217.61)	(993.69)	(2726.69)		(4937.99)						
<b>FINANCING</b>																
90	Kerala State Industrial Development Corporation Limited (KSIDC)	...	...	...	0.00	...	...	...	...	0.00	...	...	...	...	...	...
91	The Kerala State Financial Enterprises Limited	...	...	---	---	...	...	...	...	0.00	...	...	...	...	...	...
92	Kerala Urban Development Finance Corporation Limited	...	...	---	---	...	...	...	...	0.00	...	...	...	...	...	...
93	Kerala Transport Development Finance Corporation Limited	...	...	...	0.00	...	...	...	...	0.00	...	...	...	...	...	...
94	Kerala Power Finance Corporation Limited	...	...	...	0.00	...	...	...	...	0.00	...	...	...	...	...	...
<b>Sector wise total</b>				....	...											
<b>MISCELLANEOUS</b>																
95	Kerala State Industrial Products Trading Corporation Limited	...	...	...	0.00	...	...	...	...	0.00	...	...	...	...	...	...
96	Kerala State Beverages (Manufacturing and Marketing) Corporation Limited	...	...	...	0.00	...	...	...	...	0.00	...	...	...	...	...	...
97	Kerala School Teachers and Non-teaching Staff Welfare Corporation Limited	...	...	...	0.00	343.90 (343.90)	...	...	...	343.90 (343.90)	...	...	...	...	...	...
98	Kerala State Women's Development Corporation Limited	...	34.00	...	34.00	...	1500.00 (1500.00)	...	...	1500.00 (1500.00)	...	...	...	...	...	...
99	Overseas Development and Employment Promotion Consultants Limited.	...	...	...	0.00	...	...	...	...	0.00	...	...	...	...	...	...

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(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)†	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
100	Kerala State Industrial Enterprises Limited (KSIE)	...	...	...	0.00	...	...	...	...	0.00	...	...	...	...	...	...
101	Kerala State Maritime Development Corporation Limited	...	0.00	...	0.00	...	...	...	...	0.00	...	...	...	...	...	...
102	Meat Products of India Limited	...	...	...	0.00	...	...	...	...	0.00	...	...	...	...	...	...
103	Kerala Shipping and Inland Navigation Corporation Limited	...	...	...	0.00	...	...	...	...	0.00	...	...	...	...	...	...
	<b>Sector wise total</b>	<b>0</b>	<b>34.00</b>	<b>0</b>	<b>34.00</b>	<b>343.90</b> <b>(343.90)</b>	<b>1500.00</b> <b>(1500.00)</b>	<b>0</b>	<b>0</b>	<b>1843.90</b> <b>(1843.90)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total - A(Sector wise - Companies)</b>	<b>0</b>	<b>6855.03</b>	<b>...</b>	<b>6855.03</b>	<b>4976.24</b> <b>(33091.36)</b>	<b>2724.43</b> <b>(41073.23)</b>	<b>19771.77</b> <b>(24405.81)</b>	<b>0</b>	<b>27472.44</b> <b>(98570.40)</b>	<b>130</b>	<b>24.51</b>	<b>115.04</b>	<b>269.55</b>	<b>0</b>	<b>207.00</b>
<b>B Statutory corporations</b>																
<b>POWER</b>																
1	Kerala State Electricity Board	--	<b>(30171.10)</b>	---	<b>(30171.10)</b>	---	<b>(193575.21)</b>	---	---	<b>(193575.21)</b>	---	---	---	---	--	<b>155300.00</b>
	<b>Sector wise total</b>	--	<b>(30171.10)</b>	---	<b>(30171.10)</b>	---	<b>(193575.21)</b>	---	---	<b>(193575.21)</b>	---	---	---	---	--	<b>155300.00</b>
<b>TRANSPORT</b>																
2	Kerala State Road Transport Corporation	--	--	--	--	--	<b>(1011.91)</b>	--	--	<b>(1011.91)</b>	---	--	--	--	--	--
	<b>Sector wise total</b>	--	--	--	--	--	<b>(1011.91)</b>	--	--	<b>(1011.91)</b>	---	--	--	--	--	--
<b>FINANCING</b>																
3	Kerala Financial Corporation	...	230.00	...	230.00	...	4046.00 (29169.29)	...	...	4046.00 (29169.29)	...	...	...	...	...	...
	<b>Sector wise total</b>	...	<b>230.00</b>	...	<b>230.00</b>	...	<b>4046.00</b> <b>(29169.29)</b>	...	...	<b>4046.00</b> <b>(29169.29)</b>	--	--	--	--	--	--

AGRICULTURE AND ALLIED																
4	Kerala State Warehousing Corporation	...	...	...	0.00	...	(292.19)	...	...	(292.19)	...	...	...	...	...	...
<b>Sector wise total</b>		-	-	-	0	-	(292.19)	-	-	(292.19)	-	-	-	-	-	-
MISCELLANEOUS																
5	Kerala Industrial Infrastructure Development Corporation	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
<b>Sector wise total</b>		...	...	...	...	-	-	-	-	-	-	-	-	-	-	-
<b>Total - B (All sector wise Statutory Corporations)</b>		--	<b>230.00</b> (30171.10)	---	<b>230.00</b> (30171.10)	---	<b>4046.00</b> (224048.60)	--	---	<b>4046.00</b> (224048.60)	--	--	--	--	--	155300.00
<b>Grand total (A+B)</b>		--	<b>7085.03</b> (30171.10)		<b>7085.03</b> (30171.10)	<b>4976.24</b> (33091.36)	<b>32185.91</b> (265121.83)	<b>19771.77</b> (24405.81)	--	<b>31518.44</b> (322619.00)	<b>130</b>	<b>24.51</b>	<b>115.04</b>	<b>269.55</b>	<b>0</b>	155507.00

@Subsidy includes subsidy receivable at the end of the year which is shown in { }

\*\*Figures in brackets indicates guarantee outstanding at the end of the year( )

**ANNEXURE – 5**  
**Statement showing financial position of Statutory Corporations.**  
*(Referred to in Paragraph 1.2.2)*

(Rupees in crore)

<b>1. Kerala State Electricity Board</b>			
Particulars	1996-97	1997-98 (Provisional)	1998-99 (Provisional)
<i>A. Liabilities</i>			
Equity Capital	---	---	1553.00
Loans from Government	813.31	1024.35	149.01
Other long-term loans (including bonds)	1389.36	1939.21	2878.49
Reserves & Surplus	647.25	753.80	926.45
Current liabilities and provisions	1675.29	1837.92	1536.24
<b>Total – A</b>	<b>4525.21</b>	<b>5555.28</b>	<b>7043.19</b>
<i>B. Assets</i>			
Gross fixed assets	1654.01	2275.13	2682.03
Less : Depreciation	486.62	562.44	682.20
Net fixed assets	1167.39	1712.69	1999.83
Capital works-in-progress	1698.21	1693.58	1930.68
Deferred cost	134.48	142.05	160.48
Current assets	1513.05	2006.08	2941.82
Investments	---	---	9.50
Assets not in use	0.88	0.88	0.88
Miscellaneous expenditure	---	---	--
Accumulated loss	11.20	---	---
<b>Total – B</b>	<b>4525.21</b>	<b>5555.28</b>	<b>7043.19</b>
<i>C. Capital employed @</i>	2703.36	3574.43	5336.09

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

(Rupees in crore)

<b>2. Kerala State Road Transport Corporation</b>			
Particulars	1996-97	1997-98	1998-99 (Provisional)
<i>A. Liabilities</i>			
Capital (Including capital loan & equity capital)	101.20	107.20	107.20
Borrowings (Government)	70.65	82.90	82.90
(Others)	41.19	45.39	43.97
Funds*	55.22	56.90	55.80
Trade dues and other current liabilities (including provisions)	215.97	259.34	326.95
<b>Total – A</b>	<b>484.23</b>	<b>551.73</b>	<b>616.82</b>
<i>B. Assets</i>			
Gross block	227.81	255.20	282.10
Less: Depreciation	130.54	146.79	170.85
Net fixed assets	97.27	108.41	111.25
Capital works-in-progress (including cost of chassis)	6.56	5.74	6.40
Investments	0.03	0.03	0.03
Current assets, loans and advances	57.91	63.79	55.25
Deferred cost	---	---	---
Accumulated loss	322.46	373.76	443.89
<b>Total – B</b>	<b>484.23</b>	<b>551.73</b>	<b>616.82</b>
<i>C. Capital employed @</i>	(-)54.23	(-)81.40	(-)154.05

\* Excluding depreciation funds

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

(Rupees in crore)

<b>3. Kerala Financial Corporation</b>			
Particulars	1996-97	1997-98	1998-99
<b>A. Liabilities</b>			
Paid-up capital	67.00	67.00	67.00
Share capital advance	12.00	25.00	38.00
Reserve fund and other reserves and surplus	7.43	11.57	11.45
Borrowings:			
(i) Bonds and debentures	226.57	257.47	290.32
(ii) Fixed Deposits	0.20	0.91	1.37
(iii) Industrial Development Bank of India & Small Industries Development Bank of India and other Banks	165.21	263.04	325.43
(iv) Reserve Bank of India	0.75	---	---
(v) Loan in lieu of share capital			
(a) State Government	---	---	---
(b) Industrial Development Bank of India	---	---	---
(vi) Others (including State Government)	2.51	2.51	2.51
Other liabilities and provisions	37.84	15.91	20.78
<b>Total – A</b>	<b>519.51</b>	<b>643.41</b>	<b>756.88</b>
<b>B. Assets</b>			
Cash and Bank balances	16.00	24.87	54.79
Investments	0.10	0.10	0.10
Loans and Advances	476.90	588.13	668.53
Net fixed assets	5.48	5.92	6.66
Other assets	21.03	24.39	26.80
Miscellaneous expenditure	---	---	---
<b>Total – B</b>	<b>519.51</b>	<b>643.41</b>	<b>756.88</b>
<b>C. Capital employed @</b>	<b>449.22</b>	<b>557.69</b>	<b>669.08</b>

@ Capital employed represents the mean of the aggregate of opening and closing balances of paid-up capital, loans in lieu of capital, seed money, debentures, reserves (other than those which have been funded specifically and backed by investments outside), bonds, deposits and borrowings (including refinance).

(Rupees in crore)

<b>4. Kerala State Warehousing Corporation</b>			
Particulars	1996-97	1997-98	1998-99 (Provisional)
<i>A. Liabilities</i>			
Paid-up-capital	5.75	6.25	6.75
Reserves and surplus	2.07	2.71	3.13
Borrowings :- (Government)	0.71	0.71	0.71
(others)	1.24	0.41	---
Trade dues and current liabilities(including provisions)	7.01	7.32	7.15
Total – A	16.78	17.40	17.74
<i>B. Assets</i>			
Gross block	12.64	13.27	14.13
<i>Less: Depreciation</i>	2.94	3.23	3.53
Net fixed assets	9.70	10.04	10.60
Capital works-in-progress	0.27	0.17	0.20
Current assets, loans and advances	6.81	7.19	6.94
Accumulated loss	---		
Total – B	16.78	17.40	17.74
<i>C. Capital employed @</i>	9.77	10.08	10.59

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

(Rupees in crore)

<b>5. Kerala Industrial Infrastructure Development Corporation(KINFRA)</b>			
Particulars	1996-97	1997-98	1998-99 (Provisional)
<b>A. Liabilities</b>			
Grants	71.70	87.36	18.37
Loans	--	--	92.44
Trade dues and current liabilities(including provisions)	1.12	3.23	7.90
<b>Total – A</b>	<b>72.82</b>	<b>90.59</b>	<b>118.71</b>
<b>B. Assets</b>			
Gross block	0.37	0.41	0.49
<i>Less:</i> Depreciation	0.11	0.16	0.24
Net fixed assets	0.26	0.25	0.25
Investment	---	---	2.67
Current assets, loans and advances	70.76	88.38	113.40
Accumulated loss	1.80	1.96	2.39
<b>Total – B</b>	<b>72.82</b>	<b>90.59</b>	<b>118.71</b>
<b>C. Capital employed @</b>	<b>69.90</b>	<b>85.40</b>	<b>105.75</b>

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



## ANNEXURE – 6

## Statement showing working results of Statutory corporations

(Referred to in paragraph 1.2.2)

(Rupees in crore)

1. Kerala State Electricity Board			
Particulars	1996-97	1997-98 (Provisional)	1998-99 (Provisional)
1. Income			
(a) Revenue receipts	705.34	991.22	1263.80
(b) Subsidy/subvention from Government	278.02	321.31	301.71
Total	983.36	1312.53	1565.51
2. Revenue expenditure (net of expenses capitalised) including write off of intangible assets but excluding depreciation and interest	699.92	961.67	1065.03
3 Gross surplus(+)/deficit(-) for the year (1-2)	(+)283.44	(+)350.86	(+)500.48
4 Adjustments relating to previous years	(-)13.14	(-)25.38	(-)53.30
5 Final gross surplus(+)/deficit(-) for the year (3+4)	(+)270.30	(+)325.48	(+)447.18
6 Appropriations:			
(a) Depreciation (less capitalised)	66.15	75.83	119.77
(b) Interest on Government loans	99.28	102.37	4.00
(c) Interest on others, bonds, advance, etc. and finance charges	208.49	254.57	392.51
(d) Total interest on loans & finance charges (b+c)	307.77	356.94	396.51
(e) Less: Interest capitalised	127.61	131.89	107.85
(f) Net interest charged to revenue (d-e)	180.16	225.03	288.66
(g) Total appropriations (a+f)	246.31	300.86	408.43
7 Surplus(+)/deficit(-) before accounting for subsidy from state Government [5-6(g)-1(b)]	(-)254.03	(-)296.69	(-)262.95
8 Net surplus (+)/deficit(-) {5-6(g)}	(+)23.99	(+)24.62	(+)38.75
9 Total return on capital employed *	204.15	249.65	327.41
10 Percentage of return on capital employed	8	7	6

\* Total return on capital employed represents net surplus/deficit plus total interest charged to profit and loss account (less interest capitalised).

(Rupees in crore)

2. Kerala State Road Transport Corporation			
Particulars	1996-97	1997-98	1998-99 (Provisional)
Operating			
(a) Revenue	338.63	386.34	404.90
(b) Expenditure	351.14	420.86	458.50
(c) Surplus(+)/Deficit(-)	(-)12.51	(-)34.52	(-)53.60
Non-operating			
(a) Revenue	7.14	6.77	7.97
(b) Expenditure	22.66	23.25	24.50
(c) Surplus(+)/Deficit(-)	(-)15.52	(-)16.48	(-)16.53
Total			
(a) Revenue	345.77	393.11	412.87
(b) Expenditure	373.80	444.11	483.00
(c) Net Profit(+)/Loss(-)	(-)28.03	(-)51.00	(-)70.13
Interest on capital and loans	22.66	23.23	23.45
Total return on capital employed	(-)5.37	(-)27.77	(-)46.68

(Rupees in crore)

<b>3. Kerala Financial Corporation</b>			
Particulars	1996-97	1997-98	1998-99
1. Income			
(a) Interest on loans	70.91	82.23	100.16
(b) Other income	4.61	6.95	4.93
Total – 1	75.52	89.18	105.09
2. Expenses			
(a) Interest on long-term and short-term loans	44.15	57.99	71.99
(b) Provision for doubtful debts/bad debts written off	5.28	6.37	7.95
(c) Other expenses	11.56	13.34	13.67
Total – 2	60.99	77.70	93.61
3. Profit before tax(1-2)	14.53	11.48	11.48
4. Prior period adjustments	---	---	---
5. Provision for tax	3.83	2.48	2.26
6. Profit(+)/Loss(-) after tax	10.70	9.00	9.22
7. Other appropriations	6.82	4.98	5.03
8. Amount available for dividend #	3.88	4.02	4.19
9. Dividend paid/payable	1.77	1.78	1.77
10. Total return on capital employed	58.68	69.47	83.47
11. Percentage of return on capital employed	13.1	12.5	12.5

# Represents profit of current year available for dividend after considering the specific reserves and provision for taxation.

(Rupees in crore)

<b>4. Kerala State Warehousing Corporation</b>			
Particulars	1996-97	1997-98	1998-99
			(Provisional)
1. Income			
(a) Warehousing charges	4.81	5.57	5.85
(b) Other income	2.33	2.03	1.58
Total -- 1	7.14	7.60	7.43
2. Expenses			
(a) Establishment charges	3.25	3.81	3.90
(b) Other expenses	2.94	3.15	3.10
Total -- 2	6.19	6.96	7.00
3. Profit(+)/Loss(-) before tax	(+)0.95	(+)0.64	(+)0.43
4. Provision for tax	---	---	---
5. Prior period adjustments	0.10	---	---
6. Other appropriations	0.77	---	---
7. Amount available for dividend	---	---	---
8. Dividend for the year	0.28	---	---
9. Total return on capital employed	1.40	1.01	0.74
10. Percentage of return on capital employed	14.30	10.01	6.98

(Rupees in crore)

<b>5. Kerala Industrial Infrastructure Development Corporation (KINFRA)</b>			
Particulars	1996-97	1997-98	1998-99
			(Provisional)
Miscellaneous income	0.01	0.31	0.22
Expenses	0.93	0.47	0.65
Deficit (-)	0.92	0.16	0.43
Return on capital employed	(-)0.92	(-)0.16	(-)0.43

## ANNEXURE – 7

## Statement showing operational performance of Statutory Corporations

(Referred to in paragraph 1.5.2.3)

1. Kerala State Electricity Board			
Particulars	1996-97	1997-98 (Provisional)	1998-99 (Provisional)
Installed Capacity	(MW)		
(a) Thermal	---	85	107
(b) Hydro	1507	1689	1704
(c) Gas	---	---	---
(d) Others	2	2	2
TOTAL	1509	1776	1813
Normal maximum demand			
Restricted	1572	1337	1896
Unrestricted	2187	2368	2040
Power Generated:	(MkWh)		
(a) Thermal	---	113	251
(b) Hydro	5500	5074	7349
(c) Gas	---	---	---
(d) Others	3	2	2
TOTAL	5503	5189	7602
<i>Less:</i> Auxiliary consumption			
(a) Thermal (Percentage)	---	---	---
(b) Hydro (Percentage)	28	31	32
(c) Gas (Percentage)	---	---	---
(d) Others (Percentage)	---	---	---
TOTAL (Percentage)	28 (0.5)	31 (0.6)	32 (0.4)
<b>Net power generated</b>	<b>5475</b>	<b>5158</b>	<b>7570</b>
Power purchased:			
(a) Within the State	---	---	---
- Government:	---	---	---
- Private	---	---	---
(b) Other States:	---	---	---
(c) Central Grid	3296	4236	3595
Total power available for sale	8771	9394	11165
Power Sold:			
(a) within the State	7021	7716	9183
(b) Outside the State	---	---	---

Transmission and distribution losses	1750	1678	1982
Load factor(Percentage)	51	44	51
Percentage of transmission and distribution losses to total power available for sale	20	18	18
Number of villages/towns electrified	1384	1384	1384
Number of pump sets/wells energised	310158	329355	#
Number of sub-stations	157	167	#
Transmission/distribution lines(in km)			
(a) High/medium voltage	32719	34110	#
(b) Low voltage	132864	138733	#
Connected load (in MW)	6089	6460	#
Number of consumers	4923041	5210674	5639130
Number of employees	25986	30498	28897
Consumer/employee ratio	189:1	171:1	195 : 1
Total expenditure on staff during the year (Rs. in crore)	319.07	375.42	410.14
Percentage of expenditure on staff to total revenue expenditure	33	30	28
Units sold	MkWh		
(a) Agriculture (Percentage share to total units sold)	329 (6)	341 (4)	354 (4)
(b) Industrial (Percentage share to total units sold)	2229 (31)	2515 (33)	3307 (36)
(c) Commercial (Percentage share to total units sold)	650 (9)	652 (8)	785 (9)
(d) Domestic (Percentage share to total units sold)	3405 (48)	3776 (49)	4212 (45)
(e) Others (Percentage share to total units sold)	408 (6)	432 (6)	525 (6)
TOTAL	7021	7716	9183

Particulars	1996-97	1997-98	1998-99
	(Paise per kWh)		
(a) Revenue (excluding subsidy from Government)	100	128	138
(b) Expenditure	91	117	117
(c) Profit(+)/Loss(-)	(+9)	(+11)	(+21)
(d) Average Subsidy claimed from Government (in Rupees)	0.40	0.42	0.33
(e) Average interest charges (in Rupees)	0.43	0.46	0.43

# Information not available.

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

<b>2. Kerala State Road Transport Corporation</b>			
Particulars	1996-97	1997-98	1998-99 (Provisional)
Average number of vehicles held	3560	3708	3859
Average number of vehicles on road	2788	2995	3063
Percentage of utilisation of vehicles	78	81	79
Number of employees	27512	26383	25010
Employee vehicle ratio	8:1	7:1	7 : 1
Number of routes operated at the end of the year	4068	4136	4232
Route kilometres	214008	216720	224857
Kilometres operated(in lakh)			
(a) Gross	3315	3623	3705
(b) Effective	3314	3621	3704
(c) Dead	1	2	1
Percentage of dead kilometres to gross kilometres.	0.03	0.05	0.03
Average kilometres covered per bus per day	330	331	331
Operating revenue per kilometre(Paise)	1044	1067	1092
Average expenditure per kilometre(Paise)	1128	1162	1237
Profit(+)/Loss(-) per kilometre(Paise)	(- )84	(- )95	(- )145
Number of operating depots	67	69	74
Average number of break-down per lakh kilometres	9.3	9	9
Average number of accidents per lakh kilometres	0.3	0.2	0.2
Passenger kilometre operated (in crore)	1422	1437	1489
Occupancy ratio	83.5	82.7	84
Kilometres obtained per litre of:			
(a) Diesel Oil	3.89	3.89	3.9
(b) Engine Oil		Not available	

3. Kerala Financial Corporation						
(Rupees in crore)						
Particulars	1996-97		1997-98		1998-99	
	Number	Amount	Number	Amount	Number	Amount
Applications pending at the beginning of the year	156	9.35	188	18.25	167	20.28
Applications received	3310	248.67	3145	320.65	2119	273.69
TOTAL	3466	258.02	3333	338.91	2286	293.97
Applications sanctioned	3065	215.50	2929	260.35	2043	209.69
Applications cancelled/withdrawn/rejected/reduced	213	24.27	237	58.28	159	68.68
Applications pending at the close of the year	188	18.25	167	20.28	84	15.60
Loans disbursed	2718	188.61	2712	199.44	1914	191.29
Loans outstanding at the close of the year	25253	476.89	24132	588.13	25807	668.53
Amount overdue for recovery at the close of the year						
(a) Principal	---	98.00	---	108.84	---	133.93
(b) Interest	---	111.77	---	119.99	---	154.43
TOTAL	---	209.77	---	228.83	---	288.36
Amount involved in recovery certificate cases	---	---	---	---	---	---
TOTAL	---	---	---	---	---	---
Percentage of overdue to the total loans outstanding	---	43.99	---	38.91	---	43.13

4. Kerala State Warehousing Corporation			
(Provisional)			
Particulars	1996-97	1997-98	1998-99
Number of stations covered	64	64	61
Storage capacity created up to the end of the year (tonne in lakh)			
(a) Owned	1.50	1.54	1.54
(b) Hired	0.39	0.36	0.32
TOTAL	1.89	1.90	1.86
Average capacity utilised during the year (tonne in lakh)	1.18	1.43	1.26
Percentage of utilisation	84.50	103.03	92.18
Average revenue per tonne per year (Rupees)	605.08	531.47	589.68
Average expenses per tonne per year (Rupees)	524.58	486.71	555.56
Profit(+)/Loss(-) per tonne (Rupees)	(+)80.50	(+)44.76	(+)34.12



## ANNEXURE -- 8

**Statement showing financial position and working results of the Kerala State  
Financial Enterprises Limited for the last five years up to 1997-98.**

*(Referred to in Paragraph 2A.5)*

**Financial Position**

	1993-94	1994-95	1995-96	1996-97	1997-98 (provisional)
	(Rupees in lakh)				
<b>Liabilities:</b>					
a. Paid-up capital	125	150	300	300	300
b. Reserves & surplus	205	233	246	296	1019
c. Borrowings-Deposit from public	6061	9039	13664	24610	40459
d. Trade dues and other current liabilities (including provision)	19726	26128	33590	43720	61602
Total	26117	35550	47800	68926	103380
<b>Assets:</b>					
a. Gross block	303	379	414	450	577
b. Less depreciation	103	139	179	222	260
c. Net block	200	240	235	228	317
d. Investments	1	1	1	1	1
e. Current assets, loans & advances	25916	35309	47564	68697	103062
Total	26117	35550	47800	68926	103380
Capital employed	5569	7906	11816	19708	33492

\*Capital employed represents the mean of the aggregate of the opening and closing balances of the paid-up capital, free reserves and borrowings.

**Working results**

	1993-94	1994-95	1995-96	1996-97	1997-98 (Provisional)
	(Rupees in lakh)				
<b>Income:</b>					
Foreman's Commission	946.18	1277.56	1677.76	2178.34	3068.76
Default Interest	209.68	310.77	392.74	530.31	779.74
Dividend on Statutory Ticket	62.09	86.54	110.41	140.26	197.88
Profit on Substituted Tickets	47.84	50.22	91.41	114.88	135.87

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	1993-94	1994-95	1995-96	1996-97	1997-98 (Provisional)
(Rupees in lakh)					
Interest on Deposits	304.27	351.87	476.71	622.13	835.91
Interest on Loans	798.38	1266.16	1747.30	2787.27	4433.17
Other Income	162.30	160.94	182.78	221.36	199.86
<b>Total</b>	<b>2530.74</b>	<b>3504.06</b>	<b>4679.11</b>	<b>6594.55</b>	<b>9651.19</b>
<b>Expenditure:</b>					
Staff expenses	996.41	1261.93	1488.89	1903.11	2495.80
Interest & Finance Charges	876.71	1216.69	1698.96	3037.17	5280.06
Other expenses	549.85	719.05	1066.96	1192.65	1187.73
<b>Total</b>	<b>2422.97</b>	<b>3197.67</b>	<b>4254.81</b>	<b>6132.93</b>	<b>8963.59</b>
Profit before tax	107.77	306.39	424.30	461.62	687.60
Tax provision	102.34	205.34	415.00	354.99	240.66
<b>Profit after tax</b>	<b>5.43</b>	<b>101.05</b>	<b>9.30</b>	<b>106.63</b>	<b>446.94</b>

## Annexure – 9

(Referred to in paragraph 3A.2)

Physical/Financial performance during the VII five year Plan (1985-90)

The following table indicates the physical/financial performance of the Board during the period 1985-90:

	Particulars	1985-86	1986-87	1987-88	1988-89	1989-90
<b>Physical performance.</b>						
1.	Installed capacity(MW):					
	i) Hydel	1271.5	1476.5	1476.5	1476.5	1476.5
	ii) Others	Nil	Nil	Nil	Nil	Nil
2.	Grid capacity (MU)	4730	4950	5270	5270	5546
3.	Actual Power Generation (MU)	5357	4642	4093	4548	5075
4.	Percentage of actual generation to grid capacity	113.3	93.8	77.7	86.3	91.5
5.	Auxiliary consumption(MU)	27	27	25	26	26
6.	Power Purchased (MU)	228	512	1036	1265	1095
7.	Power available for sale (MU) (3+6)-5	5558	5127	5104	5787	6144
8.	Power sold (MU)	4172	3717	3625	4388	4794
9.	T & D loss (MU)	1386	1410	1479	1399	1350
10.	Percentage of T & D loss	24.94	27.50	28.98	24.17	21.97
11.	Normal Maximum demand (MW)	991	1060.6	1116.8	1184.8	1270
12.	Connected Load (MW)	3145	3379	3568	3757.58	4165.50
13.	Number of consumers	2391854	2606800	2769543	2936669	3192139
14.	No. of units generated per kW of installed capacity.	4213	3144	2772	3080	3437
15.	Units sold (MU):					
	i) Agriculture	101	131	146	186	213
	ii) Industrial	2244	1962	1770	2177	2377
	iii) Commercial	360	395	391	446	429
	iv) Domestic	876	991	1073	1255	1442
	v) Exports	396	19	--	--	--
	vi) Others	195	219	245	324	333
	Total	4172	3717	3625	4388	4794
16.	Per capita consumption (kWh)	135.6	130.5	125.75	148	164
17.	Rural Electrification:					
	i) No. of villages electrified	1268	1268	1268	1268	1268
	ii) No. of pump sets energised.	145852	158345	170993	193062	199504

	Particulars	1985-86	1986-87	1987-88	1988-89	1989-90
18	No. of substations:					
(i)	220 KV	4	4	4	5	5
(ii)	110 KV	26	26	27	29	34
(iii)	66 KV	78	81	86	89	90
(iv)	No. of distribution transformer	13314	14015	14598	15177	16394
19	Lines (CTKM):					
(i)	220 KV lines	887	887	887	981	981
(ii)	110 KV lines	1896	2199	2257	2277	2297
(iii)	66 KV lines	2349	2441	2482	2482	2510
(iv)	HT lines	16317	17531	17956	18411	19127
(v)	LT lines (km)	71259	80309	85550	89442	95938
<b>Financial performance</b>						
		(Rupees in crore)				
1.	a) Revenue receipts	153.54	183.88	205.20	252.42	265.96
	b) Subsidy from Government	0.29	1.01	0.08	0.04	0.10
	c) Grant from Government and others	0.74	0.05	2.77	3.65	3.92
	Total income	154.57	184.94	208.05	256.11	269.98
2.	Revenue expenditure including depreciation and interest	163.98	190.79	264.78	270.45	258.14
3.	Net surplus	(-)9.41	(-)5.85	(-)56.73	(-)14.34	(+)11.84
4.	Average revenue(Rs)	0.37	0.49	0.57	0.58	0.56
5.	Average expenditure (Rs)	0.39	0.51	0.71	0.62	0.54
6.	Rate of return on capital employed (per cent)	11.1	10.21	0.45	12.4	17.1



