



**Report of the
Comptroller and Auditor General of India
on
Public Sector Undertakings
for the year ended 31 March 2018**



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Government of Gujarat
Report No. 4 of the year 2019

**Report of the
Comptroller and Auditor General of India
on
Public Sector Undertakings
for the year ended 31 March 2018**

**GOVERNMENT OF GUJARAT
(Report No. 4 of the year 2019)**

TABLE OF CONTENTS

Particulars	Reference to	
	Paragraphs	Pages
Preface		v
Overview		vii-xii
Introduction		
Functioning of State Public Sector Undertakings		
General	1-2	1-2
Accountability framework	3-4	2-3
Submission of financial statements by SPSUs	5-6	3-4
Stake of Government of Gujarat	7	4
Investment in SPSUs	8-9	4-6
Part - I		
Chapter - I		
Functioning of Power Sector Undertakings		
Introduction	1.1-1.3	7-8
Disinvestment, Restructuring and Privatisation of SPSUs of Power sector	1.4	9
Investment in Power sector SPSUs	1.5	9
Assistance under <i>Ujwal DISCOM Assurance Yojana (UDAY)</i>	1.6	9-10
Budgetary Support to Power sector SPSUs	1.7	10-11
Reconciliation with Finance Accounts of Government of Gujarat	1.8	11-12
Submission of financial statements by Power sector SPSUs	1.9	12-13
Performance of Power sector SPSUs	1.10-1.12	13-18
Performance of Power sector SPSUs with investment of GoG	1.13-1.18	18-21
Comments on financial statements of Power sector SPSUs	1.19	21-22
Follow-up action on Audit Reports	1.20-1.22	22-23
Part - II		
Chapter - II		
Functioning of Public Sector Undertakings <i>(Excluding State Public Sector Undertakings of Power Sector)</i>		
Introduction	2.1-2.2	25-26
Investment in SPSUs	2.3-2.4	26-27

Particulars	Reference to	
	Paragraphs	Pages
Disinvestment, Restructuring and Privatisation of SPSUs	2.5	27
Budgetary Support to SPSUs	2.6	27-28
Reconciliation with Finance Accounts of Government of Gujarat	2.7	29
Submission of financial statements by SPSUs	2.8.1-2.8.2	29-31
Placement of Separate Audit Reports by Statutory Corporations	2.9	31-32
Impact of non-finalisation of financial statements of SPSUs	2.10	32
Performance of SPSUs	2.11-2.16	32-39
Performance of SPSUs with investment of GoG	2.17-2.23	39-44
Winding up of inactive SPSUs	2.24	44-45
Comments on financial statements	2.25-2.26	45-46
Performance audit Paragraph	2.27	46
Follow-up action on Audit Reports	2.28-2.30	47-48
Chapter - III		
Performance Audit relating to Statutory Corporation		
Gujarat Industrial Development Corporation	3	
Functioning of Gujarat Industrial Development Corporation		
Executive Summary		49-50
Introduction	3.1	50-51
Organisational Set-up	3.2	51
Audit Objectives	3.3	51-52
Scope of Audit and Sampling	3.4	52
Audit Criteria	3.5	52-53
Audit Methodology	3.6	53
Audit Findings	3.7	53
Planning, Land acquisition and development of estates	3.8.1-3.8.3	53-58
Fixation of allotment price and payments for land reference cases	3.9	58-64
Adherence to allotment policies, procedures, rules and regulations	3.10	64-70
Monitoring of utilisation of allotted plots in estate	3.11	70-76
Conclusion and Recommendations	3.12	76-77

Particulars	Reference to	
	Paragraphs	Pages
Annexures		
Summarised financial position and working results of Power sector Undertakings as per their latest finalised financial statements	1	79
State Government funds infused in Power sector SPSUs until 31 March 2018	2	80
Statement showing position of equity and outstanding loans relating to SPSUs (excluding SPSUs of Power sector) as on 31 March 2018	3	81-85
Statement showing difference between Finance Accounts of Government of Gujarat and financial statements of SPSUs (excluding SPSUs of other than Power sector) in respect of balances of Equity and Guarantee as on 31 March 2018	4	86-87
Statement showing financial statements of SPSUs (excluding SPSUs of power sector) in arrears as on 30 September 2018	5	88-91
Summarised financial position and working results of SPSUs (excluding SPSUs of Power sector) as per their latest finalised financial statements	6	92-96
Statement showing Government of Gujarat funds infused in SPSUs (excluding SPSUs of Power Sector) until 31 March 2018	7	97-100
Statement showing the financial position and financial performance of Corporation	8	101
Field offices of Gujarat Industrial Development Corporation	9	102
Recoveries made or corrective actions taken at the instance of Audit	10	103
Calculation showing lower fixation of cost in 15 multi-level sheds	11	104-105
Important provisions of Land Acquisition Act, 1894	12	106
Short recovery of Non-Utilisation (NU) penalty due to not considering deemed allotment price for 'As is where is' basis allotted plots	13	107

Preface

This Report deals with the results of audit of 87 Government Companies and four Statutory Corporations for the year ended 31 March 2018.

The accounts of Government Companies (including Companies deemed to be Government Companies as per the provisions of the Companies Act) are audited by the Comptroller and Auditor General of India (C&AG) under the provisions of Section 619 of the Companies Act, 1956 and Section 139 and 143 of the Companies Act, 2013.

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

C&AG is the sole auditor for Gujarat State Road Transport Corporation, a Statutory Corporation, and Gujarat Electricity Regulatory Commission, a regulatory body. As per the State Financial Corporations (Amendment) Act, 2000, the C&AG has the right to conduct the audit of accounts of Gujarat State Financial Corporation in addition to the audit conducted by the Chartered Accountants, appointed by the Corporation from the panel of auditors approved by the Reserve Bank of India. In respect of Gujarat State Warehousing Corporation, the C&AG 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 C&AG. Audit of Gujarat Industrial Development Corporation is entrusted to the C&AG under Section 19(3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and C&AG is a sole Auditor.

The instances mentioned in this Report are those, which came to notice in the course of test audit during the year 2017-18 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; matters relating to the period subsequent to 31 March 2018 have also been included, wherever necessary.

The audit has been conducted in conformity with the Regulations on Audit and Accounts and the Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

Overview on the Functioning of State Public Sector Undertakings

Introduction

The State Public Sector Undertakings (SPSUs) consist of State Government Companies and Statutory Corporations. The SPSUs are engaged in activities of commercial nature that occupy an important place in the State economy. As on 31 March 2018, there were 91 SPSUs (69 Companies and four Statutory Corporations) and 18 inactive SPSUs. Of the 91 SPSUs, four SPSUs were listed on the stock exchange(s). The active SPSUs registered a turnover of ₹ 1,25,827.15 crore as per their latest finalised financial statements as on 30 September 2018. The turnover was 9.53 per cent of State's Gross Domestic Product (GSDP) for 2017-18. The active SPSUs earned aggregate loss of ₹ 453.35 crore as per their latest finalised financial statements.

Accountability framework

The process for audit of Government Companies in respect of financial years commencing on or after 1 April 2014 is governed by respective provisions of Sections 139 and 143 of the Companies Act, 2013 (Act). The financial statements of Government Companies are audited by Statutory Auditors who are appointed by the Comptroller and Auditor General of India (C&AG) as per the provisions of Section 139(5) or (7) of the Act. These financial statements are subject to supplementary audit by C&AG within 60 days from the date of receipt of the audit report under provisions of Section 143(6) of the Act. Audit of Statutory Corporations is governed by their respective legislations.

Investment in SPSUs

As on 31 March 2018, the investment in 91 SPSUs was ₹ 1,48,820.22 crore. The thrust of SPSUs investment was mainly in the Infrastructure sector as the percentage share of investment in Infrastructure sector to total investment was 44.67 in 2017-18 as compared to 42.03 in 2013-14. The percentage share of investment in Power sector increased from 31.28 in 2013-14 to 33.13 in 2017-18.

Introduction

1 Overview on Functioning of Power sector Undertakings

Introduction

The SPSUs engaged in generation, transmission and distribution of electricity are classified under Power sector. Of the 91 SPSUs, 11 SPSUs are engaged in electricity related business and remaining 80 SPSUs are engaged in other activities as on 31 March 2018. The 11 SPSUs are active State Government Companies, which includes eight subsidiary/ joint venture Companies of other Government Companies. The turnover of Power sector SPSUs recorded continuous increase over previous years and was ₹ 94,544.75 crore as on 2017-18. The increase in GSDP of Gujarat ranged between 11.22 and 13.99 *per cent* during the period 2013-14 to 2017-18. During last five years against the Compounded Annual Growth Rate (CAGR) of 12.76 *per cent* of GSDP, the CAGR for turnover of Power sector SPSUs was 3.48 *per cent* during last five years.

Investment and budgetary support in Power sector SPSUs

As on 31 March 2018, the investment in 11 SPSUs was ₹ 49,302.62 crore. Government of Gujarat (GoG) periodically provides financial support to three Power sector SPSUs as budgetary assistance through annual budget in various forms that ranged between ₹ 6,162.96 crore and ₹ 8,166.86 crore during the period from 2013-14 to 2017-18 no funds were infused in the remaining eight SPSUs. During 2017-18 total budgetary assistance of ₹ 7,550.28 crore received included ₹ 2,878.49 crore, ₹ 50.62 crore and ₹ 4,621.17 crore in the form of equity, loans and grants/ subsidy respectively.

Performance and Status of finalisation of financial statements of Power sector SPSUs

Of the 11 Power sector SPSUs, as per their latest finalised financial statements, 10 SPSUs earned profit of ₹ 1,274.56 crore and Bhavnagar Energy Company Limited incurred loss of ₹ 617.31 crore. The financial statement of Gujarat Power Corporation Limited for 2017-18 was in arrears.

Return on investment

GoG infused funds in the form of equity and loans in only three Power sector SPSUs. The Return on investment (RoI) from the three SPSUs based on historical cost ranged between 1.78 and 4.88 *per cent* during the period from 2013-14 to 2017-18. Further, investment by GoG in the three SPSUs increased from ₹ 200.32 crore in 2004-05 to ₹ 17,841.35 crore in 2017-18. The return based on Present Value (PV) of above investment being ₹ 27,512.43 crore as at 31 March 2018 to total earnings of three SPSUs during 2017-18 was 1.93 *per cent*. An analysis of investment and accumulated profit/ losses disclosed that the net worth of Power sector SPSUs as on 31 March 2018 was ₹ 22,703.96 crore.

Return on equity and capital employed

The Return on equity in respect of the three SPSUs as on 31 March 2018 was 2.34 per cent. During last five years ended March 2018, the Net Income and Shareholders' fund was positive. The Return on capital employed of Power sector SPSUs was consistent and ranged between 5.18 and 7.12 per cent during the period from 2013-14 to 2017-18.

Comments on financial statements

Eleven SPSUs forwarded their 13 financial statements during the period from October 2017 to September 2018. Statutory Auditors had given unqualified opinion for ten financial statements and qualified opinion for three financial statements. The compliance of SPSUs with the Accounting Standards/ IND AS remained deficient, as there were 16 instances of non-compliance in seven financial statements.

(Chapter 1)

2. Overview on Functioning of State Public Sector Undertakings (Excluding State Public Sector Undertakings of Power sector)

Introduction

The State has 91 SPSUs as on 31 March 2018 of which 11 SPSUs are engaged in electricity related business and remaining 80 SPSUs are engaged in other activities. These 80 SPSUs include 76 State Government Companies (SGCs) and four Statutory Corporations for undertaking different activities. GoG periodically provides financial support to SPSUs in the form of equity, loans and grants/ subsidy. Of the 80 SPSUs, GoG invested funds in 58 SPSUs and no funds were infused in remaining 22 SPSUs that were joint venture/ subsidiary of SGCs. The turnover of these SPSUs was ₹ 31,282.40 crore as on 2017-18.

Investment and budgetary support in SPSUs

As on 31 March 2018, the investment in 80 SPSUs was ₹ 99,517.60 crore. GoG provides financial support to SPSUs in various forms through the annual budget. The budgetary assistance received by these SPSUs ranged between ₹ 8,132.00 crore and ₹ 9,953.83 crore during the period from 2013-14 to 2017-18. The budgetary assistance of ₹ 9,953.83 crore provided during 2017-18 included loans, grants/ subsidy and equity of ₹ 165.20 crore, ₹ 3,934.99 crore and ₹ 5,853.64 crore respectively.

Performance and Status of finalisation of financial statements of SPSUs

During 2017-18, as per their latest finalised financial statements, out of 62 active SPSUs, 38 SPSUs earned profit of ₹ 2,180.01 crore and 20 SPSUs incurred loss of ₹ 3,290.61 crore. Of the total 62 active SPSUs,

37 SPSUs had 57 financial statements in arrears, which ranged between one and four years.

Return on investment

Out of 80 SPSUs, GoG infused funds in the form of equity and loans in 56 SPSUs. The Return on investment from these 56 SPSUs on historical cost basis ranged between (-) 27.69 per cent and 1.31 per cent during the period from 2013-14 to 2017-18. Further, investment by GoG in these 56 SPSUs increased from ₹ 13,928.03 crore in 2004-05 to ₹ 67,163.90 crore in 2017-18. The Present Value (PV) of investment of GoG up to 31 March 2018 was ₹ 1,25,225.25 crore. An analysis of investment and accumulated profit/ losses disclosed that the net worth of 80 SPSUs as on 31 March 2018 was ₹ 57,591.38 crore.

Return on equity and capital employed

During last five years ended March 2018, net income was reported during financial years (FYs) 2013-14 and 2014-15 and their Return on equity was respectively 1.33 and 0.90 per cent. Since net loss was reported in 56 SPSUs during FYs 2015-16, 2016-17 and 2017-18, Return on equity in respect of these SPSUs was Nil. The Return on capital employed ranged between 3.03 and 5.18 per cent during the period from 2013-14 to 2017-18.

Comments on financial statements

Fifty active SPSUs forwarded 61 audited financial statements for audit during the period from October 2017 to September 2018, Statutory Auditors had given unqualified opinion for 48 financial statements and qualified opinion for 13 financial statements. The compliance of SPSUs with the Accounting Standards/ IND AS remained deficient, as there were 29 instances of non-compliance in 16 financial statements.

Of the four active Statutory Corporations, two Corporations forwarded financial statements for audit during the period from October 2017 to September 2018. Statutory Auditor expressed qualified opinion on financial statements of Gujarat State Financial Corporation. Gujarat Industrial Development Corporation did not disclose the contingent liability of ₹ 1,180.98 crore towards demand for income tax.

(Chapter 2)

3. Performance Audit relating to Statutory Corporation

Performance Audit on 'Functioning of Gujarat Industrial Development Corporation' was conducted. Highlights of the performance audit are given below:

Gujarat Industrial Development Corporation (Corporation) was incorporated on 4 August 1962 under Section 3 of the Gujarat Industrial Development Act, 1962 for assisting in the orderly establishment and organisation of industries in the State. Its main functions in respect of industrial estates include acquisition of land, establishment, development,

management, allotment of plots/ sheds and recovery of various service charges from the allottees. As on 31 March 2018, the Corporation had 202 estates, of which 189 were functional. The Corporation had total assets of ₹ 15,654.98 crore and excess of income over expenditure of ₹ 161.71 crore as on March 2018.

During Audit, observations with monetary value of ₹ 526.46 crore including recovery of ₹ 448.75 crore were pointed out. Against this, the Corporation recovered ₹ 19.61 crore. Besides, the Corporation took corrective actions on certain observations.

Audit observed that the Corporation achieved most of the objectives envisaged in the State Industrial policy 2009 and 2015 except developing the estates in ‘developing talukas’ of the State.

No major lapses in the land acquisition procedures adopted and pricing were noticed. However, instances of deviations like acquisition of land in coastal regulatory zone area, delay in follow up of refunds for surrendered land and delayed acquisition of land parcels resulting in exchange of developed plots against undeveloped land were noticed.

Audit noticed instances of unfruitful expenditure in construction of multi-level sheds in an unsaturated estate and delay in surrender of unutilised grants to GoG.

During 2013-18, the Corporation fixed the initial allotment price (AP) in 15 estates. Audit observed two instances of non-adherence to the policy/ guidelines of GoG for fixing AP and one case of non-adhering to the existing methodology for fixation of AP. This resulted in consequential loss of ₹ 38.27 crore to the Corporation.

The Corporation failed to verify the payments made to land owners with respect to the legal provisions resulting in overpayments of ₹ 5 crore and short payment of ₹ 4.84 crore. Further, there was delayed/ non-recovery of additional compensation paid by the Corporation under Land reference Cases from allottees amounting to ₹ 261.53 crore.

No major deviations were observed with respect to the system laid down for selection of the applicants and allotment.

In two instances of allotment of additional area, the Corporation did not initiate prompt action for recovery of the additional allotment price of ₹ 147.27 crore.

Due to multiplicity of circulars issued by the Corporation for granting permissions and recovery of fees based on it, there were instances of incorrect application/ interpretation of the circulars by field offices. This resulted in short recovery/ non-recovery of ₹ 13.10 crore.

Inadequate system for monitoring of allotted plots in the estates resulted in delayed/ unauthorised construction. It also led to unauthorised/ non-utilisation of allotted plots.

Audit noticed that the utilisation of allotted plots was not monitored periodically by the Corporation. Due to this, it failed to raise demand for non-utilisation (NU) penalty. Absence of periodical review also led to unauthorised construction on the allotted plots without submission of layout plan. In two instances noticed in test-check, there was non-recovery of NU penalty of ₹ 26.21 crore due to absence of periodical review system. Joint visits in three test-checked estates revealed unauthorised utilisation of industrial plots for commercial activities.

(Chapter 3)

Introduction

**Functioning of State Public
Sector Undertakings**

Introduction

Functioning of State Public Sector Undertakings

General

1. The State Public Sector Undertakings (SPSUs) consist of State Government Companies and Statutory Corporations. SPSUs are engaged in activities of commercial nature that occupy an important place in the State economy. As on 31 March 2018, there were 91 SPSUs including four¹ Statutory Corporations and 87 State Government Companies². Of the 91 SPSUs, four³ SPSUs were listed on the stock exchange(s). Ninety-one SPSUs include 18 inactive SPSUs. During the year 2017-18, status of four working SPSUs⁴ were classified as inactive⁵ as these SPSUs had ceased their operations. One SPSU⁶ came under the purview of the Comptroller and Auditor General of India (C&AG) as per Section 139(5) of the Companies Act, 2013 (the Act) in 2018-19. Further, the name of one⁷ SPSU was struck off from the register by the Registrar of Companies under Section 560 of the Act.

2. The financial performance of the SPSUs on the basis of latest finalised financial statements as on 30 September 2018 is discussed in this Report. The nature of SPSUs and the position of financial statements are indicated in **Table 1** below:

Table-1 Status of financial statements

(Figures in numbers)

Nature of SPSUs	Total Number	Financial year of FSs received from SPSUs during October 2017 to September 2018				SPSUs having FSs in arrears on 30 September 2018	
		2017-18	2016-17	2015-16	Total	SPSUs	FSs
Active Government Companies	69	34	25	8	67	36	54
Active Statutory corporations	4	1	0	1	2	3	6
Total Active SPSUs	73	35	25	9	69	39	60
Inactive SPSUs	18	1	2	0	3	17	187
Total	91	36	27	9	72	56	247

¹ Gujarat State Warehousing Corporation, Gujarat State Financial Corporation, Gujarat Industrial Development Corporation and Gujarat State Road Transport Corporation.

² Includes other Companies referred in Section 139(5) and 139(7) of the Companies Act, 2013.

³ Gujarat Gas Limited, Gujarat Mineral Development Corporation Limited, Gujarat State Petronet Limited and Gujarat State Financial Corporation.

⁴ Infrastructure Finance Company Gujarat Limited, Gujarat State Rural Development Corporation Limited, Gujarat Foundation for Mental Health and Allied Sciences and BISAG Satellite Communication.

⁵ Inactive SPSUs are those which have ceased to carry on their operations.

⁶ Diamond Research and Mercantile City Limited was incorporated in July 2015 and finalised its financial statements for the year up to 2017-18, the supplementary audit of which was entrusted (October 2018) from the year 2018-19 onwards.

⁷ Gujarat State Mining and Resources Corporation Limited.

The active SPSUs registered a turnover of ₹ 1.25 lakh crore as per their latest finalised financial statements as on 30 September 2018. Out of total turnover of ₹ 1.25 lakh crore, ₹ 1.18 lakh crore pertains to 35 active SPSUs that have finalised their financial statements for the year 2017-18 and the balance turnover of ₹ 7,639.12 crore pertained to earlier year financial statements. The turnover was 9.53 per cent of State's Gross Domestic Product⁸ (GSDP) for 2017-18.

The active SPSUs incurred aggregate loss of ₹ 453.35 crore as per their latest finalised financial statements. As on 31 March 2018, the SPSUs employed 1.11 lakh employees.

As on 31 March 2018, there were 18 inactive SPSUs with an investment of ₹ 265.30 crore (Capital ₹ 129.87 crore and Long-term loans ₹ 135.43 crore). In eight SPSUs, liquidation process had been started since 1997 and in remaining ten SPSUs, the process to close down/ winding up/ liquidation was yet to start though they had ceased carrying out their operations. This is a critical area as the investments in inactive SPSUs do not contribute to the economic growth of the State. The State Government may take suitable decision at an early date as regards the remaining ten inactive SPSUs.

Accountability framework

3. The process of audit of Government Companies under the Act is governed by respective provisions of Sections 139 and 143⁹ of the Act. According to Section 2(45) of the Act, a Government Company means any Company in which not less than fifty-one per cent of the paid up share capital is held by the Central Government or by any State Government or Governments or partly by the Central Government and partly by one or more State Governments and includes a Company which is a subsidiary Company of such a Government Company. Besides, any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred to in this Report as Other Government Companies.

The Comptroller and Auditor General of India (C&AG) appoints the Statutory Auditors of a Government Company and Other Government Companies under Section 139 (5) and (7) of the Act. Section 139 (5) of the Act, provides that the Statutory Auditors in case of a Government Company or Other Government Companies are to be appointed by the C&AG within a period of one hundred and eighty days from the commencement of the financial year. Section 139 (7) of the Act provides that in case of Other Government Companies, the first auditor is to be appointed by the C&AG within sixty days from the date of registration of the Company and in case C&AG does not appoint such auditor

⁸ As per Statements prepared under the Gujarat Fiscal Responsibility Act, 2005, Budget Publication No. 30, the GSDP for 2017-18 as per quick estimates is ₹ 13,20,167 crore.

⁹ As amended *vide* the Companies (Removal of Difficulties) Seventh Order 2014 dated 04 September 2014.

within the said period, the Board of Directors of the Company or the members of the Company have to appoint such auditor.

Further, as per sub-Section 7 of Section 143 of the Act, the C&AG may, in case of any Company covered under sub-Section (5) or sub-Section (7) of Section 139 of the Act, if considered necessary, by an order, cause test audit to be conducted of the financial statements of such Company and the provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test Audit. Thus, a Government Company or any other Company owned or controlled directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments is subject to audit by the C&AG. An audit of the financial statements of a Company in respect of the financial years that commenced on or before 31 March 2014 shall continue to be governed by the provisions of the Companies Act, 1956.

Statutory Audit

4. The financial statements of a Government Company (as defined in Section 2(45) of the Act) are audited by Statutory Auditors, who are appointed by the C&AG as per the provisions of Section 139 (5) or (7) of the Act. The Statutory Auditors submit a copy of the Audit Report to the C&AG including, among other things, financial statements of the Company under Section 143 (5) of the Act, 2013. These financial statements are also subject to supplementary audit to be conducted by the C&AG within sixty days from the date of receipt of the Audit Report under the provisions of Section 143 (6) of the Act, 2013.

Audit of Statutory Corporations is governed by their respective legislations. Out of the four Statutory Corporations, the C&AG is the sole auditor of Gujarat Industrial Development Corporation and Gujarat State Road Transport Corporation. In respect of Gujarat State Warehousing Corporation and Gujarat State Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit is conducted by the C&AG.

Submission of financial statements by SPSUs

5. *Need for timely finalisation and submission*

According to Section 394 and 395 of the Act, Annual Report on the working and affairs of the Government Company, is to be prepared within three months of its Annual General Meeting (AGM) and as soon as may be after such preparation laid before the Houses or both the Houses of State Legislature together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the C&AG. Almost similar provisions exist in the respective Acts regulating Statutory Corporations. This mechanism provides the necessary legislative control over the utilisation of public funds invested in the Companies from the Consolidated Fund of the State.

Section 96 of the Act requires every Company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013 stipulates that the audited Financial Statement for the financial year has to be placed in the said AGM for consideration of the members. Section 129 (7) of the Act provided for levy of penalty like fine and imprisonment on the persons including directors of the Company responsible for non-compliance with the provisions of Section 129 of the Act.

Role of Government and Legislature

6. GoG exercises control over the affairs of the SPSUs through its administrative departments. The Chief Executive and Directors to the Board are appointed by the GoG.

The State Legislature also monitors the accounting and utilisation of Government investment in the SPSUs. For this, the Annual Reports together with the Statutory Auditors' Reports and comments of the C&AG, in respect of GoG Companies and Separate Audit Reports (SARs) in case of Statutory Corporations are to be placed before the Legislature under Section 395 of the Act or as stipulated in the respective Acts. The Audit Reports of the C&AG are submitted to the GoG under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

Stake of Government of Gujarat

7. The State Government has a substantial financial stake in the SPSUs. This is of mainly three types:

- **Share Capital and Loans-** In addition to the Share Capital Contribution, State Government also provides financial assistance by way of loans to the SPSUs from time to time.
- **Special Financial Support-** State Government provides budgetary support by way of grants and subsidies to the SPSUs as and when considered necessary.
- **Guarantees-** State Government also guarantees the repayment of loans with interest, availed by the SPSUs from Financial Institutions.

Investment in SPSUs

8. The sector wise summary of investments by GoG, GoI and Others in the 91 SPSUs as on 31 March 2018 is given below:

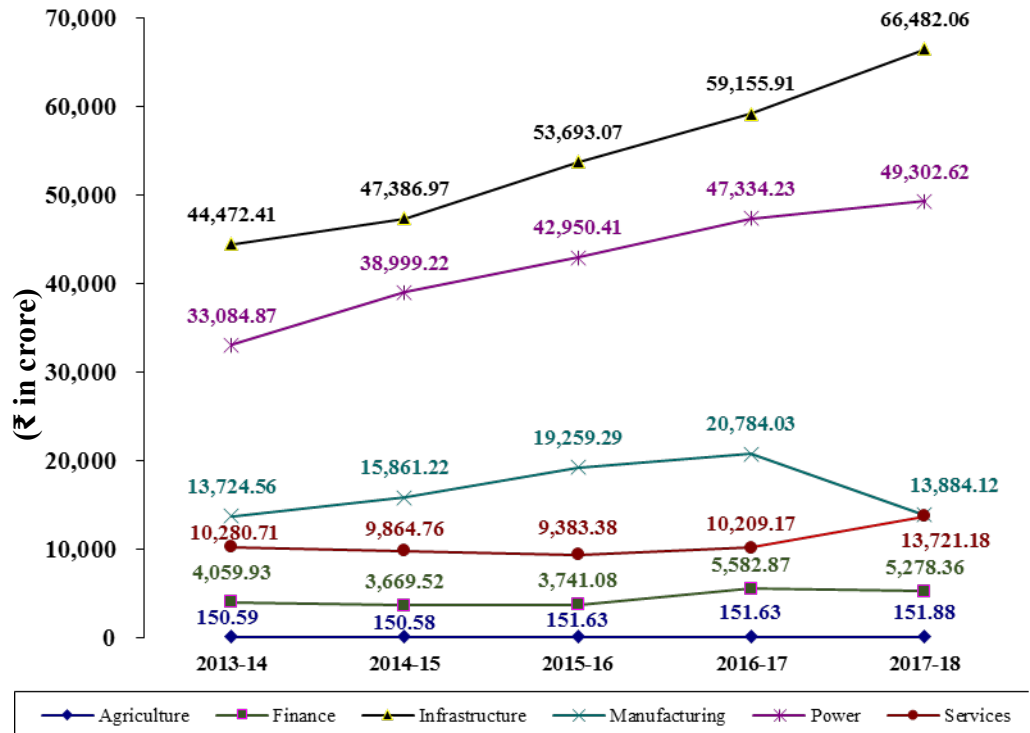
Table 2: Sector-wise investment in SPSUs

Name of the Sector	SPSUs (Figures in Number)			Investment (₹ in crore)		
	Government/ other Companies	Statutory Corporations	Total	Paid up capital	Loans	Total investment
Power	11	-	11	29,188.27	20,114.35	49,302.62
Manufacturing	15	-	15	835.44	13,048.68	13,884.12
Finance	16	1	17	1,601.82	3,676.54	5,278.36
Service	22	1	23	5,067.31	8,653.87	13,721.18
Infrastructure	17	1	18	62,453.57	4,028.49	66,482.06
Agriculture & Allied	06	1	7	38.61	113.27	151.88
Total	87	4	91	99,185.02	49,635.20	1,48,820.22

Source: Compiled based on information received from SPSUs.

The thrust of SPSUs investment was mainly in the Infrastructure Sector as the percentage share of investment in Infrastructure Sector to total investment was 44.67 in 2017-18 as compared to 42.03 in 2013-14. The percentage share of investment in Power Sector increased from 31.28 in 2013-14 to 33.13 in 2017-18.

9. The investment in significant sectors¹⁰ at the end of 31 March 2014 and 31 March 2018 are indicated in the chart below:

Chart 1.1: Sector wise investment in SPSUs (₹ in crore)

¹⁰ The investment in respect of Sardar Sarovar Narmada Nigam Limited (SSNNL), Gujarat Water Infrastructure Limited (GWIL) and Gujarat Rural Industries Marketing Corporation Limited (GRIMCO) were shown under Miscellaneous sector in the Audit Report (PSUs) for the period up to 2016-17. During the current year, SSNNL and GWIL have been reclassified under Infrastructure sector and GRIMCO under Service sector. The figures for the year 2013-14, 2014-15, 2015-16 and 2016-17 have been re-casted to make it comparable.

Considering the high level of investment in Power Sector, we are presenting the results of audit of 11 Power Sector SPSUs in Part I¹¹ of this Report and of the 80 SPSUs (other than power sector) in the Part II¹² of the Report.

¹¹ Part I includes Chapter-I (Functioning of Power Sector SPSUs).

¹² Part II includes Chapter-II (Functioning of SPSUs excluding Power Sector SPSUs) & Chapter-III (Performance Audit related to SPSUs excluding Power Sector SPSUs).

Part-I

Chapter I

**Functioning of Power Sector
Undertakings**

PART-I

Chapter I

Functioning of Power sector Undertakings

1. Introduction

1.1 The State Public Sector Undertakings (SPSUs) engaged in generation, transmission and distribution of electricity are classified under Power sector. The State has 91 SPSUs as on 31 March 2018 of which 11 SPSUs are engaged in electricity related business and remaining 80 SPSUs are engaged in other activities. The functioning of 80 SPSUs engaged in activities other than Power sector is discussed in Chapter III of Part II. The 11 SPSUs are State Government Companies, which includes eight subsidiary/ joint venture Companies of other Government Companies. Government of Gujarat (GoG) periodically provides financial support to SPSUs in the form of equity, loans and grants/ subsidy. Of the 11 SPSUs, GoG invested funds in three¹ SPSUs and no funds were infused in remaining eight² SPSUs that were subsidiary/ joint venture of State Government Companies. The respective Co-partner/ Holding Companies contributed to the equity of these eight subsidiary/ joint venture Companies.

Contribution to Economy of the State

1.2 The Power sector SPSUs play an important role in the economy of the State. Apart from providing critical infrastructure required for development of the State's economy, the sector also adds significantly to the Gross State Domestic Product (GSDP). The ratio of turnover of SPSUs of Power sector to GSDP is indicative of the scale of SPSU activities in the economy of the State. The details of Power sector SPSUs' turnover *vis-à-vis* GSDP for five years ending March 2018 are given in the **Table 1.1**.

Table 1.1: Details of turnover of Power sector SPSUs *vis-à-vis* GSDP of Gujarat

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Turnover ³ (₹ in crore)	68,065.11	74,271.78	82,115.94	84,049.58	94,544.75
Percentage change in turnover	(-)17.11	9.12	10.56	2.35	12.49
GSDP of Gujarat (₹ in crore)	8,07,623	9,21,773	10,25,188(P)	11,58,151(Q)	13,20,167(A)
Percentage change in GSDP	11.47	14.13	11.22	12.97	13.99
Percentage of Turnover to GSDP of Gujarat	8.43	8.06	8.00	7.26	7.16

Estimate (P) = Provisional, (Q) = Quick estimate and (A) = Actual.

Source: Compiled based on turnover reported by SPSUs in the financial statements finalised in respective years and Statement under Gujarat Fiscal Responsibility Act, 2005 (Budget Publication No. 30 of 2018-19).

¹ Gujarat Urja Vikas Nigam Limited, Gujarat Energy Transmission Corporation Limited and Gujarat Power Corporation Limited.

² Gujarat State Electricity Corporation Limited, Gujarat State Energy Generation Limited, GSPC Pipavav Power Company Limited, Bhavnagar Energy Company Limited, Dakshin Gujarat Vij Company Limited, Madhya Gujarat Vij Company Limited, Paschim Gujarat Vij Company Limited and Uttar Gujarat Vij Company Limited.

³ Turnover of active SPSUs as per the latest finalised financial statements received up to 30 September 2018.

The turnover of Power sector SPSUs has recorded continuous increase over previous years. The increase in turnover ranged between (-) 17.11 and 12.49 *per cent* during the period 2013-18, whereas increase in GSDP of Gujarat ranged between 11.22 and 13.99 *per cent* during the same period. The Compounded Annual Growth Rate (CAGR)⁴ of GSDP was 12.76 *per cent* during last five years. Against the CAGR of 12.76 *per cent* of GSDP, the turnover of Power sector SPSUs recorded lower CAGR of 3.48 *per cent* during last five years. As a result the share of turnover of Power sector SPSUs to GSDP reduced from 8.43 *per cent* in 2013-14 to 7.19 *per cent* in 2017-18. Out of the total turnover of ₹ 94,544.75 crore, ₹ 94,289.23 crore pertains to ten Power sector SPSUs which finalised the financial statements for the year 2017-18. In case of one⁵ SPSU, the turnover of ₹ 255.52 crore was as per the finalised financial statements for the year 2016-17.

Formation of Power sector SPSUs

1.3 Gujarat Electricity Board (GEB) was engaged in Generation, Transmission and Distribution of electricity in Gujarat. GoG enacted the Gujarat Electricity Industry (Reorganisation & Regulation) Act, 2003 to restructure Power sector. Accordingly, GEB was unbundled with effect from 1 April 2005 into seven Companies. All the assets and liabilities of GEB (including equity of ₹ 6,964.14 crore and accumulated losses of ₹ 584.67 crore) were distributed amongst two⁶ Companies according to the provisions of Gujarat Electricity Industry Reorganisation and Comprehensive Transfer Scheme, 2003. Of the seven Companies, Gujarat Urja Vikas Nigam Limited (GUVNL) is Holding Company of remaining six⁷ Companies and had the functional responsibility of trading in electricity. Of the six Companies equity investment in Gujarat Energy Transmission Corporation Limited (GETCO) of GoG and GUVNL was ₹ 12.50 crore (1.81 *per cent*) and ₹ 676.52 crore (98.19 *per cent*) respectively.

Apart from the above seven Companies, remaining four⁸ Companies are engaged in development of energy sector and generation of electricity for sale to GUVNL. Thus, there were 11 Power sector SPSUs in the State as on 31 March 2018. Further, GoG merged (August 2018) Bhavnagar Energy Company Limited (BECL) with GSECL with effect from 01 April 2018.

⁴ CAGR is a useful method to measure growth rate over multiple time-period.

⁵ Gujarat Power Corporation Limited.

⁶ Accumulated loss ₹ 737.29 crore (GUVNL) less accumulated surplus ₹ 152.62 crore (GSECL).

⁷ A generation company *i.e.*, Gujarat State Electricity Corporation Limited (GSECL); a transmission company *i.e.*, Gujarat Energy Transmission Corporation Limited (GETCO); and four distribution Companies *viz.*, Dakshin Gujarat Vij Company Limited (DGVCL), Madhya Gujarat Vij Company Limited (MGVCL), Uttar Gujarat Vij Company Limited (UGVCL) and Paschim Gujarat Vij Company Limited (PGVCL).

⁸ Gujarat Power Corporation Limited (GPCL), Gujarat State Energy Generation Limited (GSEG), GSPC Pipavav Power Company Limited (GPPC) and Bhavnagar Energy Company Limited (BECL).

Disinvestment, Restructuring and Privatisation of SPSUs of Power sector

1.4 No disinvestment, restructuring, and privatisation of the State PSUs in the Power sector took place during the year ended 31 March 2018.

Investment in Power Sector SPSUs

1.5 The activity wise summary of investment in the 11 Power sector SPSUs as on 31 March 2018 is given in **Table 1.2** below:

Table 1.2: Activity wise investment in Power sector SPSUs

(₹ in crore)

Activity	Number of SPSUs	Investment ⁹		
		Equity	Long Term Loans	Total
Generation of power	5	4,483.40	11,393.50	15,876.90
Transmission of power	1	756.51	7,930.74	8,687.25
Distribution of power	4	6,545.62	625.80	7,171.42
Other ¹⁰	1	17,402.74	164.31	17,567.05
Total	11	29,188.27	20,114.35	49,302.62

Source: Compiled based on information received from SPSUs.

Out of the total investment of ₹ 49,302.62 crore in Power sector SPSUs as on 31 March 2018, 59 per cent was towards equity and 41 per cent was towards long-term loans.

The long-term loans advanced by the State Government and Central Government constituted four per cent (₹ 803.80 crore) and 0.38 per cent (₹ 75.46 crore) of the total long-term loans respectively. The Power sector SPSUs availed 95.62 per cent (₹ 19,235.09 crore) of the total long-term loans from other financial institutions¹¹.

Assistance under Ujwal DISCOM Assurance Yojana (UDAY)

1.6 The Ministry of Power (MoP), Government of India launched (20 November 2015) *Ujwal DISCOM Assurance Yojana* (UDAY scheme) for operational and financial turnaround of State owned Power Distribution Companies (DISCOMs). As per provisions of UDAY, the participating States were required to undertake activities for operational and financial turnaround of DISCOMs. In Gujarat the DISCOMs have already achieved financial turnaround prior to introduction of UDAY therefore, the State Government/DISCOMs have not availed any loan/ assistance under UDAY. In respect of

⁹ This amount will not tally with the equity and long-term loan figures in *Paragraph 1.10*, which is prepared based on latest finalised financial statements whereas details of investment in SPSUs in **Table 1.2** has been prepared based on information furnished by the SPSUs, which includes additions subsequent to latest finalised financial statements.

¹⁰ GUVNL is included under "Others" as it is the holding Company of UGVCL, DGVCL, MGVCL, PGVCL, GSECL, and GETCO. It is engaged in the business of bulk purchase and sale of electricity, supervision, co-ordination of the activities of subsidiary Companies and receives financial support from the State Government to support the four subsidiary DISCOMs.

¹¹ Banks, National Bank for Agriculture and Rural Development, Rural Electrification Corporation, Gujarat State Financial Services Limited, Financial Institutions, Allocation of GoG loan by GUVNL.

operational turnaround, the achievements *vis-à-vis* targets under UDAY regarding different operational parameters relating to the four DISCOMs of the State are given in **Table 1.3** below:

Table 1.3: Parameter wise achievements *vis-à-vis* targets of operational performance up to 30 June 2019

Sl. No.	Parameter of UDAY Scheme	Unit	Target		Achievement	
			Physical	Date of Completion	Physical	(in per cent)
1	Feeder Metering	Nos.	15,141	30 June 2016	15,141	100
2	Urban DT Metering	Nos.	1,37,523	30 June 2017	1,37,523	100
3	Rural DT Metering	Nos.	12,30,443	30 June 2017	12,30,443	100
4	Feeder Segregation	Nos.	7,505	31 December 2017	7,505	100
5	Rural Feeder Audit	Nos.	10,870	31 December 2017	10,870	100
6	Electricity to unconnected household	Nos.	3,42,000	31 March 2019	2,32,109 (September 2018)	68
7	Smart metering	Nos.	3,16,290	31 December 2017	0	0
8	Distribution of LED UJALA	lakh Nos.	255	31 March 2019	392	153
9	AT&C Losses	per cent	13	31 March 2018	13.61	-
10	ACS-ARR Gap	₹ per unit	-0.04	31 December 2015	-0.04 (March 2018)	100
11	Net Income or Profit/ Loss including subsidy	₹ in crore	313	-	339 (March 2018)	108

DT- Distribution Transformers.

Source: State Health Card under UDAY Scheme as per website of the Ministry of Power, GoI.

The State has not achieved target in area of smart metering (Sl. No. 7 of **Table 1.3**) whereas the targets have been achieved in terms of feeder metering, metering at distribution transformers, feeder segregation and distribution of Light Emitting Diodes (LEDs). Further, against the target of AT&C loss of 13 *per cent* the DISCOMS of the State have achieved 13.61 *per cent* AT&C losses up to September 2018.

Budgetary Support to Power sector SPSUs

1.7 The State Government provides financial support to Power sector SPSUs in various forms through the annual budget. The summarised details of budgetary outgo towards equity, loans and grants/ subsidies in respect of Power sector SPSUs for three years ended 2017-18 is given in **Table 1.4**. The table also gives the details of waiver of loans and interest and guarantee issued during the above period. It also gives details of guarantee commitment outstanding at the end of the respective years.

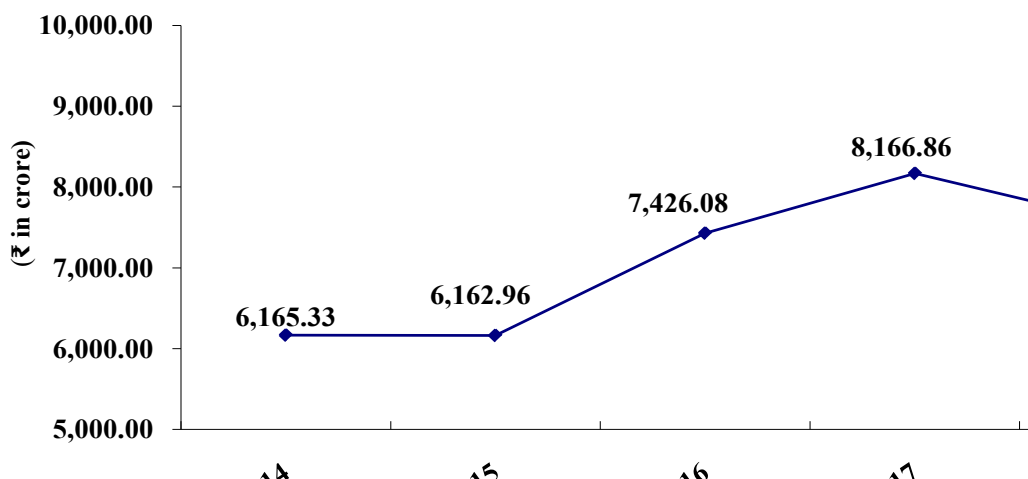
Table 1.4: Details of budgetary support to Power sector SPSUs during last three years

Sl. No.	Particulars	2015-16		2016-17		2017-18	
		No. of SPSUs	Amount	No. of SPSUs	Amount	No. of SPSUs	Amount
1.	Equity Capital outgo from budget	2	3,002.33	3	3,122.15	2	2,878.49
2.	Loans given from budget	-	-	-	-	1	50.62
3.	Grants/ Subsidy from budget	8	4,423.75	8	5,044.71	7	4,621.17
4.	Total Outgo (1+2+3)		7,426.08		8,166.86		7,550.28
5.	Waiver of loans and interest	-	-	-	--	-	-
6.	Loans converted into equity	-	-	-	-	-	-
7.	Guarantees issued during the year	2	1,019.53	-	-	-	-
8.	Guarantee Commitment outstanding at the end of the year	1	313.37	1	0.08	-	-

Source: Compiled based on information received from SPSUs.

The details of budgetary outgo towards equity, loans and grants/ subsidies for past five years are given in **Chart 1.1**:

Chart 1.1: Budgetary outgo towards Equity, Loans and Grants/ Subsidies



Source: Compiled based on information received from SPSUs.

The budgetary assistance received by these PSUs ranged between ₹ 6,162.96 crore and ₹ 8,166.86 crore during the period from 2013-14 to 2017-18. Outgo in the form of equity, loans and grants/ subsidies decreased from ₹ 8,166.86 crore in 2016-17 to ₹ 7,550.28 crore in 2017-18. The budgetary assistance of ₹ 7,550.28 crore received during the year 2017-18 included ₹ 2,878.49 crore, ₹ 50.62 crore and ₹ 4,621.17 crore in the form of equity, loans and grants/ subsidy respectively. GUVNL received (₹ 2,868.49 crore) major share of equity funds from the budgetary outgo for upcoming power projects, transmission projects and research and maintenance activities related to power plants.

Besides, the Ministry of Power, Government of India launched (20 November 2015) *Ujwal DISCOM Assurance Yojana* (UDAY) for operational and financial turnaround of State Owned Power Distributions Companies (DISCOMs). However, the State Government has not availed any loan/ assistance under UDAY.

Further, in order to provide financial assistance to SPSUs from Banks and Financial Institutions, State Government gives guarantee under Gujarat State Guarantee Act, 1963. Such guarantees are given subject to the limits prescribed by the Constitution of India, for which guarantee fee is being charged. This fee varies from 0.25 to one *per cent per annum* as decided (31 December 1988) by the GoG depending upon the loanees. Outstanding guarantee commitments decreased from ₹ 0.08 crore in 2016-17 to Nil in 2017-18. During the year 2017-18, none of the Power sector SPSUs received guarantee commitment.

Reconciliation with Finance Accounts of Government of Gujarat

1.8 The figures in respect of equity, loans and guarantees outstanding as per the records of SPSUs should agree with the corresponding figures

appearing in the Finance Account of the State. In case the figures do not agree, the concerned SPSUs and the Finance Department should carry out reconciliation of the differences. The position in this regard as on 31 March 2018 is given in **Table 1.5** below:

Table 1.5: Equity and guarantees outstanding¹² as per Finance Accounts vis-à-vis records of Power sector SPSUs

(₹ in crore)

Sl. No.	Name of SPSUs	As per Finance Accounts		As per SPSU Records		Difference	
		Paid-up Capital	Guarantee Committed	Paid-up Capital	Guarantee Committed	Paid-up Capital	Guarantee Committed
1	2	3	4	5	6	7	8
1	Gujarat Energy Transmission Corporation Limited	50.00	--	12.50	--	37.50	--
2	Gujarat Urja Vikas Nigam Limited	17,403.42	335.03	17,402.74	--	0.68	335.03
3	Bhavnagar Energy Company Limited	0.43	--	--	--	0.43	--
Total		17,453.85	335.03	17,415.24	--	38.61	335.03

Source: Compiled based on information received from SPSUs and Finance Account.

The differences between the figures mentioned in **Table 1.5** in respect of the three SPSUs are persisting since prior to 2003-04. The issue was taken up by the Principal Accountant General (Economic and Revenue Sector Audit), Gujarat, Ahmedabad regularly, the latest being in January 2019 with the SPSUs/ Departments to reconcile the differences. We, therefore, recommend that the State Government and the SPSUs should reconcile the differences in a time bound manner.

Submission of financial statements by Power sector SPSUs

1.9 All the 11 SPSUs in the Power sector, under the audit jurisdiction of C&AG as on 31 March 2018 finalised their 13 annual financial statements. Of these, ten financial statements pertained to 2017-18, and remaining three financial statements pertained to previous years. As on 31 March 2018, 13 financial statements were prepared as per Indian Accounting Standards (IND AS) (including one¹³ consolidated financial statement).

Table 1.6 provides the details of progress made by active SPSUs in the submission of financial statements as on 30 September 2018.

¹² The SPSUs wise outstanding loan amount is not available in Finance Account therefore the above balance may include loan to SPSUs excluding Power sector.

¹³ Gujarat Urja Vikas Nigam Limited.

Table 1.6 Position relating to submission of financial statements of Power sector SPSUs

Sl. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1.	Number of active SPSUs/ other companies	11	11	11	11	11
2.	Number of financial statements finalised during the year	11	11	13 ¹⁴	11 ¹⁵	13 ¹⁶
3.	Number of active SPSUs which finalised financial statements for current year	09	09	10	09	10
4.	Number of previous year financial statements finalised during current year	02	02	03 ¹⁴	02 ¹⁵	03 ¹⁶
5.	Number of financial statements in arrears	02	03 ¹⁴	02 ¹⁵	03 ¹⁶	02 ¹⁷
6.	Number of active SPSUs with arrears in financial statements	02	02	01	03	02
7.	Extent of arrears (numbers in years)	1	1	1	1	1

Source: Compiled based on financial statements of active SPSUs received during the period October 2017 to September 2018.

The Power Sector Companies were generally prompt in submission of financial statements except the consolidated financial statement for 2017-18 of GUVNL and financial statement of GPCL for one year (2017-18) was in arrears during 2017-18.

Performance of Power sector SPSUs

1.10 The financial position and active results of 11 Power sector SPSUs as per their latest finalised financial statements as of 30 September 2018 are detailed in *Annexure 1*.

The SPSUs are expected to yield reasonable return on investment made by Government in the SPSUs. The total investment of State Government and others in the Power sector SPSUs is ₹ 46,675.86¹⁸ crore as on 31 March 2018. The investment consists of ₹ 29,634.27 crore as equity and ₹ 17,041.59 crore as long-term loans. Out of 11 Power sector SPSUs, the State Government infused funds in the form of equity and loans in three¹⁹ Power sector SPSUs only while in other eight Power sector SPSUs funds have been invested by the previously mentioned three SPSUs. GoG invested Equity of ₹ 17,841.35 crore in three Power sector SPSUs and out of long term loans provided, interest bearing long-term loans of ₹ 144.98 crore was outstanding in GUVNL and no interest free loan was outstanding.

The year wise status of investment of GoG in form of equity and long-term loans in the three Power sector SPSUs during the period 2013-14 to 2017-18 is given in **Chart 1.2** below:

¹⁴ This includes one consolidated financial statements of 2014-15.

¹⁵ This includes one consolidated financial statements of 2015-16.

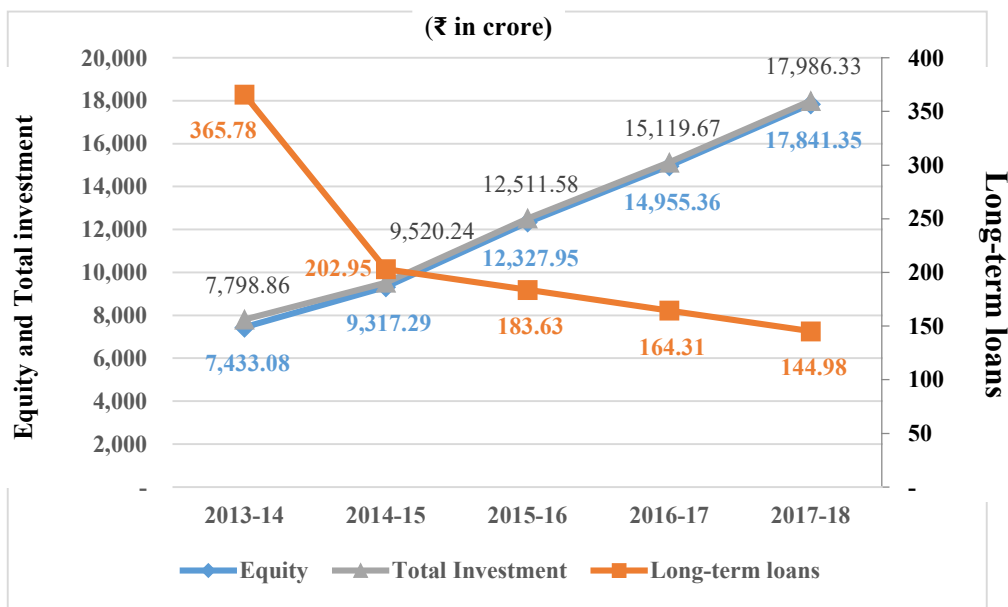
¹⁶ This includes one consolidated financial statements of 2016-17.

¹⁷ This includes one consolidated financial statements of 2017-18.

¹⁸ This amount will not tally with investment amount shown in *Paragraph 1.5* which is prepared based on information furnished by the SPSUs which includes additions subsequent to latest finalised Financial statements.

¹⁹ Gujarat Power Corporation Limited, Gujarat Energy Transmission Corporation Limited, Gujarat Urja Vikas Nigam Limited.

Chart 1.2: Total investment of GoG in Power sector SPSUs



Source: Compiled as per latest finalised financial statements received from SPSUs.

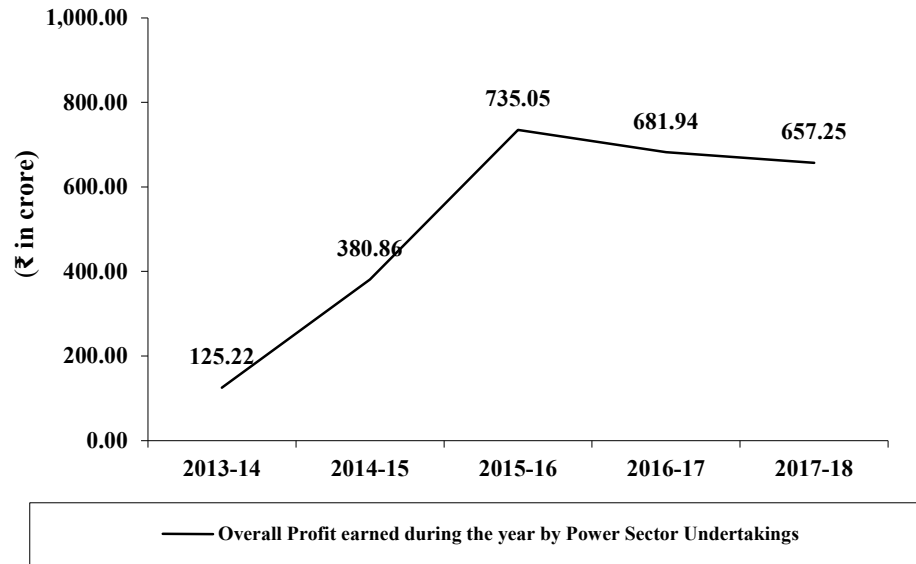
The investment of GoG has grown by 140.03 *per cent* from ₹ 7,433.08 crore in 2013-14 to ₹ 17,841.35 crore in 2017-18 as shown in the **Chart 1.2**.

The profitability of a Company is traditionally assessed through return on investment, return on equity and return on capital employed. Return on investment measures the profit or loss made in a fixed year relating to the amount of money invested in the form of equity and long-term loans and is expressed as a percentage of profit to total investment. Return on capital employed is a financial ratio that measures the Company’s profitability and the efficiency with which its capital is used and is calculated by dividing Company’s earnings before interest and taxes by capital employed. Return on equity is a measure of performance calculated by dividing net profit after tax by shareholders’ fund.

Return on investment

1.11 Return on investment is the percentage of profit or loss to the total investment. The overall position of profit/ losses earned/ incurred after tax by all the Power sector SPSUs during 2013-14 to 2017-18 is depicted below in the **Chart 1.3** below:

Chart 1.3: Profit earned by Power sector SPSUs



Source: Compiled based on latest finalised financial statements received from SPSUs.

As per their latest finalised financial statements received as on September 2018, ten out of 11 active SPSUs, earned profit after tax of ₹ 1,274.56 crore and one SPSU incurred loss of ₹ 617.31 crore (*Annexure 1*). The major contributors to the profit were:

- Gujarat Energy Transmission Corporation Limited (₹ 375.72 crore)
- Gujarat State Electricity Corporation Limited (₹ 229.37 crore)

Losses were incurred by:

- Bhavnagar Energy Company Limited (₹ 617.31 crore)

Position of Power sector SPSUs, which earned/ incurred profit/ loss during 2013-14 to 2017-18 is given in **Table 1.7** below:

Table 1.7: Power sector SPSUs that earned/ incurred profit/loss

Financial year	Total number of SPSUs	Number of SPSUs which earned profits during the year	Number of SPSUs which incurred loss during the year	Others
2013-14	11	08	3	-
2014-15	11	08	3	-
2015-16	11	10	1	-
2016-17	11	10	1	-
2017-18	11	10	1	-

Source: Compiled as per finalised financial statements received from SPSUs in respective years.

(a) Return on historical cost of investment

1.11.1 Out of 11 Power sector SPSUs, GoG infused funds in the form of equity and loans in three²⁰ Power sector SPSUs only. GoG did not infuse any

²⁰ Gujarat Power Corporation Limited, Gujarat Energy Transmission Corporation Limited and Gujarat Urja Vikas Nigam Limited.

funds directly in the remaining eight²¹ Power sector SPSUs. In these eight SPSUs equity was contributed by the respective Joint venture/ Holding Companies.

The Return on investment from the three SPSUs has been calculated on the investment made by the GoG in the SPSUs in the form of equity and interest free long term loans. Out of the total long term loans, only interest free loans have been considered as investment of the GoG in these SPSUs. This is so because the interest free loans given to the SPSUs are akin to equity as the Government does not receive any interest on such loans. Further, the funds made available in the forms of grants/ subsidy have not been reckoned as investment since they do not qualify to be considered as investment.

The investment of GoG in these three Power sector SPSUs has been arrived at by considering the equity, adding interest free loans and deducting interest free loans, which were later converted into equity for each year. The investment of GoG in three Power sector SPSUs as on 31 March 2018 was ₹ 17,986.33 crore consisting of equity of ₹ 17,841.35 crore and interest bearing long-term loans of ₹ 144.98 crore. As no interest free loan was outstanding as on 31 March 2018, the investment of the GoG in these three Power sector SPSUs, on the basis of historical cost at the end of 2017-18 stood at ₹ 17,841.35 crore.

The return on investment in the three Power sector SPSUs on historical cost basis for the period 2013-14 to 2017-18 is given in **Table 1.8** below:

Table 1.8: Return on GoG Investment at historical cost

Financial year	Funds infused by the GoG in form of Equity and Interest Free Loans on historic cost basis (₹ in crore)	Total Earnings ²² / Net Losses (₹ in crore)	Return on investment (in per cent)
(1)	(2)	(3)	(4)=(3)÷(2)×100
2013-14	7,433.08	362.78	4.88
2014-15	9,317.29	365.91	3.93
2015-16	12,327.95	302.14	2.45
2016-17	14,955.36	265.95	1.78
2017-18	17,841.35	531.15	2.98

Source: Figures in column 2 are as per information received from SPSUs for respective years and figures in column 3 are as per latest finalised financial statements.

The return on investment of the three Power sector SPSUs ranged between 1.78 per cent and 4.88 per cent during 2013-14 to 2017-18.

(a) Return on present value of investment

1.11.2 In view of the significant investment by Government in the three Power sector Companies, return on such investment is essential from the perspective of State Government. Traditional calculation of return based only on historical cost of investment. In addition, the return on investment can also be calculated considering the Present Value (PV) of money invested on historical cost. PV of the State Government investment was computed where funds had been infused by the State Government in the form of equity and

²¹ Paschim Gujarat Vij Company Limited, Uttar Gujarat Vij Company Limited, Dakshin Gujarat Vij Company Limited, Madhya Gujarat Vij Company Limited, Gujarat State Energy Generation Limited, GSPC Pipavav Power Company Limited, Bhavnagar Energy Company Limited and Gujarat State Electricity Corporation Limited.

²² Net profit earned during the year less losses incurred during the year (by the individual SPSUs).

interest free loans since inception of these Companies till 31 March 2018. The SPSUs return on investment was not sufficient to recover the cost of funds for the year.

The PV of the State Government investment in Power sector SPSUs was computed on the basis of following assumptions:

- Interest free loans (IFL) have been considered as investment infusion by the State Government as there are cases where interest free loans given to the SPSUs were later converted into equity. The amount of loan converted into equity has been deducted from the amount of interest free loans and added to the equity of that year.
- The funds made available in the form of grant/ subsidies have not been reckoned as investment.
- The average rate of interest on government borrowings for the concerned financial year²³ was adopted as compound rate for arriving at PV since they represent the cost incurred by the government towards investment of funds for the year.

1.12 The position of State Government investment in the three Power sector SPSUs in the form of equity and loans since inception of these SPSUs till 31 March 2018 is indicated in **Annexure 2**. The consolidated position of the PV of the State Government investment relating to the three Power sector SPSUs since inception of these SPSUs till 31 March 2018 is indicated in **Table 1.9** below:

Table 1.9: Year wise details of GoG investment and its present value until 2017-18

(₹ in crore)

Financial year	PV of investment at beginning of year	During the year				Avg. interest rate on GoG borrowings (in per cent)	Investment at the end of year	PV of investment at end of year	Minimum expected return to recover cost of funds for the year ²⁴	Total earnings for the year
		Equity infused by GoG	IFL infused by GoG	IFL converted into equity	Total investment					
1	2	3	4	5	6=3+4-5	7	8=2+6	9=8+(8×7)÷100	10=(8×7÷100)	11
Up to 2004-05	-	200.32	-	-	200.32	9.08	200.32	218.51		
2005-06	218.51	1,628.71	-	-	1,628.71	8.06	1,847.22	1,996.10	148.89	91.77
2006-07	1,996.10	756.31	225.58	150	831.89	8.19	2,827.99	3,059.61	231.61	89.31
2007-08	3,059.61	811.61	-	-	811.61	8.12	3,871.22	4,185.56	314.34	54.37
2008-09	4,185.56	120.70	(11.76)	-	108.94	7.80	4,294.50	4,629.47	334.97	59.19
2009-10	4,629.47	97.97	(15.12)	-	82.85	7.64	4,712.32	5,072.34	360.02	118.96
2010-11	5,072.34	703.76	(15.12)	-	688.64	7.56	5,760.98	6,196.51	435.53	296.75
2011-12	6,196.51	518.20	(15.12)	-	503.08	7.63	6,699.59	7,210.77	511.18	338.21
2012-13	7,210.77	1,056.25	(15.12)	-	1,041.13	7.66	8,251.90	8,884.00	632.10	296.14
2013-14	8,884.00	1,539.25	(3.34)	-	1,535.91	7.62	10,419.91	11,213.90	794.00	362.78
2014-15	11,213.90	1,884.21	-	-	1,884.21	7.76	13,098.11	14,114.53	1,016.41	365.91
2015-16	14,114.53	3,010.66	-	-	3,010.66	7.69	17,125.19	18,442.12	1,316.93	302.14
2016-17	18,442.12	2,627.41	-	-	2,627.41	7.67	21,069.53	22,685.56	1,616.03	265.95
2017-18	22,685.56	2,885.99	-	-	2,885.99	7.59	25,571.55	27,512.43	1,940.88	531.15
Total	-	17,841.35	150.00	150.00	17,841.35	-	-	-	-	-

Source. Figures of equity and interest free loans are compiled based on information received from SPSUs and the figure of total earnings is compiled based on latest finalised financial statements.

²³ The average rate of interest on government borrowings was adopted from the Reports of the C&AG of India on State Finances (Government of Gujarat) for the concerned year. The calculation for the average rate for interest paid = Interest Payment ÷ [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities) ÷ 2] × 100.

²⁴ Present value of Total investment at the end of the year less Total investment at the end of the year.

The investment by GoG in these three SPSUs increased from ₹ 200.32 crore in 2004-05 to ₹ 17,841.35 crore in 2017-18. The PV of investment of the State Government up to 31 March 2018 worked out to ₹ 27,512.43 crore. Total earnings for the year 2004-05 to 2017-18 depicted net earnings for the year related to three SPSUs. The total earnings for the year relating to these SPSUs remained positive during 2004-05 to 2017-18, however, the earnings remained substantially below the minimum expected return towards the investment made in these Power sector SPSUs. The return on PV of investment of ₹ 27,512.43 crore to the total earnings of three SPSUs during 2017-18 is as per **Table 1.10** below:

Table 1.10: Return on GoG Funds

(₹ in crore)

Year	Total Earnings/ (Loss)	At historical cost		At Present Value (PV)	
		Investment by GoG in form of Equity and IFL	Return on GoG investment (per cent)	PV of GoG investment at end of the year	Return on PV of GoG investment (per cent)
1	2	3	4=(2÷3)×100	5	6=(2÷5)×100
2013-14	362.78	7,433.08	4.88	11,213.90	3.23
2014-15	365.91	9,317.29	3.93	14,114.53	2.59
2015-16	302.14	12,327.95	2.45	18,442.12	1.64
2016-17	265.95	14,955.36	1.78	22,685.56	1.17
2017-18	531.15	17,841.35	2.98	27,512.43	1.93

Source: Figures of earnings, investment and PV is compiled from Table 1.8.

The returns based on PV were less than the returns based on historic cost as indicated by the comparison of returns during 2017-18. Return based on historic cost was 2.98 *per cent* during 2017-18 whereas return based on PV was only 1.93 *per cent*.

Performance of Power sector SPSUs with investment of GoG

Analysis of net worth of active Power sector SPSUs

1.13 Net worth means the sum total of the paid-up capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure. Essentially, it is a measure of what an entity is worth to the owners. A negative net worth indicates that the entire investment by the owners has been wiped out by accumulated losses and deferred revenue expenditure. The capital investment²⁵ and accumulated profits of the three active SPSUs as per their latest finalised financial statements were ₹ 20,007.95 crore and ₹ 2,696.01 crore respectively as detailed in **Annexure 1**. As on 31 March 2018, the aggregate net worth of all the active SPSUs in the Power sector was positive.

The paid up capital, accumulated profit/ loss and net worth of the three Power sector SPSUs for the period from 2013-14 to 2017-18 are given in **Table 1.11** below:

²⁵ Capital investment=Paid up capital +Free Reserves.

Table 1.11: Net worth of three Power sector SPSUs of Gujarat during 2013-14 to 2017-18

(₹ in crore)

Year	Paid up capital at the end of the year	Free Reserves	Accumulated Profit (+) Loss (-) at end of the year	Net worth
2013-14	7,900.00	1,509.13	1,160.41	10,569.54
2014-15	8,006.32	1,666.05	1,413.50	11,085.87
2015-16	9,459.47	2,109.83	1,690.50	13,259.80
2016-17	14,770.26	2,252.25	2,163.96	19,186.47
2017-18	17,344.48	2,663.47	2,696.01	22,703.96

Source: As per finalised financial statements received in respective years from SPSUs.

Dividend Pay-out

The State Government had not formulated any dividend policy under which the SPSUs are required to pay a minimum return on paid-up share capital contributed by the State Government. As per their latest finalised financial statements, the three active Power sector SPSUs in which the share capital was invested by GoG earned profit of ₹ 531.15 crore. However, none of these SPSUs declared dividend during 2017-18.

The State Government may consider formulating a dividend policy for payment of reasonable return from the profit earning of SPSUs on the paid up share capital contribution by the State Government.

Return on equity

1.14 Return on equity (RoE) is a measure of financial performance to assess how effectively management is using Company's assets to create profits and is calculated by dividing net income (*i.e.* net profit after taxes) by shareholders' funds. It is expressed as a percentage and can be calculated for any Company if net income and shareholders' fund are both positive numbers.

Shareholders' fund of a Company is calculated by adding paid up capital and free reserves net of accumulated losses and deferred revenue expenditure and reveals how much would be left for a Company's stakeholders if all assets were sold and all debts paid. A positive shareholders fund reveals that the Company has enough assets to cover its liabilities while negative shareholders' fund means that liabilities exceed assets.

RoE has been computed in respect of three Power sector SPSUs in which the State Government has infused funds. The details of Shareholders' fund and RoE relating to these three Power sector SPSUs during the period from 2013-14 to 2017-18 are given in **Table 1.12** below:

Table 1.12 Return on equity relating to three Power sector SPSUs where GoG infused funds

Year	Net Income (₹ in crore)	Shareholders' fund (₹ in crore)	RoE (in per cent)
2013-14	362.78	10,569.54	3.43
2014-15	365.91	11,085.87	3.30
2015-16	302.14	13,259.80	2.28
2016-17	265.95	19,186.47	1.39
2017-18	531.15	22,703.96	2.34

Source: As per finalised financial statements received in respective years from SPSUs.

During the last five years ended March 2018, the Net Income and Shareholders' fund was positive.

Return on capital employed in active Power sector SPSUs

1.15 Return on Capital Employed (RoCE) is a ratio that measures a Company's profitability and the efficiency with which its capital is employed. RoCE is calculated by dividing a Company's earnings before interest and taxes (EBIT) by the capital employed²⁶. The details of RoCE of 11 Power sector SPSUs during the period from 2013-14 to 2017-18 are given in **Table 1.13** below:

Table 1.13: Return on Capital Employed

Year	EBIT (₹ in crore)	Capital Employed (₹ in crore)	RoCE (in per cent)
2013-14	2,268.68	43,828.46	5.18
2014-15	3,145.47	49,385.77	6.37
2015-16	3,366.38	47,285.84	7.12
2016-17	3,471.05	55,537.32	6.25
2017-18	3,570.50	59,021.29	6.05

Source: As per finalised financial statements received in respective years from Companies.

The RoCE of Power sector SPSUs was consistent and ranged between 5.18 and 7.12 *per cent* during the period 2013-14 to 2017-18. During the year 2017-18, the EBIT and Capital employed has increased by 2.87 and 6.27 *per cent* respectively as compared to 2016-17.

Analysis of long-term loans of active Power sector SPSUs

1.16 The analysis of long term loans of SPSUs which had leverage during 2013-14 to 2017-18 was carried out to assess the ability of the SPSUs to service the debt owned by the SPSUs to Government, banks and other financial institutions. This is assessed through the Interest Coverage Ratio and Debt Turnover Ratio.

Interest Coverage Ratio

1.17 Interest coverage ratio is used to determine the ability of a Company to pay interest on outstanding debt and is calculated by dividing a Company's earnings before interest and taxes (EBIT) by interest expenses of the same period. The lower the ratio, the lesser the ability of the Company to pay interest on debt. Interest coverage ratio below one indicates that the Company was not generating sufficient revenues to meet its expenses on interest. The details of interest coverage ratio²⁷ in eleven Power sector SPSUs that had interest burden during the period from 2013-14 to 2017-18 are given in **Table 1.14** below:

²⁶ Capital employed= Paid up capital - share application money pending allotment + accumulated profit/ loss + free reserves + long term loan outstanding.

²⁷ Earnings before interest and taxes ÷ Interest.

Table 1.14: Interest coverage ratio of Power sector SPSUs

Year	Interest (₹ in crore)	Earnings before interest and tax (EBIT) (₹ in crore)	No. of SPSUs having liability of interest from Government and Banks and other financial institutions	No. of SPSUs having interest coverage ratio more than 1	No. of SPSUs having interest coverage ratio less than 1
2013-14	1,917.55	2,268.68	10	08	02 ²⁸
2014-15	2,469.15	3,145.47	10	08	02 ²⁹
2015-16	2,320.99	3,366.38	10	10	-
2016-17	2,169.49	3,471.05	10	10	-
2017-18	2,123.69	3,570.50	11	10	01 ³⁰

Source: As per finalised financial statements received in respective years from SPSUs.

It was observed that overall Interest Coverage ratio of the Power sector SPSUs during the period 2013-14 to 2017-18 was more than 1. In 2015-18, all the Power sector SPSUs had interest coverage ratio of more than one except one SPSU *viz.*, Bhavnagar Energy Company Limited.

Debt-Turnover Ratio of Power sector SPSUs

1.18 During the last five years, the turnover of Power sector SPSUs recorded CAGR of 3.48 *per cent* and CAGR of debt was (-1.28) *per cent* due to which the Debt-Turnover Ratio improved from 0.26 in 2013-14 to 0.18 in 2017-18 as given in **Table 1.15** below:

Table 1.15: Debt Turnover Ratio of Power sector SPSUs

Particulars	(₹ in crore)				
	2013-14	2014-15	2015-16	2016-17	2017-18
Debt from Government and Others (Banks and Financial institutions)	17,946.25	19,908.67	18,861.76	19,445.03	17,041.59
Turnover	68,065.11	74,271.78	82,115.94	84,049.58	94,544.75
Debt/ Turnover Ratio	0.26:1	0.27:1	0.23:1	0.23:1	0.18:1

Source: Compiled based on latest finalised financial statements.

Comments on financial statements of Power sector SPSUs

1.19 Eleven Power sector SPSUs forwarded their 13³¹ audited financial statements for supplementary audit during the period October 2017 to September 2018. All the 13 financial statements were reviewed in supplementary audit. The comments in the Audit Report of Statutory Auditors appointed by the C&AG and the supplementary audit of the C&AG mention the significant observations on the financial statements. These comments indicate the quality of financial statements and highlight the areas, which need improvement. The details of aggregate money value of comments of Statutory

²⁸ Gujarat State Energy Generation Limited and GSPC Pipavav Power Company Limited.

²⁹ Gujarat State Energy Generation Limited and GSPC Pipavav Power Company Limited.

³⁰ Bhavnagar Energy Company Limited.

³¹ Includes one consolidated financial statement of Gujarat Urja Vikas Nigam Limited for the year 2016-17 and two financial statements of Bhavnagar Energy Company Limited for the year 2016-17 and 2017-18.

Auditors and the C&AG for the financial statements of 2015-18 are given in **Table 1.16**.

Table 1.16: Impact of audit comments on Power sector SPSUs

(₹ in crore)

Sl. No	Particulars	2015-16		2016-17		2017-18	
		No. of FSs	Amount	No. of FSs	Amount	No. of FSs	Amount
1.	Increase in profit	04	250.50	01	82.67	-	-
2.	Decrease in loss	01	1.13	-	-	-	-
3.	Non-disclosure of material facts	-	-	01	23.85	01	401.00
4.	Errors of classification	01	133.06	01	58.15	07	2,851.94
	Total		384.69		164.67		3,252.94

FSs- Financial Statements.

Source: Compiled from comments of the Statutory Auditors/ C&AG in respect of Government Companies.

The aggregate money value of Statutory Auditors' comments and C&AG's comments during the year 2017-18 was ₹ 3,252.94 crore.

During the period October 2017 to September 2018, the Statutory Auditors had given unqualified opinion for ten financial statements and qualified opinion for three financial statements. The compliance of SPSUs with the Accounting Standards/ IND AS remained deficient, as there were 16 instances of non-compliance in seven financial statements.

Follow-up action on Audit Reports

Replies outstanding

1.20 The Report of C&AG of India represents the culmination of the process of audit scrutiny. It is therefore, necessary that they elicit appropriate and timely response from the executive. All the administrative departments of SPSUs need to submit, within three months of their presentation to the Legislature, the explanatory notes indicating the corrective/ remedial action taken or proposed to be taken on CA paragraphs and Performance Audits (PAs) included in the Audit Reports.

There were no explanatory notes pending to be received (July 2019) from any administrative departments of SPSUs on paragraphs and PAs included in the Audit Reports.

Discussion of Audit Reports by Committee on Public Undertakings

1.21 The status as on 30 September 2018 of Performance Audits and CA Paragraphs that appeared in Audit Reports (PSUs) and discussed by Committee on Public Undertakings (COPU) was as under.

Table 1.17: PAs/ CA Paragraphs appeared in Audit Reports vis-à-vis discussed as on 30 September 2018

Period of Audit Report	Number of Performance Audits/ CA paragraphs			
	Appeared in Audit Report		Paragraphs discussed	
	PAs	Paragraphs	PAs	Paragraphs
2013-14	-	2	-	2
2014-15	-	3	-	3
2015-16	2	-	-	-
2016-17	-	2	-	-
Total	2	7	-	5

Source: Compiled based on the discussions of COPU on the Audit Reports.

The discussion on Audit Reports (PSUs) up to 2012-13 has been completed.

Compliance to Reports of COPU

1.22 No Action Taken Notes is pending to be received (September 2018) in respect of recommendations contained in the Reports of COPU.

Part-II

Chapter II

**Functioning of State Public
Sector Undertakings
(*Excluding State Public Sector
Undertakings of Power Sector*)**

Part II

Chapter II

Functioning of State Public Sector Undertakings (Excluding State Public Sector Undertakings of Power Sector)

Introduction

2.1 The State has 91 State Public Sector Undertakings (SPSUs) as on 31 March 2018. Of this, 11 SPSUs are in Power Sector and remaining 80 SPSUs are engaged in activities other than Power Sector. The functioning of 11 SPSUs under Power Sector is discussed in Chapter I of Part I. These 80 SPSUs include 76 State Government Companies¹ (SGCs) and four² Statutory Corporations for undertaking different activities. Of these, four³ SPSUs are listed on stock exchange(s). The SPSUs include 18 inactive SGCs and 22 subsidiary/ joint venture Companies of other Government Companies. During 2017-18, four⁴ active SPSUs were classified as inactive SPSUs as they had ceased their operations. One SPSU⁵ came under the purview of the Comptroller and Auditor General of India (C&AG) under Section 139(5) of the Companies Act, 2013. Further, the name of one⁶ SPSU was struck off from the register, by the Registrar of Companies under Section 560 of the Companies Act, 2013. The details of SPSUs of Government of Gujarat (GoG) as on 31 March 2018 are given in **Table 2.1** below.

Table 2.1: Total number of SPSUs as on 31 March 2018

Type of SPSUs	Active SPSUs	Inactive SPSUs ⁷	Total
Government Companies	58	18	76
Statutory Corporations	4	--	4
Total	62	18	80

Source: Compiled based on latest finalised financial statements received from SPSUs until September 2018.

GoG periodically provides financial support to SPSUs in the form of equity, loans and grants/ subsidy. Of the 80 SPSUs, GoG invested funds in 58 SPSUs and no funds were invested in remaining 22 SPSUs that were subsidiary/ joint venture companies of other Government Companies. The respective joint

¹ Includes Other Companies referred in Section 139(5) and 139(7) of the Companies Act, 2013.

² Gujarat State Warehousing Corporation, Gujarat State Financial Corporation, Gujarat Industrial Development Corporation and Gujarat State Road Transport Corporation.

³ Gujarat Gas Limited, Gujarat Mineral Development Corporation Limited, Gujarat State Petronet Limited and Gujarat State Financial Corporation.

⁴ Infrastructure Finance Company Gujarat Limited, Gujarat State Rural Development Corporation Limited, Gujarat Foundation for Mental Health and Allied Services and BISAG Satellite Communication.

⁵ Diamond Research and Mercantile City Limited was incorporated in July 2015 had finalised its financial statements for the year up to 2017-18, the supplementary audit of which was entrusted (October 2018) from the year 2018-19.

⁶ Gujarat State Mining and Resources Corporation Limited.

⁷ Inactive SPSUs are those, which have ceased to carry on their operations.

venture/ Holding Companies contributed to the equity of these 22 joint venture/ subsidiary Companies.

Contribution to Economy of the State

2.2 The ratio of turnover of the SPSUs to the Gross State Domestic Product⁸ (GSDP) shows the extent of activities of the SPSUs in the State Economy. The **Table 2.2** below provides the details of turnover of SPSUs and GSDP of Gujarat for five years ending March 2018:

Table 2.2: Details of active SPSUs turnover vis-à-vis GSDP

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Turnover (₹ in crore) ⁹	30,653.79	32,281.76	28,920.56	27,903.73	31,282.40
Percentage change in turnover	5.87	5.31	(-)10.41	(-)3.52	12.11
GSDP (₹ in crore)	8,07,623	9,21,773	10,25,188(P)	11,58,151(Q)	13,20,167(A)
Percentage change in GSDP	11.47	14.13	11.22	12.97	13.99
Percentage of Turnover to State GDP	3.79	3.50	2.82	2.40	2.38

Estimate: (P) = Provisional, (Q) = Quick Estimate and (A) = Actual.

Source: Compiled based on turnover reported by SPSUs in the financial statements finalised in respective years and Statement under Gujarat Fiscal Responsibility Act, 2005 (Budget Publication No. 30 of 2018-19).

The turnover of SPSUs had recorded variations over previous years. The variation in turnover ranged between (-) 10.41 and 12.11 *per cent* during the period from 2013 to 2018, whereas increase in GSDP of the State ranged between 11.22 and 14.13 *per cent* during the same period. The Compounded Annual Growth Rate (CAGR) of GSDP was 12.76 *per cent* during last five years. CAGR is a useful method to measure growth rate over multiple time-periods. Against the CAGR of 12.76 *per cent* of the GSDP, the turnover of SPSUs recorded lower CAGR of 1.87 *per cent* during the last five years. This resulted in decrease in their turnover share to GSDP from 3.79 *per cent* in 2013-14 to 2.38 *per cent* in 2017-18. Out of the total turnover of ₹ 31,282.40 crore, ₹ 23,898.80 crore pertains to 25 active SPSUs which finalised the financial statements for the year 2017-18. In respect of remaining 24 active SPSUs, the turnover of ₹ 7,383.60 crore was taken as per financial statements finalised for previous years.

Investment in SPSUs

2.3 The SPSUs function as instruments of GoG to provide certain services, which the private sector may not be willing to extend due to various reasons. Besides, the Government has also invested in certain business segments through SPSUs which function in a competitive environment with private

⁸ As per Statements prepared under the Gujarat Fiscal Responsibility Act, 2005, Budget Publication No. 30.

⁹ Turnover of active SPSUs as per the latest finalised financial statements received up to 30 September 2018.

sector undertakings. In view of the above, the SPSUs have been analysed under two major classifications viz., those in the social sector and those functioning in competitive environment. SPSUs incorporated to perform some specific activities on behalf of GoG have been categorised under “Others”. Details of investment made in 80 SPSUs in the form of equity and long-term loans up to 31 March 2018 are detailed in *Annexure 3*.

2.4 The sector wise summary of investment in SPSUs as on 31 March 2018 is given in **Table 2.3** below:

Table 2.3: Sector wise investment in SPSUs

Sector	Number of SPSUs	Investment (₹ in crore)		
		Equity	Long-term loans	Total
Social	27	2,715.71	973.21	3,688.92
Competitive	39	6,056.55	22,394.67	28,451.22
Others	14	61,224.49	6,152.97	67,377.46
Total	80	69,996.75	29,520.85	99,517.60

Source: Compiled based on information received from SPSUs.

As on 31 March 2018, the total investment (equity and long-term loans) in the 80 SPSUs was ₹ 99,517.60 crore. The investment consisted of 70.34 per cent of equity and 29.66 per cent of long-term loans. The long-term loans advanced by the GoG and Government of India (GoI) constituted 16.91 per cent (₹ 4,993.06 crore) and 0.36 per cent (₹ 105.54 crore) respectively of the total long-term loans whereas 82.73 per cent (₹ 24,422.25 crore) of the long-term loans were availed from other financial institutions¹⁰.

The investment has grown by 36.91 per cent from ₹ 72,688.20 crore in 2013-14 to ₹ 99,517.60 crore in 2017-18. The increase in investment was due to infusion of fresh equity of ₹ 22,863.56 crore and raising of long-term loans of ₹ 3,965.84 crore during the period.

Disinvestment, Restructuring and Privatisation of SPSUs

2.5 No disinvestment, restructuring, and privatisation of the SPSUs took place during the year ended 31 March 2018.

Budgetary support to SPSUs

2.6 GoG provides financial support to SPSUs in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/ subsidies, guarantee issued and guarantee commitment outstanding in respect of active SPSUs for the last three years ending March 2018 are given in **Table 2.4** below:

¹⁰ Banks, Gujarat State Financial Services Limited, Financial Institutions.

Table 2.4: Details of budgetary support to SPSUs

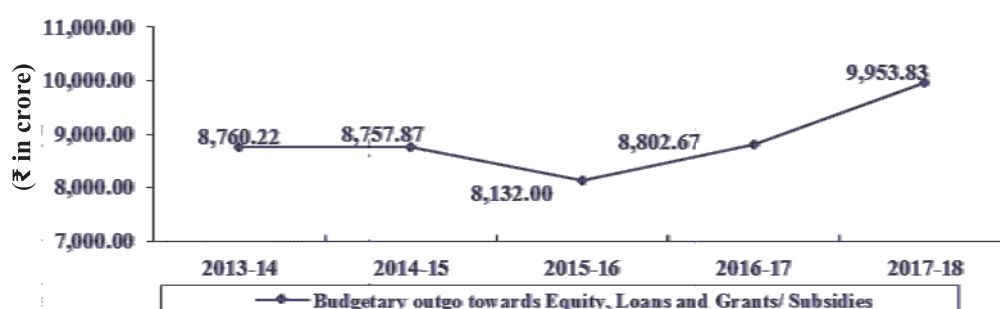
(₹ in crore)

Sl. No.	Particulars	2015-16		2016-17		2017-18	
		No. of SPSUs	Amount	No. of SPSUs	Amount	No. of SPSUs	Amount
1.	Equity Capital outgo from budget	06	4,645.59	08	5,017.12	12	5,853.64
2.	Loans given from budget	03	362.50	04	194.69	09	165.20
3.	Grants/ Subsidy from budget	14	3,123.91	17	3,590.86	20	3,934.99
4.	Total Outgo (1+2+3)	-	8,132.00	-	8,802.67	-	9,953.83
5.	Guarantees issued during the year	01	536.00	-	-	01	120.50
6.	Guarantee Commitment outstanding at the end of the year	04	1,235.09	03	234.28	04	201.52

Source: Compiled based on information received from SPSUs.

The details regarding budgetary outgo towards equity, loans and grants/subsidies for past five years are given in **Chart 2.1**:

Chart 2.1: Budgetary outgo towards Equity, Loans and Grants/Subsidies



Source: Compiled based on information received from SPSUs.

The annual budgetary assistance to these active SPSUs ranged between ₹ 8,132.00 crore and ₹ 9,953.83 crore during the period from 2013-14 to 2017-18. The budgetary assistance of ₹ 9,953.83 crore provided during 2017-18 included loans, grants/ subsidy and equity of ₹ 165.20 crore, ₹ 3,934.99 crore and ₹ 5,853.64 crore respectively. Sardar Sarovar Narmada Nigam Limited received the major share of equity funds (₹ 4,720.79 crore) from the budgetary outgo for acquisition of capital assets.

In order to provide financial assistance to SPSUs from Banks and Financial Institutions, GoG gives guarantee under Gujarat State Guarantee Act, 1963. Such guarantees are given subject to the limits prescribed by the Constitution of India, for which the guarantee fee is being charged. This fee varies from 0.25 to one per cent per annum as decided (31 December 1988) by GoG depending upon the loanees. The guarantee commitment decreased from ₹ 234.28 crore during 2016-17 to ₹ 201.52 crore during 2017-18. Sardar Sarovar Narmada Nigam Limited vacated the guarantee of ₹ 122.15 crore and Gujarat State Petroleum Corporation Limited received guarantee commitment of ₹ 120.50 crore. Further, two SPSUs¹¹ paid guarantee fee of ₹ 2.90 crore during 2017-18.

¹¹ Gujarat State Petroleum Corporation Limited (₹ 2.41 crore) and Sardar Sarovar Narmada Nigam Limited (₹ 0.49 crore).

Reconciliation with Finance Accounts of Government of Gujarat

2.7 The figures in respect of equity, loans and guarantees outstanding as per the records of SPSUs should agree with the corresponding figures appearing in the Finance Accounts of GoG. In case the figures do not agree, the concerned SPSUs and the Finance Department should carry out reconciliation of the differences. The position in this regard as on 31 March 2018 is given in **Table 2.5** below:

Table 2.5: Equity, loans, guarantees outstanding as per Finance Accounts of GoG vis-à-vis records of SPSUs

Outstanding in respect of	Number of SPSUs	Amount as per Finance Accounts	Amount as per records of SPSUs	Difference
Equity	41	62,192.08	64,431.06	2,238.98
Loans	21	4,153.34 ¹²	4,993.06	839.72
Guarantees	16	2,946.20	201.52	2,744.68

(₹ in crore)

Source: Compiled based on information received from SPSUs and Finance Accounts.

Audit observed that such differences occurred in respect of 44 SPSUs¹³ as detailed in **Annexure 4**¹⁴. The differences between the figures are persisting since prior to 2003-04. The issue of reconciliation of differences was taken up by the Principal Accountant General (Economic and Revenue Sector Audit), Gujarat, Ahmedabad regularly, the latest being in January 2019 with the SPSUs/ Departments to reconcile the differences. Major differences were observed in Gujarat State Petroleum Corporation Limited, Sardar Sarovar Narmada Nigam Limited, Gujarat Metro Rail Corporation Limited (formerly known as Metro-link Express for Gandhinagar and Ahmedabad Company Limited), GSPC LNG Limited, Dholera Industrial City Development Limited and Gujarat State Road Transport Corporation.

Submission of financial statements by SPSUs

2.8.1 Out of 80 SPSUs, there were 62 active SPSUs other than those in the Power sector *i.e.* 58 active Companies and four Statutory Corporations and 18 inactive Companies under the audit jurisdiction of C&AG as of 31 March 2018. **Table 2.6** indicates the position relating to submission of financial statements as on 30 September 2018.

¹² The SPSU wise information of loans is not available in Finance Accounts therefore the above balance may include loan to SPSUs of Power sector.

¹³ This represents SPSUs in which GoG has given budgetary support towards equity, loans and grants/subsidies and such SPSUs are under the audit jurisdiction of C&AG.

¹⁴ SPSU wise loan amount outstanding is not available in Finance Accounts therefore the same is not reflected in the **Annexure 4**.

Table 2.6: Position relating to submission of financial statements of active SPSUs

Sl. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1.	Number of active SPSUs/ other companies	61	57	61	66	62 ¹⁵
2.	Number of financial statements submitted during the year	54	45	59	63	63
3.	Number of active SPSUs, which submitted financial statements for current year	30	23 ¹⁶	25 ¹⁷	24 ¹⁸	24 ¹⁹
4.	Number of previous year financial statements finalised during current year	24	20	28	34	34 ²⁰
5.	Number of financial statements in arrears	48	58	62	73	58 ²¹
6.	Number of active SPSUs with arrears in financial statements	31	34	35	40 ²²	37
7.	Extent of arrears (Numbers in years)	1 to 4	1 to 5	1 to 6	1 to 6	1 to 4

Source: Compiled based on financial statements of active SPSUs received during the period October 2017 to September 2018.

Of the total 62 active SPSUs, 52 active SPSUs had finalised their 63 financial statements, of which 29 financial statements pertained to 2017-18 and remaining 34 financial statements pertained to previous years. Thirty-seven SPSUs had 58 financial statements in arrears, which ranged between one and four years as detailed in **Annexure 5**. Out of 52 active SPSUs, which finalised the financial statements during 2017-18, 15 SPSUs prepared 21 financial statements (including six²³ consolidated financial statements) as per Indian Accounting Standards.

The Administrative Departments have the responsibility of overseeing the activities of these SPSUs to ensure that the financial statements are finalised and adopted by the SPSUs within the stipulated period. The concerned departments were informed on a quarterly basis regarding arrears of financial statements. In addition, the matter was taken up (April 2019) with GoG for liquidating the arrears of financial statements. However, no significant improvement has been noticed in submission of financial statements for audit.

GoG invested ₹ 9,585.68 crore in 20 active SPSUs {equity: ₹ 6,196.97 crore (9 SPSUs), loans ₹ 99.95 crore (6 SPSUs) and grants ₹ 3,288.76 crore (16 SPSUs)} during the last three years for which financial statements have not been finalised as detailed in **Annexure 5**. Due to non-finalisation of financial statements and their subsequent audit, proper accounting of

¹⁵ Four SPSUs were classified as Inactive SPSUs during the year and one active SPSU viz. Diamond Research and Mercantile City Limited is included as it submitted financial statement for 2017-18.

¹⁶ These 23 SPSUs finalised 25 FSs of 2014-15 that included two consolidated FSs.

¹⁷ These 25 SPSUs finalised 31 FSs of 2015-16 that included six consolidated FSs.

¹⁸ These 24 SPSUs finalised 29 FSs of 2016-17 that included five consolidated FSs.

¹⁹ These 24 SPSUs finalised 29 FSs of 2017-18 that included five consolidated FSs. One SPSU viz. Diamond Research and Mercantile City Limited finalised its FS for 2017-18 but it is not included as its supplementary audit was entrusted from the year 2018-19.

²⁰ This includes one consolidated financial statement of 2016-17.

²¹ This includes one consolidated financial statement of 2017-18.

²² Excluding Gandhinagar Railway and Urban Development Corporation Limited and Gandhinagar Rail Infrastructure Development Corporation Limited whose first financial statements were not due.

²³ Gujarat Mineral Development Corporation Limited, Gujarat State Petronet Limited, Gujarat State Petroleum Corporation Limited, Gujarat Gas Limited, Gujarat State Investments Limited and Gujarat Industrial Investment Corporation Limited.

investments and expenditure incurred could not be ensured and the investment of GoG in such SPSUs remained outside the control of the State Legislature.

Timeliness in preparation of financial statements by inactive SPSUs

2.8.2 In addition to the above active SPSUs, as on 30 September 2018, there were arrears in finalisation of financial statements by nine inactive SPSUs as given in **Table 2.7** below.

Table 2.7: Arrears of financial statements of nine inactive SPSUs

Number of inactive SPSUs	Period for which financial statements were in arrears	Number of years for which financial statements were in arrears
1 ²⁴	1999-00 to 2017-18	19
2 ²⁵	2011-12 to 2017-18	7
1 ²⁶	2012-13 to 2017-18	6
2 ²⁷	2015-16 to 2017-18	3
1 ²⁸	2016-17 to 2017-18	2
2 ²⁹	2017-18	1

Source: Compiled based on financial statements of inactive SPSUs received during the period October 2017 to September 2018.

Out of 18 inactive SPSUs, eight³⁰ SPSUs were in the process of liquidation that had financial statements in arrears for one to 23 years. Of the remaining ten inactive SPSUs, Gujarat Dairy Development Corporation Limited had finalised its financial statements up to 2017-18.

Placement of Separate Audit Reports of Statutory Corporations

2.9 Separate Audit Reports (SARs) are audit reports of the C&AG on the financial statements of Statutory Corporations. These reports are required to be placed before the Legislature as per the provisions of the respective Acts.

The status of placement of SARs issued by the C&AG (up to 31 July 2019) on the financial statements of Statutory Corporations in the Legislature is given in **Table 2.8** below.

²⁴ Gujarat Fisheries Development Corporation Limited.

²⁵ Infrastructure Finance Company Gujarat Limited and Gujarat Foundation for Mental Health and Allied Services.

²⁶ Naini Coal Company Limited.

²⁷ Gujarat State Rural Development Corporation Limited and BISAG Satellite Communication.

²⁸ Gujarat State Construction Corporation Limited.

²⁹ Gujarat State Machine Tools Corporation Limited and Gujarat Trans Receivers Limited.

³⁰ Gujarat Small Industries Corporation Limited, Gujarat Leather Industries Limited, GSFS Capital and Securities Limited, Gujarat State Textile Corporation Limited, Gujarat Communications and Electronics Limited, Gujarat Fintex Limited, Gujarat Siltex Limited and Gujarat Texfab Limited.

Table 2.8: Status of placement of SARs in Legislature

Sl. No.	Name of Statutory Corporation	Year up to which SARs are placed in Legislature		Year for which SARs are yet to be placed in Legislature	
		Year of SAR	Date of Placement	Year of SAR	Date of issue to the Government/ Present Status
1.	Gujarat State Warehousing Corporation	2012-13	21 March 2017	2013-14 2014-15	09 May 2016 04 August 2017
2.	Gujarat State Financial Corporation	2016-17	01 March 2018	2017-18	31 October 2018
3.	Gujarat Industrial Development Corporation	2016-17	19 September 2018	2017-18	Draft SAR under finalisation
4.	Gujarat State Road Transport Corporation	2014-15	9 July 2019	2015-16	15 February 2019

Source: Compiled based on information received from respective Statutory Corporation.

Impact of non-finalisation of financial statements of SPSUs

2.10 As discussed in **Paragraph 2.8**, the delay in finalisation of financial statements may result in risk of fraud and leakage of public money apart from violation of the provisions of relevant statutes. In view of the arrears in finalisation of financial statements as above, the actual contribution of SPSUs to GSDP for the year 2017-18 could not be ascertained and their performance could not be reported to the State Legislature.

It is therefore, recommended that the Government may monitor the clearance of arrears in finalisation of financial statements.

Similar recommendation had been made in the Audit Report (PSU), GoG for the year 2015-16 and 2016-17. No significant improvement, however, has been noticed in this regard (October 2018) though number of financial statements in arrear decreased from 73 to 58 at the end of September 2018. The reduction is due to re-classification of four active SPSUs having 16 financial statements in arrear (previous year) into inactive SPSUs and removal of one closed SPSU with three financial statements in arrears (previous year).

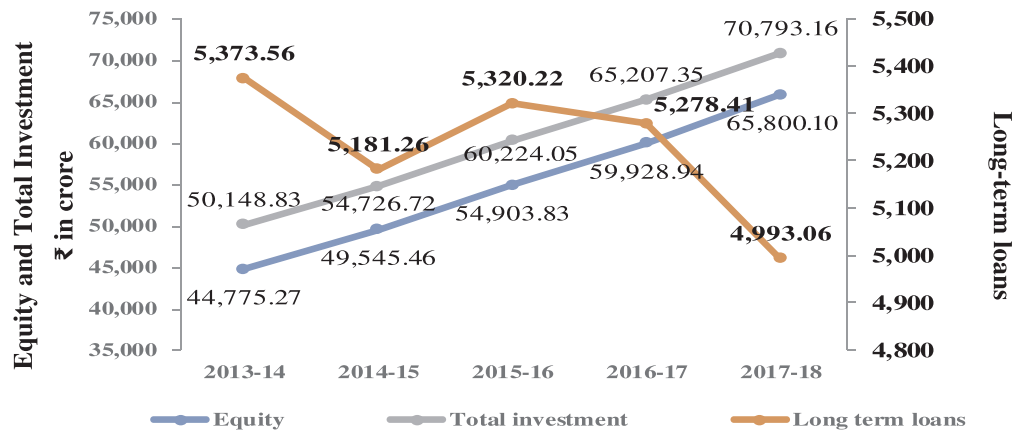
Performance of SPSUs

2.11 The financial position and working results of active SPSUs are detailed in **Annexure 6** as per their latest finalised financial statements as of 30 September 2018.

The SPSUs are expected to yield reasonable return on the investment of GoG. The total investment of GoG and others in the SPSUs was ₹ 99,517.60 crore consisting of equity of ₹ 69,996.75 crore and long-term loans of ₹ 29,520.85 crore. Out of this, GoG has investment of ₹ 70,793.16 crore in 57 SPSUs with equity of ₹ 65,800.10 crore and long-term loans of ₹ 4,993.06 crore (**Annexure 3**).

The year-wise investment of GoG in the SPSUs during the period from 2013-14 to 2017-18 is given in **Chart 2.2** below:

Chart 2.2: Total investment in SPSUs



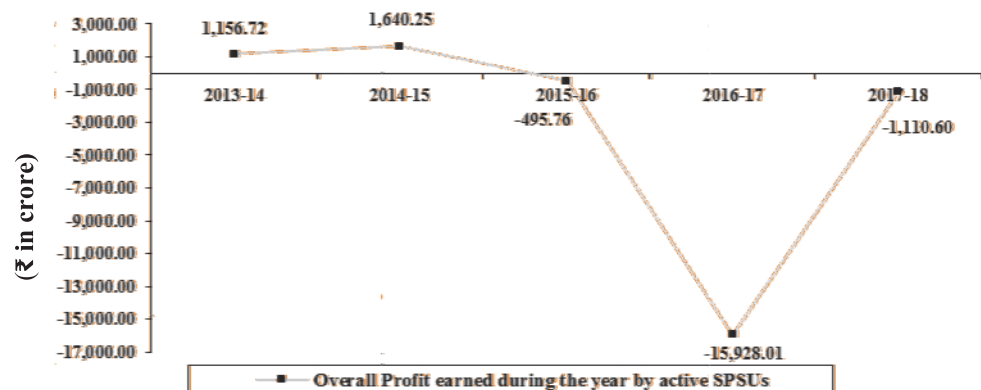
Source: Compiled based on information received from SPSUs.

The profitability of a Company is traditionally assessed through return on investment and return on capital employed. Return on investment measures profit or loss earned/ incurred in a year relating to the amount of money invested in the form of equity and long-term loans and is expressed as a percentage of net profit to total investment. Return on capital employed is a financial ratio that measures the Company's profitability and the efficiency with which its capital is used and is calculated by dividing company's earnings before interest and taxes by capital employed. Return on equity is a measure of performance calculated by dividing net profit after tax by shareholders' fund.

Return on investment

2.12 The Return on investment is the percentage of profit/ loss after tax to the total investment. The overall position of profit/ losses³¹ earned/ incurred by the active SPSUs during the period from 2013-14 to 2017-18 are given in the Chart 2.3 below.

Chart 2.3: Profit/Loss after tax of active SPSUs



Source: Compiled based on latest finalised financial statements received from SPSUs.

³¹ Figures as per latest finalised financial statements of the respective years.

As per their latest finalised financial statements, out of 62 active SPSUs, 38 SPSUs earned profit after tax of ₹ 2,180.01 crore and 20 SPSUs incurred loss of ₹ 3,290.61 crore. Of the four SPSUs which neither reported profits or losses, two SPSUs³² have not finalised their first financial statements, one SPSU³³ excess of expenditure over income was adjusted against capital reserve and non-plan grants and one³⁴ Company's excess of expenditure over income was transferred to works completed.

Net profit of ₹ 167.63 crore was contributed by two³⁵ SPSUs which functioned in finance and asset management sector that were not open to market competition. This constituted 7.69 per cent of total profit of ₹ 2,180.01 crore in all 38 SPSUs during 2017-18. RoE of these two SPSUs in 2017-18 was 5.97 per cent as compared to 11.97 per cent in 36 SPSUs functioning in competitive environment.

The major contributors to the profit were:

- Gujarat State Petronet Limited (₹ 668.43 crore),
- Gujarat Mineral Development Corporation Limited (₹ 434.60 crore),
- Gujarat Industrial Development Corporation (₹ 293.38 crore),
- Gujarat Gas Limited (₹ 291.36 crore).

Losses were incurred by:

- Gujarat State Petroleum Corporation Limited (₹ 1,564.64 crore),
- Sardar Sarovar Narmada Nigam Limited (₹ 1,075.80 crore),
- Gujarat State Road Transport Corporation (₹ 253.89 crore),
- Gujarat Water Infrastructure Limited (₹ 137.55 crore).

Of the 62 active SPSUs, the active SPSUs which earned/ incurred profit/ loss³⁶ during 2013-14 to 2017-18 is given in **Table 2.9** below:

Table 2.9: Active SPSUs that earned/ incurred profit/ loss

Financial year	Number of SPSUs during the year			
	Total	Earned profits	Incurred loss	Others ³⁷
2013-14	61	38	17	6
2014-15	57	41	10	6
2015-16	61	39	13	9
2016-17	66	44	13	9
2017-18	62	38	20	4

³² Gandhinagar Railway and Urban Development Corporation Limited and Gujarat Rail Infrastructure Development Corporation Limited.

³³ Gujarat Women Economic Development Corporation Limited.

³⁴ Gujarat State Police Housing Corporation Limited.

³⁵ Gujarat State Investments Limited- ₹ 72.82 crore and Gujarat State Financial Services Limited- ₹ 94.81 crore

³⁶ Figures as per latest finalised financial statements of the respective years.

³⁷ Includes SPSUs that had not commenced commercial operations; not finalised its first financial Statements, did not report profit or loss and SPSUs whose excess of income/ expenses was adjusted against grants.

(a) Return on historical cost of investment

2.13 Out of the 80 SPSUs, GoG infused funds in the form of equity, long-term loans, grants and subsidies in 58 SPSUs³⁸. Of these 58 SPSUs, in Gujarat Industrial Development Corporation, GoG has provided funds in form of grants and subsidies and no equity/ long-term loan is infused. Hence, in remaining 57 SPSUs, GoG has invested ₹ 70,793.16 crore comprising of equity of ₹ 65,800.10 crore and long-term loans of ₹ 4,993.06 crore.

The Return on investment from the PSUs has been calculated on the investment made by the GoG in the PSUs in the form of equity and loans. In the case of loans, only interest free loans (IFLs) are considered as investment since the GoG does not receive any interest on such loans and are therefore of the nature of equity investment by GoG except to the extent that the loans are liable to be repaid as per terms and conditions of repayment. Thus, investment of GoG in these 58 other than Power Sector SPSUs has been arrived at by considering the equity and the IFLs and in cases where IFLs and in cases where IFLs have been repaid by the SPSUs, the value of investment based on historic cost and present value (PV) was calculated on the reduced balance of IFLs over the period as detailed in **Table 2.10**. The funds made available in the forms of the grants/ subsidy have not been reckoned as investment since they do not qualify to be considered as investment.

Out of the released long-term loans of ₹ 4,993.06 crore in 57 SPSUs, IFLs of ₹ 1,363.80 crore were released to 56 SPSUs³⁹ based on the reduced balances over the period. Thus, the total investment of GoG in these 56 SPSUs based on historical cost was ₹ 67,163.90 crore (₹ 65,800.10 crore plus ₹ 1,363.80 crore).

The return on investment on the basis of historical cost of investment for the period 2013-14 to 2017-18 is given in **Table 2.10** below:

³⁸ The SPSUs where no Equity/ Long-term loan is infused (as shown in **Annexure 3**) by GoG are excluded.

³⁹ Excludes one SPSU viz., Gujarat Leather Industries Limited (under liquidation) that received loan of ₹ 2.06 crore but no equity from GoG. As the information related to the said loan being interest bearing/ interest free was not available therefore the SPSU is excluded.

Table 2.10 Return on GoG investment at historical cost

(₹ in crore)

Year wise Sector wise break up	Total earnings/ (loss) for the year	Investment of GoG in Equity and IFLs at historical cost	Return on GoG investment at historical cost (in per cent)
1	2	3	4=(2÷3)×100
2013-14			
Social Sector	40.30	1,292.33	3.12
Competitive Sector	552.89	2,124.57	26.02
Others	3.37	42,055.52	0.01
Total	596.56	45,472.42	1.31
2014-15			
Social Sector	90.30	1,605.49	5.62
Competitive Sector	671.38	2,665.01	25.19
Others	(306.12)	46,364.64	(0.66)
Total	455.56	50,635.14	0.90
2015-16			
Social Sector	117.22	2,064.34	5.68
Competitive Sector	(720.03)	3,029.44	(23.77)
Others	(903.37)	50,529.56	(1.79)
Total	(1,506.18)	55,623.34	(2.71)
2016-17			
Social Sector	115.94	2,246.46	5.16
Competitive Sector	(16,069.43)	3,560.54	(451.32)
Others	(1,009.71)	55,462.00	(1.82)
Total	(16,963.20)	61,269.00	(27.69)
2017-18			
Social Sector	(24.46)	2,566.06	(0.95)
Competitive Sector	(1,149.94)	4,134.37	(27.81)
Others	(993.01)	60,463.47	(1.64)
Total	(2,167.41)	67,163.90	(3.23)

Source: Figures in column 2 is as per latest finalised financial statement and figure in column 3 is as per information received from SPSUs for respective years.

The return on GoG investment is worked out by dividing the total earnings⁴⁰ of these SPSUs by the cost of GoG investments. The return earned on GoG investment ranged between (-) 27.69 per cent and 1.31 per cent during the period from 2013-14 to 2017-18. The return on GoG investment deteriorated during 2016-17 due to exceptional loss of ₹ 17,061.20 crore⁴¹ incurred by Gujarat State Petroleum Corporation Limited which resulted in reduction in return on GoG investment in competitive sector from 26.02 per cent in 2013-14 to (-) 451.32 per cent in 2016-17.

(b) Return on present value of investment

2.14 An analysis of the earnings *vis-à-vis* investments in 56 SPSUs where funds had been invested by GoG was conducted to assess the profitability of the SPSUs. Traditional calculation of return based only on historical cost of investment may not be a correct indicator of the adequacy of the return on the

⁴⁰ This includes net profit after tax/ losses for the concerned year relating to those SPSUs where the investments have been made by the GoG.

⁴¹ GSPC Limited booked impairment loss of ₹ 14,923.54 crore on 80 per cent Participating Interest and 10 per cent in KG-OSN-2001/ 3 Block (KG Block).

investment since such calculations ignore the present value (PV) of money. Therefore, in addition to the calculation of return on investment of GoG in the 56 SPSUs on historical cost basis, the return on investment has also been calculated after considering the PV of money. PV of GoG investment was computed where funds had been infused by GoG as equity and interest free loan since inception of these SPSUs until 31 March 2018. During the period from 2013-14 to 2017-18, these 56 SPSUs had an overall positive return on investment during the year 2013-14 and 2014-15. The return on investment for these two years have, therefore, been calculated and depicted based on PV.

The PV of GoG investment in these undertakings was computed on the following assumptions:

- IFLs have been considered as fund infusion by GoG. However, in case of repayment of loans by SPSUs, the PV was calculated on the reduced balances of IFLs over the period. The funds made available in the form of grant/subsidy have not been reckoned as investment since they do not qualify to be considered as investment as indicated by the nature of subsidy indicated in **Paragraph 2.6**.
- The average rate of interest on GoG borrowings for the concerned financial year⁴² was adopted as compounded rate for arriving at PV since they represent the cost incurred by the GoG towards investment of funds for the year.

For the years 2015-16, 2016-17 and 2017-18 when these 56 SPSUs overall had a negative return on investment due to losses incurred by five SPSUs⁴³, a more appropriate measure of performance is erosion of net worth due to losses. The erosion of net worth is commented in **Paragraph 2.17**.

2.15 The SPSU wise position of GoG investment in 56 SPSUs in the form of equity and loans on historical cost basis for the period from 2004-05 to 2017-18 is indicated in **Annexure 7**⁴⁴. Further, consolidated position of PV of GoG investment relating to these SPSUs for the same period is indicated in **Table 2.11** below:

⁴² The average rate of interest on GoG borrowings was adopted from the Reports of the C&AG of India on State Finances (GoG) for the concerned year. The calculation for the average rate for interest paid = Interest Payment ÷ [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities) ÷ 2] × 100.

⁴³ Gujarat State Petroleum Corporation Limited, Gujarat State Financial Corporation, Gujarat State Road Transport Corporation, Gujarat Water Infrastructure Limited, Sardar Sarovar Narmada Nigam Limited.

⁴⁴ Prepared based on information received from SPSUs/ previous Audit Reports (PSUs)/ latest finalised financial statements received from SPSUs.

Table 2.11: Year wise details of GoG investment and its present value until 2017-18

(₹ in crore)

Financial year	PV of investment at the beginning of year	During the year			Average interest rate on GoG borrowings (in per cent)	Total Investment at the end of year	PV of investment at end of year	Minimum expected return to recover cost of funds for the year ⁴⁵	Total Earnings for the year ⁴⁶
		Equity infused by GoG ⁴⁷	Net IFL infused by GoG	Total Investment					
1	2	3	4	5=3+4	6	7=2+5	8=7+(7×6)÷100	9={7×6}÷100	10
Up to 2004-05		13,906.88	21.15	13,928.03	9.08	13,928.03	15,192.70	-	-
2005-06	15,192.70	1,495.83	0.05	1,495.88	8.06	16,688.58	18,033.67	1,345.10	271.78
2006-07	18,033.67	2,564.69	1.76	2,566.45	8.19	20,600.13	22,287.28	1,687.15	70.18
2007-08	22,287.28	2,406.62	-0.43	2,406.19	8.12	24,693.47	26,698.58	2,005.11	609.91
2008-09	26,698.58	5,404.24	0.72	5,404.96	7.80	32,103.54	34,607.62	2,504.08	535.61
2009-10	34,607.62	2,228.59	30.85	2,259.44	7.64	36,867.06	39,683.70	2,816.64	417.33
2010-11	39,683.70	2,218.76	512.96	2,731.72	7.56	42,415.42	45,622.03	3,206.61	723.49
2011-12	45,622.03	3,306.22	145.79	3,452.01	7.63	49,074.04	52,818.39	3,744.35	1,042.24
2012-13	52,818.39	6,020.18	6.38	6,026.56	7.66	58,844.95	63,352.47	4,507.52	1,305.43
2013-14	63,352.47	5,170.72	30.45	5,201.17	7.62	68,553.64	73,777.43	5,223.79	596.56
2014-15	73,777.43	4,829.37	333.35	5,162.72	7.76	78,940.15	85,065.91	6,125.76	455.56
2015-16	85,065.91	4,664.38	323.82	4,988.20	7.69	90,054.11	96,979.27	6,925.16	-1,506.18
2016-17	96,979.27	5,729.96	-84.3	5,645.66	7.67	1,02,624.93	1,10,496.26	7,871.33	-16,963.20
2017-18	1,10,496.26	5,853.65	41.25	5,894.90	7.59	1,16,391.16	1,25,225.25	8,834.09	-2,167.41
Total		65,800.10	1,363.80	67,163.90					

Source: Compiled based on information, latest finalised financial statements and annual reports received from SPSUs.

The balance of investment by GoG in these SPSUs at the end of the year increased to ₹ 67,163.90 crore in 2017-18 from ₹ 13,928.03 crore in 2004-05 as GoG further invested equity (₹ 51,893.22 crore) and IFLs (₹ 1,342.65 crore) during the period from 2005-06 to 2017-18. The PV of funds infused by GoG up to 31 March 2018 amounted to ₹ 1,25,225.25 crore. During the period from 2005-06 to 2017-18, total earnings for the year remained below the minimum expected return to recover cost of funds infused in these SPSUs as four⁴⁸ SPSUs incurred substantial losses during this period. Further, the profits earned by Gujarat Mineral Development Corporation Limited and Gujarat Gas Limited during the period from 2005-06 to 2017-18 were also set off towards the losses incurred by the four SPSUs due to which the total earnings remained below minimum expected return from all SPSUs.

A further analysis of the two profit making SPSUs viz. Gujarat Mineral Development Corporation Limited and Gujarat Gas Limited revealed that the SPSUs could report profits because of their substantial market share in their respective business segments.

2.16 GoG received return on investments in these SPSUs during 2013-14 and 2014-15. The sector wise comparison of return on GoG investment at historical cost and at PV for these years is given in **Table 2.12** below:

⁴⁵ Present value of Total investment at the end of the year less Total investment at the end of the year.

⁴⁶ Total earning for the year depicts total of net earnings for the concerned year relating to those 56 SPSUs where funds were infused by GoG. In case where annual financial statements of any SPSU was pending during any year then net earnings for that year has been taken as per latest audited financial statement of concerned SPSU.

⁴⁷ The amount of equity includes the share application money of GoG for equity investment.

⁴⁸ Gujarat State Petroleum Corporation Limited, Sardar Sarovar Narmada Nigam Limited, Gujarat State Financial Corporation and Gujarat State Road Transport Corporation.

Table 2.12: Return on GoG Funds

(₹ in crore)

Year/ Sector	Total Earnings/ (Losses)	Investment of GoG in Equity and IFLs	Return on GoG investment at historical value (in per cent)	PV of GoG investment at end of year	Return on PV of GoG investment (in per cent)
1	2	3	4= (2÷3×100)	5	6=(2÷5×100)
2013-14					
Social	40.30	1,292.33	3.12	1,581.91	2.55
Competitive	552.89	2,124.57	26.02	3,587.02	15.41
Others	3.37	42,055.52	0.01	68,608.50	0.01
Total	596.56	45,472.42	1.31	73,777.43	0.81
2014-15					
Social	90.30	1,605.49	5.62	2,042.13	4.42
Competitive	671.38	2,665.01	25.19	4,447.75	15.09
Others	(306.12)	46,364.64	(0.66)	78,576.03	(0.39)
Total	455.56	50,635.14	0.90	85,065.91	0.54
2015-16					
Social	117.22	2,064.34	5.68	2,693.39	4.35
Competitive	(720.03)	3,029.44	(23.77)	5,182.23	(13.89)
Others	(903.37)	50,529.56	(1.79)	89,103.73	(1.01)
Total	(1,506.18)	55,623.34	(2.71)	96,979.35	(1.55)
2016-17					
Social	115.94	2,246.46	5.16	3,096.06	3.74
Competitive	(16,069.43)	3,560.54	(451.32)	6,151.55	(261.23)
Others	(1,009.71)	55,462.00	(1.82)	1,01,248.75	(1.00)
Total	(16,963.20)	61,269.00	(27.69)	1,10,496.36	(15.35)
2017-18					
Social	(24.46)	2,566.06	(0.95)	3,674.81	(0.67)
Competitive	(1,149.94)	4,134.37	(27.81)	7,235.83	(15.89)
Others	(993.01)	60,463.47	(1.64)	1,14,314.61	(0.87)
Total	(2,167.41)	67,163.90	(3.23)	1,25,225.25	(1.73)

Source: Figures in column 2 is as per latest finalised financial statement and figure in column 3 is as per information received from SPSUs for respective years.

The return earned on GoG investment on historical cost basis was 1.31 per cent in 2013-14, which declined to 0.90 per cent in 2014-15 whereas the return earned on GoG investment considering the PV of investments were 0.81 per cent and 0.54 per cent during the same period. Further, during the period, the return from competitive sector on PV was worked out at 15.41 per cent and 15.09 per cent in 2013-14 and 2014-15 against 26.02 per cent and 25.19 per cent respectively based on historical cost of investment.

Performance of SPSUs with investment of GoG

Analysis of net worth of active SPSUs

2.17 Net worth means the aggregate value of the paid-up share capital, all reserves created out of profits and securities premium account after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written-off as per the audited financial

statements but does not include reserves created out of revaluation of assets and write-back of depreciation and amalgamation. The capital investment⁴⁹ and losses of the 80 SPSUs as per their latest finalised financial statements was ₹ 71,878.84 crore and ₹ 14,287.46 crore respectively resulting in net worth of ₹ 57,591.38 crore as detailed in *Annexure 6*. A further analysis revealed that the erosion in net worth occurred in 17⁵⁰ SPSUs out of total 80 SPSUs. The accumulated losses of these 17 SPSUs were ₹ 22,900.13 crore as against their paid up capital and free reserves of ₹ 10,231.79 crore. The major erosion was in Gujarat State Petroleum Corporation Limited (₹ 8,200.95 crore), Gujarat State Financial Corporation (₹ 2,388.22 crore), Gujarat State Road Transport Corporation (₹ 881.43 crore) and Alcock Ashdown (Gujarat) Limited (₹ 485.86 crore).

The **Table 2.13** further indicates the total paid up capital, total accumulated profit/ loss and total net worth of the 56 SPSUs where the GoG has made direct investment:

Table 2.13: Net worth of SPSUs during 2013-14 to 2017-18

(₹ in crore)

Year	Paid up capital at the end of year		Free Reserves	Accumulated Profit/(Loss) at end of the year	Net worth
	Number	Equity			
2013-14	55	35,937.43	9,440.93	(522.93)	44,855.43
2014-15	51	44,019.59	9,537.09	(3,198.45)	50,358.23
2015-16	53	47,683.77	10,011.75	(4,055.10)	53,640.42
2016-17	56	51,827.22	10,451.69	(20,848.16)	41,430.75
2017-18	56	59,249.74	10,413.21	(20,401.85)	49,261.10

Source: As reported in latest finalised financial statements received from SPSUs.

It can be seen from **Table 2.13** that net worth of the SPSUs varied between ₹ 53,640.42 crore and ₹ 41,430.75 crore. Out of 56 SPSUs, in 2016-17 net worth was eroded in eight⁵¹ SPSUs. The major erosion was in Gujarat State Petroleum Corporation Limited (₹ 9,344.60 crore), Gujarat State Financial Corporation (₹ 2,272.70 crore), Gujarat State Road Transport Corporation (₹ 975.56 crore) and Alcock Ashdown (Gujarat) Limited (₹ 444.97 crore). During 2017-18, the net worth improved to ₹ 49,261.10 crore from ₹ 41,430.75 crore during 2016-17 due to decrease in accumulated losses of the SPSUs.

Dividend Pay-out

2.18 GoG had not formulated any dividend policy under which all SPSUs are required to pay a minimum return on paid-up share capital invested by GoG. Dividend payout relating to 56 SPSUs where GoG invested equity is shown in **Table 2.14** below:

⁴⁹ Capital investment=Paid-up capital+ Free Reserves.

⁵⁰ Sl. No. 3, 5, 23, 24, 25, 33, 34, 35, 37, 53, 55, 57, 58, 60, 61, 62 and 72 of *Annexure 6*.

⁵¹ Sl. No. 3, 5, 25, 33, 34, 53, 55 and 72 of *Annexure 6*.

Table 2.14: Dividend pay-out of SPSUs during 2013-14 to 2017-18

(₹ in crore)

Year	Paid up capital at the end of the year		SPSUs that earned profit in the year		Dividend declared/ paid SPSUs during the year		Dividend Pay-out Ratio (in per cent)
	No.	Equity	No.	Equity	No.	Dividend	
1	2	3	4	5	6	7	8=(7÷5)×100
2013-14	55	35,937.43	29	2,882.44	4 ⁵²	74.12	2.57
2014-15	51	44,019.59	31	3,222.33	5 ⁵³	8.65	0.27
2015-16	53	47,683.77	25	3,130.80	6 ⁵⁴	94.21	3.01
2016-17	56	51,827.22	19	5,381.31	5 ⁵⁵	83.22	1.55
2017-18	56	59,249.74	10	1,638.28	5 ⁵⁶	97.89	5.97

Source: Compiled based on latest finalised financial statements received in respective year.

During the period 2013-14 to 2017-18, the number of SPSUs which earned profits ranged between 10 and 31 SPSUs. During this period, number of SPSUs which declared/ paid dividend to GoG ranged between four and six SPSUs. The dividend payout ratio during 2013-14 to 2017-18 ranged between 0.27 and 5.97 per cent only.

GoG may consider formulating a dividend policy for payment of reasonable return from profit earning SPSUs on paid up share capital invested by GoG.

Return on equity

2.19 Return on equity (RoE) is a measure of financial performance to assess how effectively management is using shareholders' fund to earn profit, is calculated by dividing net income (*i.e.*, net profit after taxes) by shareholders' fund and is expressed as a percentage and can be calculated for any SPSUs if net income and shareholders' fund are both positive numbers.

Shareholders' fund of a Company is calculated by adding paid up capital and free reserves net of accumulated losses and deferred revenue expenditure and reveals how much would be left for a Company's stakeholders if all assets were sold and all debts paid. A positive shareholders fund reveals that the Company has enough assets to cover its liabilities while negative shareholder equity means that liabilities exceed assets.

⁵² Gujarat Mineral Development Corporation Limited, Gujarat Agro Industries Corporation Limited, Gujarat Informatics Limited and Gujarat Rural Industries Marketing Corporation Limited.

⁵³ Gujarat State Seeds Corporation Limited, Gujarat Gas Limited, Tourism Corporation of Gujarat Limited, Gujarat Agro Industries Corporation Limited and Gujarat State Warehousing Corporation.

⁵⁴ Gujarat State Seeds Corporation Limited, Gujarat Gas Limited, Tourism Corporation of Gujarat Limited, Gujarat Mineral Development Corporation Limited, Gujarat State Financial Services Limited and Gujarat Agro Industries Corporation Limited.

⁵⁵ Gujarat State Seeds Corporation Limited, Tourism Corporation of Gujarat Limited, Gujarat Mineral Development Corporation Limited, Gujarat State Financial Services Limited and Gujarat State Civil Supplies Corporation Limited.

⁵⁶ Gujarat State Seeds Corporation Limited, Gujarat Gas Limited, Tourism Corporation of Gujarat Limited, Gujarat Mineral Development Corporation Limited and Gujarat State Financial Services Limited.

RoE has been computed in respect of 56 SPSUs where GoG has invested in their equity. The details of Shareholders fund and RoE relating to 56 SPSUs during the period from 2013-14 to 2017-18 are given in **Table 2.15** below:

Table 2.15 Return on equity of SPSUs with investment of GoG in equity

Year	Net Income/ (loss) (₹ in crore)	Shareholders' fund (₹ in crore)	RoE (in per cent)
1	2	3	4=(2÷3×100)
2013-14	596.55	44,855.43	1.33
2014-15	455.56	50,358.23	0.90
2015-16	(1,506.18)	53,640.42	-
2016-17	(16,963.20)	41,430.75	-
2017-18	(2,167.41)	49,261.10	-

Source: Compiled based on latest finalised financial statements received in respective year.

During last five years ended 31 March 2018, RoE was 1.33 and 0.90 *per cent* during 2013-14 and 2014-15 respectively as net income was reported during these two years. Since the net loss was reported in these SPSUs during 2015-16, 2016-17 and 2017-18, RoE in respect of these SPSUs could not be worked out for this period.

Return on capital employed in active SPSUs

2.20 Return on capital employed (RoCE) is the ratio that measures a Company's profitability and the efficiency with which its capital is employed. RoCE is calculated by dividing a Company's earnings before interest and taxes (EBIT) by the capital employed. The details of RoCE of active SPSUs during the period from 2013-14 to 2017-18 are given in **Table 2.16** below:

Table 2.16: Return on Capital Employed of active SPSUs

Year	EBIT (₹ in crore)	Capital employed ⁵⁷ (₹ in crore)	RoCE (in per cent)
1	2	3	4=(2÷3×100)
2013-14	4,193.14	84,538.88	4.96
2014-15	4,911.86	94,827.91	5.18
2015-16	3,173.29	1,04,883.10	3.03
2016-17	(11,383.09)	98,941.94	-
2017-18	4,098.41	95,504.00	4.29

Source: Latest finalised financial statements of SPSUs.

The RoCE of SPSUs ranged between 3.03 and 5.18 *per cent* during the period 2013-14 to 2017-18. During 2016-17 there was no profit after tax hence RoCE was shown as Nil.

Analysis of long-term loans of active SPSUs

2.21 Analysis of the long-term loans of the active SPSUs which had leverage during the period from 2013-14 to 2017-18 was carried out to assess the ability of the SPSUs to service the debt owned by the SPSUs to the

⁵⁷ Capital employed= Paid up capital - share application money pending allotment + accumulated profit/loss + free reserves + long-term outstanding.

Government, banks and other financial institutions. This has been assessed through the interest coverage ratio and debt turnover ratio.

Interest Coverage Ratio

2.22 Interest coverage ratio determines the ability of a SPSU to pay interest on outstanding debt and is calculated by dividing the Company's earnings before interest and taxes (EBIT) by interest expenses of the same period. The lower the ratio, the lesser the ability of the SPSU to pay interest on debt. Interest coverage ratio below one indicates that the Company is not generating sufficient revenues to meet its expenses on interest. The details of positive and negative interest coverage ratio during the period 2013-14 to 2017-18 are given in **Table 2.17** below:

Table 2.17: Interest Coverage Ratio of active SPSUs

Year	Interest (₹ in crore)	Earnings before interest and tax (₹ in crore)	Number of SPSUs having liability of loans from Government and Banks and other financial institutions	No. of SPSUs with interest coverage ratio	
				in excess of 1	less than 1
2013-14	2,292.16	3,219.15	24	14 ⁵⁸	10
2014-15	2,475.73	3,983.95	21	15 ⁵⁹	06
2015-16	2,585.56	2,536.82	23	17 ⁶⁰	06
2016-17	4,682.90	(12,183.91)	25	20 ⁶¹	05
2017-18	4,246.65	3,732.31	25	16 ⁶²	09

Source: Latest finalised financial statements received from SPSUs.

Out of the 25 active SPSUs having liability of loans from GoG as well as banks and other financial institutions during 2017-18, 16 SPSUs had interest coverage of more than one whereas nine SPSUs had interest coverage ratio below one indicating that these SPSUs could not generate sufficient revenues to service their interest expenses.

Debt-Turnover Ratio of SPSUs excluding Power sector SPSUs

2.23 During last five years, the turnover of 56 SPSUs recorded compounded annual growth of 1.87 per cent and compounded annual growth of debt was (6.65 per cent) due to which the debt turnover ratio improved from 0.90 in 2013-14 to 0.82 in 2017-18 reflecting efficient collection of dues as given in the **Table 2.18** below:

⁵⁸ Sl. No. 1, 8, 9, 10, 18, 29, 31, 33, 41, 42, 43, 44, 49 and 67 of *Annexure 6*.

⁵⁹ Sl. No. 1, 7, 8, 9, 10, 14, 18, 31, 33, 41, 42, 44, 45, 49 and 68 of *Annexure 6*.

⁶⁰ Sl. No. 1, 3, 7, 8, 9, 10, 14, 16, 18, 31, 34, 41, 42, 44, 45, 49 and 68 of *Annexure 6*.

⁶¹ Sl. No. 1, 3, 7, 8, 9, 10, 14, 16, 18, 20, 28, 34, 39, 41, 42, 43, 44, 45, 49 and 68 of *Annexure 6*.

⁶² Sl. No. 1, 3, 9, 10, 14, 16, 18, 28, 32, 39, 41, 42, 44, 45, 49 and 68 of *Annexure 6*.

Table 2.18: Debt Turnover Ratio

(₹ in crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Debt from Government and other (Banks and Financial Institutions)	27,765.68	22,600.38	26,466.09	29,747.35	25,650.60
Turnover ⁶³	30,653.79	32,281.76	28,920.56	27,903.73	31,282.40
Debt Turnover Ratio	0.90:1	0.70:1	0.91:1	1.07:1	0.82:1

Source: Latest finalised financial statements received from SPSUs.

The debt turnover ratio ranged between 0.70 and 1.07 during the period. Accumulated profits of ₹ 1,624.14 crore in 2013-14 have turned into accumulated losses of ₹ 14,287.46 crore in 2017-18 because of the impairment losses recognised by Gujarat State Petroleum Corporation Limited in 2016-17.

Winding up of inactive SPSUs

2.24 There were 18 inactive SPSUs as on 31 March 2018. Of these, eight SPSUs have commenced liquidation process. The number of inactive SPSUs at the end of each year during past five years is given in **Table 2.19** below.

Table 2.19: Inactive SPSUs

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
No. of Inactive SPSUs	12	13	14	14	18
No. of Inactive Corporations	-	-	-	-	-
Total	12	13	14	14	18

Source: Compiled from the information included in Audit Report (PSU), GoG of respective years and details received from SPSUs.

The inactive SPSUs are either under liquidation or have been closed/ ceased their operations. They are not contributing to the State's economy. Of the eight inactive SPSUs, four⁶⁴ inactive SPSUs are under liquidation since 1997 and liquidation process commenced in remaining four⁶⁵ SPSUs between 2002-03 and 2014-15. The investment in 18 inactive SPSUs was ₹ 265.30 crore (Capital ₹ 129.87 crore and Long-term loans ₹ 135.43 crore). Of the 18 inactive SPSUs, Gujarat Dairy Development Corporation Limited incurred an expenditure of ₹ 0.50 crore towards establishment during 2017-18. This expenditure was met from interest income (₹ 0.06 crore) received on their investments and borrowing (₹ 0.44 crore). Other 17 SPSUs did not furnish their financial statements.

The stages of closure in respect of inactive SPSUs as on 30 September 2018 are given in **Table 2.20** below.

⁶³ Turnover of active SPSUs as per the latest finalised financial statements as of 30 September 2018.

⁶⁴ Gujarat State Textile Corporation Limited, Gujarat Fintex Limited, Gujarat Siltex Limited and Gujarat Texfab Limited.

⁶⁵ Gujarat Leather Industries Limited, Gujarat Communications and Electronics Limited, Gujarat Small Industries Corporation Limited and GSFS Capital and Securities Limited.

Table 2.20: Closure of SPSUs

Sl. No.	Particulars	SPSUs	Total
1.	Total number of inactive SPSUs	18	18
2.	Of (1.) above, the number of SPSUs under:		
	(a) Liquidation by Court (liquidator appointed)	6	6
	(b) Voluntary winding up (liquidator appointed)	2 ⁶⁶	2
	(c) Closure, <i>i.e.</i> , closing orders/ instructions issued by the GoG but liquidation process not yet commenced.	10	10

Source: Compiled from details received from inactive SPSUs and latest information received in for SPSUs under liquidation.

The winding up of eight SPSUs under the Court order are under liquidation for periods ranging from one to 21 years. The Government may take appropriate decision in respect of remaining ten inactive SPSUs.

Comments on financial statements

2.25 Fifty active SPSUs forwarded their 61⁶⁷ audited financial statements for audit during the period from October 2017 to September 2018. Of the 61 financial statements of 50 SPSUs, 43 financial statements were selected for supplementary audit. The comments in the Audit Report of Statutory Auditors appointed by the C&AG and the supplementary audit of the C&AG mention the significant observations on the financial statements. These observations indicate the quality of financial statements and highlight the areas, which needs improvement. The details of aggregate money value of opinion of Statutory Auditors and comments of the C&AG for the last three years are given in **Table 2.21** below.

Table 2.21: Impact of audit comments on financial Statements of active SPSUs*(₹ in crore)*

Sl. No.	Particulars	2015-16		2016-17		2017-18	
		No. of FSs	Amount	No. of FSs	Amount	No. of FSs	Amount
1.	Decrease in profit	7	312.43	7	190.61	4	129.77
2.	Increase in profit	1	0.39	4	9.64	3	2.11
3.	Increase in loss	2	1,070.18	-	-	7	164.65
4.	Decrease in loss	1	1.13	1	2.95	-	-
5.	Non-disclosure of material facts	1	130.54	1	36.35	6	169.97
6.	Errors of classification	6	29,721.92	8	424.75	3	87.40
Total		18	31,236.59	21	664.30	23	553.90

Source: Compiled from of the Independent Auditors Report and Comments of C&AG issued to SPSUs.

The aggregate money value of Statutory Auditors' opinion and C&AG's comments during the year 2017-18 was ₹ 553.90 crore.

During the period from October 2017 to September 2018, the Statutory Auditors had given unqualified opinion for 48 financial statements and

⁶⁶ Gujarat Small Industries Corporation Limited and GSFS Capital and Securities Limited.

⁶⁷ Excluded annual financial statements of Diamond Research and Mercantile City Limited as its entrustment was received from 2018-19.

qualified opinion for 13 financial statements. The compliance of SPSUs with the Accounting Standards/ IND AS remained deficient, as there were 29 instances of non-compliance in 16 financial statements during the period October 2017 to September 2018.

2.26 Similarly, out of four active Statutory Corporations, two⁶⁸ Corporations forwarded their financial statements for audit during the period from October 2017 to September 2018. Of these, financial statements of Gujarat State Road Transport Corporation is subject to sole audit by the C&AG, which was completed and Gujarat State Financial Corporation was selected for supplementary audit. The Audit Report of Statutory Auditors and the sole/supplementary audit of the C&AG mention the significant observations on the financial statements of the Statutory Corporations. These indicate the quality of financial statements and highlight the areas, which need improvement. The details of aggregate money value of opinion of Statutory Auditors and the comments of C&AG are given **Table 2.22** below.

Table 2.22: Impact of audit comments on the financial statements of Statutory Corporations

(₹ in crore)

Sl. No.	Particulars	2015-16		2016-17		2017-18	
		No. of FSs	Amount	No. of FSs	Amount	No. of FSs	Amount
1.	Decrease in profit	1	0.75	2	28.75	-	-
2.	Increase in profit	1	0.03	1	0.74	-	-
3.	Increase in loss	1	520.83	1	682.68	1	599.89
4.	Decrease in loss	1	11.73	-	-	-	-
5.	Non-disclosure of material facts	2	1,659.52	1	0.09	1	1,180.98
6.	Errors of classification	1	220.59	1	189.25	2	525.11
	Total	7	2,413.45	6	901.51	4	2,305.98

Source: Compiled from the opinion of Independent Auditors Report and Comments of C&AG issued to Statutory Corporations.

The aggregate money value of Statutory Auditors' comments and C&AG's comments during the year 2017-18 was ₹ 2,305.98 crore. We observed that the increase in non-disclosure was attributable to non-disclosure of contingent liability of ₹ 1,180.98 crore towards demand for income tax in respect of Gujarat Industrial Development Corporation.

During the period, Statutory Auditor expressed qualified opinion on financial statements of Gujarat State Financial Corporation.

Performance audit Paragraph

2.27 The Report of C&AG of India for the year ended 31 March 2018 included one Performance Audit (PA) Report paragraph in respect of SPSU, which was issued to the Management of SPSU and the Additional Chief Secretaries/ Principal Secretaries of the respective Department with request to furnish their replies within six weeks.

⁶⁸ Gujarat State Road Transport Corporation and Gujarat State Financial Corporation.

Follow-up action on Audit Reports

Replies outstanding

2.28 The Report of the C&AG of India represents the culmination of the process of audit scrutiny. It is therefore, necessary that they elicit appropriate and timely response from the executive. All the administrative departments of SPSUs need to submit, within three months of their presentation to the Legislature, the explanatory notes indicating the corrective/ remedial action taken or proposed to be taken on compliance audit (CA) paragraphs and Performance Audits (PAs) included in the Audit Reports.

Table 2.23: Explanatory notes not received as on 31 July 2019

Year of Audit Report (PSU)	Date of placement of Audit Report in the State Legislature	Total PAs and CA Paragraphs in the Audit Report		Number of PAs/ CA Paragraphs for which explanatory notes not received	
		PAs	Paragraphs	PAs	Paragraphs
2013-14	31 March 2015	3	7	1	3
2016-17	19 September 2018	1	8	1	5
Total		4	15	2	8

Source: Compiled based on explanatory notes received from respective Departments of GoG.

From the above, it could be seen that out of 19 CA paragraphs/ Performance Audits, explanatory notes to 10 CA paragraphs/ Performance Audits in respect of five⁶⁹ Departments were awaited (July 2019).

Discussion of Audit Reports by Committee on Public Undertakings

2.29 The status as on 30 September 2018 of PAs and CA Paragraphs that appeared in Audit Reports (PSUs) and discussed by Committee on Public Undertakings (COPU) was as under.

Table 2.24: PAs/ CA Paragraphs included in Audit Reports vis-à-vis discussed as on 30 September 2018

Period of Audit Report	Number of Performance Audits/ Compliance Audit paragraphs			
	Appeared in Audit Report		Paragraphs discussed	
	PAs	Paragraphs	PAs	Paragraphs
2013-14	3	7	2	4
2014-15	2	5	2	3
2015-16	-	6	-	-
2016-17	1	8	-	-
Total	6	26	4	7

Source: Compiled based on the discussions of COPU on the Audit Reports.

Compliance to Reports of Committee on Public Undertakings

2.30 Action Taken Notes (ATNs) for two recommendations made on two CA paragraphs, which pertained to two Reports of the COPU was presented to

⁶⁹ (i) Health and Family Welfare Department, (ii) Industries and Mines Department, (iii) Port and Transport Department, (iv) Agriculture, Farmers Welfare and Co-operation Department, (v) Narmada Water Resources, Water Supply and Kalpsar Department.

the State Legislature in March 2017 had not been received (September 2018) as indicated below:

Table 2.25: Compliance to COPU Reports

Report of COPU	Total number of recommendations in COPU Report	Number of recommendations for which ATNs not received
10 th Report of 13 th Assembly	2	1
12 th Report of 13 th Assembly	1	1
Total	3	2

Source: Compiled based on ATNs received on recommendations of COPU from the respective Departments of GoG.

The reports of COPU for which ATNs were not received, contained recommendations in respect of CA paragraphs pertaining to two⁷⁰ Departments, which appeared in the Reports of the C&AG of India for the year 2006-07 and 2008-09.

It is recommended that GoG may ensure that replies to Explanatory Notes/ Draft Compliance Audit Paragraphs/ Performance audits and ATNs on the recommendations of COPU are forwarded as per prescribed time schedule.

⁷⁰ Narmada, Water Resources, Water Supply and Kalpsar Department and Forest and Environment Department.

Part-II

Chapter III

**Performance Audit relating to
Statutory Corporation**

Chapter III

Performance Audit relating to Statutory Corporation

Gujarat Industrial Development Corporation

3 Functioning of Gujarat Industrial Development Corporation

Executive Summary

Introduction

Gujarat Industrial Development Corporation (Corporation) was incorporated on 4 August 1962 under Section 3 of the Gujarat Industrial Development Act, 1962 for assisting in the orderly establishment and organisation of industries in the State. Its main functions in respect of industrial estates include acquisition of land, establishment, development, management, allotment of plots/ sheds and recovery of various service charges from the allottees. As on 31 March 2018, the Corporation had 202 estates, of which 189 were functional. The Corporation had total assets of ₹ 15,654.98 crore and excess of income over expenditure of ₹ 161.71 crore as on March 2018.

Audit Findings

Immediate impact of Audit

During Audit, observations with monetary value of ₹ 526.46 crore including recovery of ₹ 448.75 crore were pointed out. Against this, the Corporation recovered ₹ 19.61 crore. Besides, the Corporation took corrective actions on certain observations.

Planning, land acquisition and development of estates

Audit observed that the Corporation achieved most of the objectives envisaged in the State Industrial policy 2009 and 2015 except developing the estates in 'developing *talukas*' of the State.

No major lapses in the land acquisition procedures adopted and pricing were noticed. However, instances of deviations like acquisition of land in coastal regulatory zone area, delay in follow up of refunds for surrendered land and delayed acquisition of land parcels resulting in exchange of developed plots against undeveloped land were noticed.

Audit noticed instances of unfruitful expenditure in construction of multi-level sheds in an unsaturated estate and delay in surrender of unutilised grants to Government of Gujarat.

Fixation of allotment price and payments for Land Reference Cases

During 2013-18, the Corporation fixed the initial allotment price (AP) in 15 estates. Audit observed two instances of non-adherence to the policy/guidelines of GoG for fixing AP and one case of non-adhering to the existing methodology for fixation of AP. This resulted in consequential loss of ₹ 38.27 crore to the Corporation.

The Corporation failed to verify the payments made to land owners with respect to the legal provisions resulting in overpayments of ₹ 5 crore and short payment of ₹ 4.84 crore. Further, there was delayed/ non-recovery of additional compensation paid by the Corporation under Land reference Cases from allottees amounting to ₹ 261.53 crore.

Adherence to allotment policies, procedures, rules and regulations

No major deviations were observed with respect to the system laid down for selection of the applicants and allotment.

In two instances of allotment of additional area, the Corporation did not initiate prompt action for recovery of the additional allotment price of ₹ 147.27 crore.

Due to multiplicity of circulars issued by the Corporation for granting permissions and recovery of fees based on it, there were instances of incorrect application/ interpretation of the circulars by field offices. This resulted in short recovery/ non-recovery of ₹ 13.10 crore.

Monitoring of utilisation of allotted plots in estate

Inadequate system for monitoring of allotted plots in the estates resulted in delayed/ unauthorised construction. It also led to unauthorised/ non-utilisation of allotted plots.

Audit noticed that the utilisation of allotted plots was not monitored periodically by the Corporation. Due to this, it failed to raise demand for non-utilisation (NU) penalty. Absence of periodical review also led to unauthorised construction on the allotted plots without submission of layout plan. In two instances noticed in test-check, there was non-recovery of NU penalty of ₹ 26.21 crore due to absence of periodical review system. Joint visits in three test-checked estates revealed unauthorised utilisation of industrial plots for commercial activities.

Introduction

3.1 Gujarat Industrial Development Corporation (Corporation) was incorporated on 4 August 1962 under Section 3 of the Gujarat Industrial Development Act, 1962 for assisting in the orderly establishment and organisation of industries in the State. The main functions of the Corporation are acquisition of land, establishment and development of industrial estates

and its management, allotment of plots/ sheds for industrial/ commercial/ residential purposes, recovery of allotment price of plots/ sheds and service charges from the allottees. The Corporation has 202 estates¹ of which 189 are functional estates (133 saturated² estates and 56 unsaturated estates) and remaining 13 estates under planning/ development stages as on 31 March 2018. Of 189 estates, 34 estates were in North Gujarat, 39 estates in South Gujarat, 45 estates in Central Gujarat and 71 estates in Western Gujarat.

The sources of funds of the Corporation consist of reserves and surplus, Government subsidy, capital receipts from sale of plots/ sheds and the other revenue receipts/ fees collected from allottees. The major expenditure was on estate related land acquisition, development works and upgradation/ maintenance works. The Corporation had no loans or capital from Government of Gujarat. The Corporation earned profits continuously and has substantial reserves and surplus.

As on March 2018, the Corporation had total assets of ₹ 15,654.98 crore which included the capital expenditure for creation of estates of ₹ 10,990.96 crore. As on that date, the Corporation had reserves and surplus of ₹ 2,268.42 crore and receipts on capital account of ₹ 9,149.66 crore. The Corporation had excess of income over expenditure of ₹ 161.71 crore for the year 2017-18. The financial position and financial performance of the Corporation for the last five years are given in **Annexure 8**.

Organisational Set-up

3.2 The management of the Corporation is vested in the Board of Directors headed by the Chairman. Vice Chairman *cum* Managing Director (VC&MD) is the Chief Executive Officer of the Corporation. The VC&MD is assisted by one Joint Managing Director, two Executive Directors (ED), one Chief Engineer (CE) and Departmental heads at the Corporation's head office. As on 31 March 2018, the Corporation had six Divisional Manager (DM) offices and 14 Regional Manager (RM) offices for dealing with administrative matters on allotment of plots, management of estates and recovery of dues. For civil works relating to development of estates and its maintenance, the Corporation has five Circle and nine Division offices each headed by a Superintending Engineer (SE) and Executive Engineer (EE) respectively. The DM at the field level reports to ED at the Head Office level. Similarly, the SE reports to CE at the Head Office. The details are given in flow chart shown at **Annexure 9**.

Audit Objectives

3.3 The performance review of the activities of the Corporation was conducted to ascertain whether:

¹ **Source:** Website of the Corporation (www.gidc.gujarat.gov.in/)

² A saturated estate is a developed estate with more than 90 *per cent* of allotment of plots. An estate which is not a saturated estate is termed as unsaturated estate.

- Industrial development planned was in line with the State Industrial policy; Land acquisition was done as per laid down procedures and estates were developed in economic and effective manner;
- The allotment price fixed for estates led to cost recovery and was based on consistent methodology; and payments for additional land compensation was as per provisions of relevant laws;
- Allotment of plots/ sheds was made as per the prevailing policies, rules, regulations and procedures; and
- Effective monitoring mechanism and internal control system was in place for management of estates.

Scope of Audit and Sampling

3.4 The Performance Audit (PA) was conducted during December 2017 to June 2018 covering the activities of the Corporation during 2013-14 to 2017-18 in respect of creation and development of industrial estates; allotment of plots/ sheds and monitoring mechanism in these estates. Records of the Head Office (HO), four³ out of 14 highest revenue-earning offices of Regional Managers (RM) and five⁴ out of nine Division Offices incurring highest expenditure of the Corporation were test-checked in audit.

A performance audit on the functioning of the Corporation was included in the Report of the Comptroller and Auditor General of India for the year ended March 2010 (Commercial), Government of Gujarat (GoG). The Committee on Public Undertakings (COPU) discussed (September to December 2014) the PA and made (March 2015) two recommendations *vide* COPU's 3rd Report of 13th Assembly. The action taken by the Corporation on the recommendations were also discussed (January 2017) and settled (March 2017) by COPU.

Audit Criteria

3.5 Audit criteria were drawn from the following sources:

- Gujarat Industrial Development Act, 1962, State Industrial policy, and the directions issued by Government of Gujarat (GoG);
- Agenda notes and resolutions of meetings of Board of Directors, Corporate Plans/ Policies for setting up of new industrial estates and expansion of existing estates; Minutes of the Screening Committee meetings;
- Procedures prescribed for acquisition of land and payment of compensation to land owners; Terms and conditions of the contract entered for execution of infrastructure works in the estates;
- Rules/ Policies framed for fixation of allotment price and maintenance charges, levy of penalty and recovery of outstanding dues; Guidelines/

³ Ahmedabad, Ankleshwar, Vadodara and Vapi.

⁴ Ahmedabad, Bharuch, Dahej, Vadodara and Vapi.

Circulars of the Corporation for allotment and transfer of plots/ sheds;

- Annual Accounts, Administrative reports, MIS Reports and instructions issued by HO of the Corporation.

Audit Methodology

3.6 An entry conference was held on 20 March 2018 with the Joint Secretary of the Industries and Mines Department of GoG, which was also attended by the VC&MD and officials of the Corporation; wherein the audit objectives, scope, methodology and criteria were explained. During the course of the audit, relevant records were examined, discussions were held with department officials, joint inspection of selected estates was conducted and audit observations were raised. An Exit Conference was held on 05 December 2018 to discuss the audit observations with the Management/ Government and their views have been considered while finalising the report.

Audit Findings

Immediate impact of Audit

3.7 Audit reviewed the various activities of the Corporation and pointed out observations which required actions to be taken by the Corporation. During the course of Audit, observations with a monetary value of ₹ 526.46 crore including recovery of ₹ 448.75 crore were pointed out. Against this, the Corporation recovered ₹ 19.61 crore. Further, audit observations with monetary value of ₹ 230.49 crore that included recovery of ₹ 98.02 crore will be pursued by issue of Management letter. Besides, the Corporation took corrective actions on certain observations. The cases where recoveries were made or corrective actions were taken by the Corporation are discussed in *Annexure 10*.

Planning, Land acquisition and development of estates

Planning vis-à-vis State Industrial Policy

3.8.1 Based on the feedback received from its regional offices and the demand for setting up/ expansion of industrial estates from industries/ legislators *etc.*, the Corporation conducts study/ survey in this regard. Based on the findings of the study/ survey, the Corporation also prepares proposals to set up industrial estates and seeks the approval of GoG for acquisition of land. Further, directions are given in the Industrial Policy of the State as to specific activities to be undertaken by the Corporation in certain areas. The **Table 3.1** below gives the activities envisaged for the Corporation under Industrial Policy 2009 and 2015 and its achievements against the same.

Table 3.1: Status of compliance of Industrial Policy as on March 2018

Issues under Industrial Policy	Present status
Industrial Policy 2009 (January 2009 to December 2014)	
GIDC to identify a compact block for development based on local aspirations in each of the backward regions.	GIDC had estates in only 17 <i>Talukas</i> out of 49 developing <i>Talukas</i> as on March 2018, and all these were established prior to 2009.
GIDC would identify land for setting up ancillary units/ Small and Medium Enterprises (SME) related to the Mega projects, if required.	GIDC had developed Sanand-II (2010), Halol-II (2013) and Mandal (Vithallapur) (2014) estates to facilitate Mega projects/ investors like Tata Nano, Hero Motocorp and Japanese units respectively. It developed land in and around estates where Mega projects have come up.
GIDC will acquire additional land near existing industrial estates and promote new estates.	GIDC had acquired additional land near or adjacent to the existing estates and developed (2011-14) three new estates there viz., Halol-II, Dahej (II & III) and Saykha.
Upgrading Industrial Infrastructure of the existing estates in the State including GIDC and non-GIDC Industrial estates under the Critical Infrastructure Project (CIP) scheme ⁵ .	GIDC completed 48 projects involving total expenditure of ₹ 429.72 crore (March 2018) under CIP scheme of Industrial Policy 2009.
Industrial Policy 2015 (January 2015 onwards)	
GIDC will simplify its rules in the allotment of plots as well as other approvals required.	GIDC launched Online system for various approvals in a phased manner from June 2016.
Assistance to GIDC for development of new/existing estates for micro and small enterprise (MSE).	GIDC has created eight MSE parks during 2015-18. It also finalised the allotment price for the same.
Assistance to be provided to GIDC for multi-level sheds in saturated estates.	GIDC has constructed Multi-level sheds and finalised the allotment price at 15 estates (March 2018).
Providing assistance to GIDC under Assistance to Industrial Infrastructure (AII) for upgrading infrastructure in GIDC estates/ parks.	Under the AII scheme, 94 projects were approved, of which GIDC completed 44 projects involving total expenditure of ₹ 76.36 crore (March 2018).

Source: State Industrial Policy 2009 and 2015 and information furnished by the Corporation.

Audit observed that apart from developing the estates in developing *Talukas* of the State, the Corporation achieved most of the objectives envisaged in the industrial policy 2009 and 2015.

Land Acquisition for Industrial Estates

3.8.2 The Corporation acquires both Government and private land for development of estates. Consequent upon approval of GoG for setting up an industrial estate, the Corporation either acquires private land under the Land Acquisition Act, 1894 (old Act) or through outright purchase. The Government land is transferred by the Revenue Department of GoG.

Government of India (GoI) enacted (September 2013) the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (new Land Act) which regulated the land acquisition from 01 January 2014. GoG amended the new Land Act notified as the Gujarat Amendment Act with effect from 12 August 2016. It also notified the Rules there under in October 2017. In view of the above, the Corporation

⁵ GoG scheme wherein assistance was provided to the Corporation for upgradation of infrastructure.

decided (December 2013) to suspend the land acquisition process under the old Act. This led to reduced land acquisition from 2014-15 onwards.

As on 31 March 2018, the Corporation had acquired 42,524 ha land. Out of this, only 2,012 ha (4.73 per cent) was acquired during last five years between 2013-14 and 2017-18. From the total acquired land, the Corporation had developed 29,729 ha till 31 March 2018, of which 8,060 ha (27.11 per cent) was developed during the last five years mainly on account of development of industrial estates at Dahej, Sanand-II and Halol-II.

Since the price determination for acquisition of private land under the old Act and for transfer of government land was done by GoG, no major lapses in the procedures adopted and pricing were noticed. However, instances of deviations relating to acquisition of unsuitable land, delay in follow up for refunds and delayed acquisition were noticed which are discussed below:

Acquisition of land in coastal regulatory zone area

3.8.2.1 The Corporation took advance possession of government land of 3,426.86 ha (September 2008) at Khambhat-Daheda (Anand District) to set up an industrial estate. The Corporation noticed (March 2010) that the land acquired was within the Coastal Regulation Zone (CRZ) limits⁶ and therefore setting up of industries was not permitted there. The Corporation surrendered (June 2012) this land to GoG and decided not to create the estate. Though no payment for the land was made, the Corporation had incurred ₹ 20.57 lakh towards joint measurement and security expenses of ₹ 19.35 lakh (October 2008 to April 2012) for the land. Audit observed that the Corporation did not verify the location of the land with respect to CRZ limits while identifying or while taking possession of the land. Even GoG handed over CRZ land for setting up an industrial estate. The land acquired for setting up an industrial estate in CRZ limits led to its subsequent surrender (June 2012) and wasteful expenditure of ₹ 39.92 lakh.

The Government stated (January 2019) that the Corporation had initially planned to develop chemical estate in 2008 but later on decided (2009) to develop engineering estate. The reply is not convincing as neither the chemical estate nor the engineering estate could be developed in the CRZ area. Thus, the fact remains that the Corporation did not verify that the land was included in CRZ limits and therefore it would not be in a position to set up any industrial estate on that land.

Non-refund of interim payment made to GoG for land

3.8.2.2 The Corporation took (March 2008) possession of government land of 260 ha at village Hansalpur (Ahmedabad) by making an interim payment (February 2010) of ₹ 2.26 crore. In view of GoG's decision to allot

⁶ Notification of February 1991 declared coastal stretches of 500 metres from the high tide line as the coastal regulatory zone where setting up of industries was prohibited.

this land to Allottee 'M', the land was handed back (December 2011) to Revenue Department. The Corporation requested (December 2011 to February 2013) the Collector, Ahmedabad to return the interim payment. The Corporation followed up the matter only from April 2018. Audit observed that the Corporation is yet to receive the refund of ₹ 2.26 crore (January 2019). Audit also observed that the Corporation had paid ₹ 89.87 crore to Revenue Department for obtaining government land during April 2014 to December 2017 but had not adjusted the interim payment. The interim payment of ₹ 2.26 crore remained blocked up since February 2010.

The Government (Industries & Mines Department) stated (January 2019) that payment made for acquiring land of specific village could not be adjusted/transferred against land of other village without prior approval of the Revenue Department. It was also stated that the Corporation started pursuing the matter since April 2018. The reply does not justify the reasons for not pursuing the refund/ adjustment from Revenue Department since March 2013 till April 2018.

Exchange of undeveloped land with developed plots

3.8.2.3 The Corporation planned (July 2012) to acquire 113.51 ha of private land and 8.35 ha of Government land at Vitthalapur village for development of Mandal-1 (Vitthalapur) industrial estate. The Corporation entered (till 31 December 2013) into consent agreement at a price of ₹ 500 *per* sqm with land owners of 103.23 ha of private land and acquired 85.42 ha of land under the old Act. In view of enactment of new Land Acquisition Act, 2013, the Corporation resolved (July 2014) that remaining 17.81 ha of land should be purchased directly from land owners at a price of ₹ 500 *per* sqm. However, the Corporation did not acquire any parcel of this land till March 2018 for which no reasons were on record.

In the meantime, the Corporation allotted (August 2015) 1.82 lakh sqm area to an allottee 'T' in the estate. This included private land at survey no.10 (4,654 sqm) and 18 (10,469 sqm) which were still pending to be acquired by the Corporation from the land owners though the consent agreement with them was entered in 2013. To resolve the issue, the Corporation decided (August 2015) to obtain these land parcels by giving its owners an equal area of land at some other location in the same estate. Before the exchange of land parcels took place, the land owners sold (March/July 2016) these parcels of land to other parties (new land owners). Subsequently, the new land owners offered the Corporation (September 2016) land of survey no.10 and 18 in exchange for developed plots with permission to carry out industrial/commercial activities on those plots. The Corporation accepted (February 2017) the offer and took possession of land.

Audit observed that the original land owners sold (2016) the land to the new land owners at ₹ 30 lakh (₹ 645 *per* sqm) and ₹ 25 lakh (₹ 239 *per* sqm). Thus, the Corporation failed to take timely action from 2014 to 2016 to acquire the

land parcels at the pre-decided consent price. Further, the allotment of these land parcels prior to its purchase by the Corporation compelled it to exchange the undeveloped land with developed plots. Further, the new land owners paid only ₹ 55 lakh (to the original land owners) against which they received developed plots worth ₹ 8.05 crore⁷ (based on commercial pricing of ₹ 5,220 *per sqm*) giving an undue benefit to the new land owners.

The Government stated (January 2019) that as land was allotted to the allottee 'T', it was essential for the Corporation to take the land on the terms and conditions asked by the new land owners. The reply does not explain the efforts made by the Corporation to purchase the land from the original land owners between July 2014 and March/ July 2016 and its allotment to allottee 'T' in August 2015 without acquisition.

Development of Industrial Estates

3.8.3 The Corporation undertakes infrastructure development works like roads, power supply, water supply, drainage, *etc.*, in its new estates and upgradation of infrastructure in the existing estates. The award of the work and monitoring of its execution was done by the Division office concerned.

Audit randomly selected 76 works (out of 167 works with contract value of above ₹ one crore during 2013-18) for test-check to review the development and upgradation of estates. No major deficiencies were noticed in 67 test-checked works. Minor deficiencies relating to contract management like, short-recovery of testing charges, non-renewal of Bank guarantees, extra expenditure due to non-invitation of tenders, *etc.* were noticed in eight works, which were communicated to the Corporation for corrective action at their end. The deficiencies noticed in respect of other one work is discussed below:

Unfruitful expenditure in construction of Multi-level sheds

3.8.3.1 The estates of the Corporation are categorised into saturated (more than 90 *per cent* plots have been allotted in the estate) and unsaturated estates. GoG launched (March 2015) a scheme for developing multi-level sheds (MLS) in saturated estates for Micro & Small Enterprises (MSEs). Though, the scheme stipulated creation of MLS in only saturated estates, the Corporation developed MLS in 12 saturated as well as three unsaturated estates⁸. Audit reviewed implementation of scheme for development of MLS at Sanand-II, an unsaturated estate as the same was under the RM office, which were test-checked by Audit.

Sanand-II industrial area comprises of Sanand II estate, Sanand Women park and Sanand MSE park with total allottable area of 113.47 lakh sqm out of which 64.38 lakh sqm was unallotted (May 2018). The Corporation constructed (May 2017) an MLS having 28 sheds at this unsaturated estate at a

⁷ 15,123 sqm × AP of ₹ 2,660 *per sqm* × 2 (for commercial use).

⁸ Sanand-II, Dungra and Diyodar.

total cost of ₹ 6.17 crore. The Corporation invited online applications thrice from May 2017 to January 2018 for allotment of these 28 sheds. However, as on June 2018, none of them were allotted. This led to idle investment of ₹ 6.17 crore.

The Government stated (January 2019) that the Corporation had constructed MLS considering future development in Sanand area. The reply is not convincing as there is no justification for constructing MLS in unsaturated estate where the Corporation had unallotted inventory of plots with lower allotment price⁹. Under these circumstances, the construction of MLS in unsaturated Sanand-II estate was not justified.

Unutilised grant of CIP scheme not surrendered to Government

3.8.3.2 The Corporation received (2005-2015) funds under Critical Infrastructure Project (CIP) scheme of GoG for upgradation of infrastructure in the existing estates. The Corporation received total grant of ₹ 706.33 crore under CIP scheme for 184 projects, on which it earned interest of ₹ 129.77 crore till March 2018. The Corporation had incurred expenditure of ₹ 682.41 crore (March 2018) and completed all the 184 projects.

Finance Department, GoG's Resolution dated 22 December 2015 stipulated that accrued income on grants including interest and any balance of the grant which may not be required further for execution of project may be credited to government account. Since all the projects approved under CIP scheme were completed and CIP scheme was replaced with another scheme, the above unspent balance of ₹ 153.69 crore¹⁰ should have been surrendered to GoG. However, this was not done till date (January 2019). The Government/Corporation did not give reasons for not surrendering the unutilised grants.

Audit also observed that Corporation received funds under CIP Scheme based on estimated cost. Subsequently, the works were awarded and executed at much lower cost. Therefore, the difference remained with the Corporation which kept on accumulating over the years.

Fixation of allotment price and Payments for Land Reference Cases

3.9 On creation of a new estate, the Corporation finalises the allotment price (AP) to be recovered from the allottees of the estate. Further, the additional land compensation to be paid to land owners based on Court awards on Land Reference Cases¹¹ (LRCs) are also recovered from the allottees.

⁹ AP for plots was ₹ 3,010 *per* sqm (MSE and Women park) and ₹ 3,780 *per* sqm (Sanand-II plots) whereas the minimum AP for the multi-level sheds was ₹ 18,270 *per* sqm.

¹⁰ ₹ 836.10 crore *less* ₹ 682.41 crore.

¹¹ Land owners whose land is acquired without their consent can file land reference case (LRC) with reference court for additional compensation.

Fixation of Allotment Price

3.9.1 All costs pertaining to an industrial estate *viz.*, land cost and development cost (including overheads, interest and other charges) and tentative liability of LRCs are considered by the Corporation in working out the cost of an industrial estate. This cost is divided by the allottable area of the estate to arrive at its initial Allotment Price (AP). The Corporation levies other charges like transfer fees, non-utilisation penalty, sub-division fees, *etc.* on a percentage basis on the prevailing AP. The AP is revised annually and subsequently, this revised AP is applicable for allotment of plots and for collection of AP linked charges. On finalisation of LRC, differential amount is recovered/ refunded from/ to allottees. If the Government provides subsidy for creation of estates, such benefit is passed on to the allottee.

During 2013-18, the Corporation had fixed initial AP in 15 estates¹². Audit observed two instances of non-adherence to the policy/ guidelines of GoG for fixing the AP. It also observed one case of not adhering to the existing methodology in vogue for fixation of AP. This resulted in fixing lower AP and consequential loss to the Corporation. The audit observations are discussed below.

Excess burden due to not claiming development cost under CIP scheme

3.9.1.1 As mentioned in the previous paragraph, development cost is a component while fixing the initial AP. Therefore, while arriving at the AP for Sanand Women Park, the Corporation decided (17 July 2015) that the development cost of ₹ eight crore for the estate would be met through GoG grants under the CIP Scheme for reducing the AP. The Corporation submitted (29 July 2015) the project to State Level Empowered Committee (SLEC) with total cost of ₹ 45.18 crore (excluding development cost of ₹ eight crore). It was agreed by the SLEC that 50 *per cent* of the cost (₹ 22.59 crore) was to be borne by GoG as subsidy. Upon approval from the SLEC, the Corporation fixed (03 October 2015) the AP at ₹ 2,100 *per sqm* after considering 50 *per cent* subsidy.

Audit observed that the Corporation did not claim the development cost of ₹ eight crore under CIP scheme. In fact, the CIP Scheme was discontinued (19 January 2015) by GoG even before the Corporation's decision (July 2015) to incur development cost under CIP Scheme. Thus, the Corporation had to bear excess burden of ₹ eight crore.

The Government stated (January 2019) that GoG had approved (October 2015) 50 *per cent* (*i.e.* ₹ four crore) as subsidy and decision in respect of remaining ₹ four crore would be taken by the Corporation. The reply is factually not correct because GoG had approved 50 *per cent* subsidy *i.e.* ₹ 22.59 crore against the total cost of ₹ 45.18 crore, which did not include

¹² Seven industrial estates, five MSE parks and three Women MSE parks.

the development cost of ₹ eight crore. Hence, 50 per cent subsidy for the above ₹ eight crore was not approved. As the CIP scheme was discontinued, the Corporation bore the burden.

Incorrect fixation of allotment price in respect of multi-level sheds

3.9.1.2 Under the scheme for assistance¹³ to GIDC for developing multi-level sheds (MLS) introduced (March 2015) by GoG, the Corporation finalised¹⁴ the Allotment price (AP) for MLS in 15 estates. The scheme guidelines stipulated for inclusion of interest and overhead charges in the development cost.

Audit observed that while fixing AP for MLS, the Corporation however did not include interest and overhead charges in the development cost in respect of any of the 15 estates. Therefore, non-inclusion of interest and overheads for multi-level sheds in the case of these 15 estates resulted in violation of scheme guidelines, fixation of lower AP and consequent loss of revenue of ₹ 28.35 crore (as shown in *Annexure 11*).

The Government stated (January 2019) that the Corporation did not include interest and overheads to keep the AP of the MLS low. Audit observed that this decision was taken without approval of the State Government and thus, was in contravention of the scheme guidelines.

Fixation of lower allotment price for Saykha Women Park

3.9.1.3 The Corporation developed two estates viz. MSE Park (total area of 17.70 ha and allottable area of 14.25 ha) and Women park (total area of 23.68 ha and allottable area of 16.03 ha) at Saykha. The Corporation worked out AP of ₹ 1,390 (September 2017) for MSE park and it subsequently decided (May 2017) to adopt the above AP for Saykha Women Park also. Audit observed that total area, allottable area and additional development cost of Women Park was not considered for fixing its AP. Audit worked out AP for Saykha Women park at ₹ 1,510 per sqm considering the above parameters. Thus, fixation of lower AP led to loss of ₹ 1.92 crore¹⁵.

The Government contended (January 2019) that the audit has worked out the AP by considering total development cost of Women Park instead of additional development cost. The reply is not correct because Audit has worked out the AP of Women Park considering the parameters as adopted for working out the AP of MSE Park by the Corporation that included the additional development cost.

¹³ GoG gave financial assistance up to 50 per cent of the cost incurred for the development of multi-level shed to GIDC.

¹⁴ AP of MLS in four estates (finalised in June 2017) and in 11 estates (finalised in September 2017).

¹⁵ 16.03 ha × lower AP of ₹ 120 per sqm (₹ 1,510 less ₹ 1,390 per sqm).

Education and Innovation Fund collected along with Allotment Price

3.9.1.4 Education Department (ED), GoG directed (August 2012) the Corporation to create a fund by levy of certain charge on its new allotments. The corpus of the said fund was to be utilised by ED. Accordingly, the Corporation resolved (September 2012) to collect additional ₹ five *per sqm* along with AP from new allotments in Dahej, Sanand and Halol-II estates for creation of the fund. Audit observed that though the Corporation collected ₹ 6.57 crore from October 2012 to March 2018 but did not remit this amount to the Education Department. Thus, a fund which was collected for a specific purpose remained unutilised for more than five years.

The Government stated (January 2019) that the Corporation has written to Education Department to submit a detailed proposal for utilisation of the fund.

Land Reference Cases and its liability on allotment

3.9.2 The Corporation had acquired land for development of estates under the provisions of Land Acquisition Act, 1894 (Act). The important provisions of the Act are shown at ***Annexure 12***. During the review period (2013-18), compensation worth ₹ 305.06 crore were paid in 26 court awards under Land Reference Cases (LRCs).

Audit observed that even though the Corporation dealt with the additional land compensation payments routinely, it failed to verify whether the payments made to land owners were as per the provisions of the Act. This resulted in overpayments and short payments. Further, there was delayed/ non-recovery of additional land compensation paid by the Corporation based on court orders from the allottees. The incorrect application of provisions of the Act resulted in overpayment of ₹ 5 crore and short payment of ₹ 4.84 crore. Further, non-recovery of LRC liability worth ₹ 261.53 crore was noticed. The same are discussed below:

Over/ short payment due to violation of provisions of the Act

3.9.2.1 Out of 26 court awards, Audit observed four instances of over payment and one instance of short payment of compensation to the land owners due to inadequate internal control mechanism in the payments made for LRCs.

- In two instances¹⁶, the escalation amount under Section 23 (1A) was calculated up to the date of award though possession of land was taken earlier. These resulted in overpayment (June/ August 2013) of ₹ 1.55 crore to the land owners of these two LRCs.

The Government stated (January 2019) that the Corporation has initiated steps to file affidavit for recovery of excess payment in the higher court in case of

¹⁶ Sarigam village (Valsad) - ₹ 51.36 lakh and Talodara village (Bharuch) - ₹ 103.50 lakh.

Talodara village. However, the Corporation did not reply to excess payment made in case of Sarigam village.

- In Manjusar village LRC, solatium was paid on compensation declared by the Court as well as on escalation amount though as per Section 23 (1A), it was payable only on the compensation declared by the Court. This resulted in overpayment (October 2012) of ₹ 1.04 crore to the land owners.

The Government stated (January 2019) that the payment was made based on the demand raised by the Officer on Special Duty (Land Acquisition) as per the court order and its calculation sheets. The reply is not convincing as the Corporation should have independently verified the demand raised by the OSD with reference to the provisions of the Act. Failure of the Corporation to do so led to overpayment.

- In LRC of Jamnagar-III estate, the Corporation failed to verify correctness of demand note and made payment (May 2016) of ₹ 2.41 crore twice for survey no. 135-P. This resulted in overpayment and consequential loss to the Corporation. The Government stated (January 2019) that the Corporation has requested the court for refund of overpayment. However, the same is yet to be recovered (January 2019). In the same LRC, interest for a period of three years was calculated on amount excluding solatium, which resulted in short payment (May 2016) of ₹ 4.84 crore. The Government/ Corporation did not reply to the audit observation.

The Corporation had failed to verify that the payments made to land owners were in accordance to the provisions of the Act; resulting in overpayments and short payments. This shows that the system established in the Corporation for dealing with LRCs was not robust and therefore needs to be strengthened.

Non recovery of the LRC compensation from the allottees

3.9.2.2 As the total additional land compensation payable on account of LRC is not known at the time of fixation of the AP of the estate, the Corporation issues the Offer-cum-Allotment (OCA) to the allottees stating that the differential amount arising on account of LRC decisions would be recoverable in full on finalisation of the LRCs by the court.

Audit reviewed the mechanism for recovery of additional land compensation paid by the Corporation as per court order, from the existing allottees of the estates. For this, Audit test-checked four out of the 26 LRC payments made by the Corporation during 2013-18. These LRCs related to three estates. Audit observed that the Corporation had not recovered (May 2018) ₹ 261.53 crore from the existing allottees of the estates, though compensation payments to the land owners had been made by the Corporation during October 2012 to July 2016. These are discussed below:

- The Corporation acquired (September 1999) 157.67 ha land (without consent) for development of Jamnagar-III estate. On declaration of

judgements by various courts, additional compensation of ₹ 255.42 crore¹⁷ was paid (2013-2016) to the land owners. Till March 2018, 112.63 ha of land (1,335 plot holders) was allotted out of the allottable area of 115.63 ha. Audit estimated¹⁸ the LRC liability of ₹ 216.96 crore which was recoverable from the 1,335 plot holders. Further, the AP of unallotted area of 3.00 ha needs to be revised for the recovery of remaining LRC liability.

The Government stated (January 2019) that the Corporation had decided (April 2018) to recover additional amount at the rate of ₹ 1,645 *per* sqm from the existing allottees of the Jamnagar-III estate. Audit observed that the Corporation recovered ₹ 17.45 crore from 107 plot holders till date (January 2019) against the estimated recoverable amount of ₹ 216.96 crore. The reply does not state the reasons for delay in initiating recovery, which highlights systemic deficiency in settling LRC cases.

- For Savli estate, based on the court judgment, the Corporation paid (2004-2012) ₹ 13.62 crore¹⁹ towards additional compensation for 28.75 ha. Audit observed that the Corporation did not insert provision for recovery of LRC in the OCA; hence it could not raise demand for a total of ₹ 29.32 crore (including interest of ₹ 15.69 crore) from the 566 existing allottees in the estate.

The Government stated (January 2019) that 39.84 ha land of Savli estate was yet to be allotted and on its allotment, the Corporation would receive amount more than the LRC compensation. The reply is not convincing as due to non-inclusion of provision of LRC in the OCA, the Corporation could not recover it from the existing allottees. During the last two years (2016-18), no new allotment has been made by the Corporation; hence, the recovery from new allottees is remote.

- The Corporation acquired (August 1995) 38.43 ha land in Ambheti village, out of which 35.47 ha was allotted (June 1996) to Allottee 'D'. The Corporation paid additional compensation of ₹ 12.23 crore²⁰ (2013-2016) based on court judgements for the acquired land. The Head Office of the Corporation instructed (July 2016) its RM office (Vapi) to recover the same immediately from the allottee. Audit observed that no action was taken by RM office for recovering it from Allottee 'D' nor was the same followed up by the Head Office of the Corporation till the date of audit (May 2018). As on May 2018, LRC liability recoverable from Allottee 'D' worked to ₹ 15.25 crore²¹ (including interest of ₹ 3.94 crore).

¹⁷ ₹ 120.49 crore (November 2013- High Court award), ₹ 108.52 crore (May 2016- Supreme Court award) and ₹ 26.41 crore (February 2018- To other land owners under Section 28A of Act).

¹⁸ Audit calculated LRC liability payable on the date of allotment for each plot as per the Act. LRC provision considered in AP and collected from plot holder was deducted from it. The difference along with interest from the date of allotment to March 2018 was recoverable from the plot holder.

¹⁹ ₹ 5.78 crore (2 November 2004) *plus* ₹ 0.51 crore (27 November 2009) *plus* ₹ 0.43 crore (01 February 2010) *plus* ₹ 0.47 crore (19 February 2010) and ₹ 6.43 crore (October 2012).

²⁰ ₹ 7.87 crore (September 2014- Reference Court) and ₹ 4.36 crore (July 2016- High court).

²¹ ₹ 11.31 crore (*i.e.* ₹ 12.23 crore × 35.47 ha/ 38.34 ha) *plus* interest of ₹ 3.94 crore.

The Government stated (January 2019) that the land owners had appealed for higher compensation to the Supreme Court of India and the Corporation would issue recovery notice after final disposal of the case. The reply does not state the reasons for non-initiation of action by the RM office despite instruction of its Head office in July 2016. Audit observed that in case of Jamnagar-III estate, delay in initiating recovery proceeding after court awards led to recovery of only eight *per cent* of the additional compensation paid by the Corporation from existing allottees in two years. The Corporation should recover the dues against LRC payments from time to time based on court orders in order to safeguard its financial interest.

From the review of the mechanism for recovery of additional land compensation in four test-checked instances revealed that though the Corporation had made the payments of the additional land compensation as per Court awards, it did not take adequate efforts for recovery of the same from the allottees of these estates resulting in non-recovery.

Adherence to Allotment Policies, Procedures, Rules and Regulations

3.10 Adherence by the Corporation to its allotment policies, procedures, rules and regulations was reviewed in audit with respect to the procedure for selection of applicants, allotment of plots, recovery of AP from allottees and recovery of fees/ penalty for other permissions given by the Corporation. When an allottee approaches the Corporation for any permission like transfer, sub-division of plot, allotment of adjoining plot, *etc.*, the Corporation *suo-moto* reviewed the charges/ fees related to the plot before granting the permission. These charges included scrutiny fees, penalty for delay in submission of the building plan, commencement of construction without approval, non-utilisation penalty, transfer fees, sub-division fees, *etc.* These charges/ fees are discussed in detail in the subsequent paragraphs. Audit reviewed the records (allottees files) maintained at test-checked field offices. Based on the details received from Corporation, Audit test-checked available data and records of 2,040 out of 2,806²² allotments made during 2013-18, 162 out of 4,245 transfer cases²³ and 33 out of 400 sub-division cases (where the sub-division fees charged exceeded ₹ 15 lakh) during the period 2013-18 from the test-checked field offices. While examining the test-checked records, Audit reviewed all the charges/ fees applicable in that particular case. The observations in this regard are discussed in subsequent paragraphs.

Procedure for selection of applicants for allotment of plots

3.10.1 The Corporation invites online applications for allotment of plot in an estate. The interested parties submit their applications along with requisite documents at the respective field office. After scrutiny of documents, the field offices forward the applications to the head office. A Screening Committee

²² This included 930 allotments in Dahej-II & III and Sanand-II estates made prior to 2013-14.

²³ In 250 cases out of 4,245 transfer cases, the transfer fees levied exceeded ₹ 20 lakh. Audit randomly test-checked 74 out of these 250 cases and 88 other transfer cases.

arranges presentation by applicants at head office and approves/ rejects the application. Subsequently, list of successful applicants along with allotted plot number is sent to the field office for further processing. On receipt of the above list, the field offices issue OCA letter to the applicants to be accepted within 60 days. If the plot holder fails to make payment within stipulated time, the OCA stands cancelled. On receipt of payment, possession of the plot is handed over to the plot holder.

Audit reviewed the process of application for plots and its allotment was conducted. No major deviations with respect to the laid down system for selection of the applicants and allotment of plots through issue of OCA. Minor delays in issue of OCA at eight estates were observed in 244 out of 579 online applications received during 2016-18. In one case, there was inordinate delay of 38 months in issue of OCA for a plot on auction. These delays had resulted in delayed recovery of allotment price and consequential interest loss, which were communicated to Management for corrective actions.

Recovery of allotment price for additional area

3.10.2 Subsequent to handing over of possession of the plot to the allottee, the actual area of the plot is measured by Survey Branch of the RM office concerned and a field book is prepared, which is considered as the final allotted area. In some cases the Corporation itself obtained the possession of certain pockets of land subsequent to initial allotment and this additional area was allotted later. As per the policy (07 January 1998 and 26 June 2002) of the Corporation, if there is difference between the initial allotted area and the actual area, a corrigendum is issued by the Corporation to the party to give effect to the consequent recovery/ refund at prevailing AP.

Audit observed that in cases of allotment of additional area, the Corporation did not initiate prompt action for recovery of the additional allotment price resulting in non-recovery. Two instances of non-recovery due to delay in initiating action for recovery of allotment price are discussed below:

Non-recovery of allotment price and withdrawn rebate

3.10.2.1 The Corporation decided (December 2009) to allot 369 ha of land to an allottee at Dahej-II estate. Accordingly, it allotted (31 December 2009) 223.32 ha of land to the allottee. The balance land was to be handed over to the allottee subsequently on receipt of possession of the remaining land by the Corporation. The allottee paid (January 2010) ₹ 93.99 crore for 223.32 ha after availing concession²⁴ of ₹ 30.71 crore and additional rebate of ₹ 4.94 crore for upfront payment. Subsequently, the allottee informed (April 2010) that out of the land allotted to it, gas pipelines of other companies were passing through 24 ha.

²⁴ In order to promote the estate, the Corporation gave concession and rebate for full payment to first seven allottees of that estate and subsequently on withdrawal of this concession and rebate, the demand for the same was raised to all these seven allottees.

The concession and rebate was withdrawn (07 April 2010) *ab initio* by the Corporation and it raised demand (May 2010) of the same from the allottee. Against the total amount due of ₹ 35.65 crore, the allottee paid (July 2010) ₹ 15.93 crore claiming deduction of ₹ 19.72 crore. This deduction was claimed by the allottee for the allotment cost of 24 ha of land through which gas pipelines were passing and hence not usable by it (₹ 13.93 crore) and rebate for upfront payment (₹ 5.79 crore). Subsequently, the Corporation allotted additional land to the allottee between 2011 and 2014 as detailed in the **Table 3.2** below.

Table 3.2: Allotments made and payments received from allottee

Sl. No.	Month & Year of allotment	Hectares	Amount payable (₹ in crore)	Payment month
1	December 2009 (Original allotment)	223.32	109.92 (93.99 + 15.93)	December 2009/(₹ 93.99 crore) July 2010/(₹ 15.93 crore)
2	August 2011	2.88	2.15	September 2011
3	March 2012	17.29	12.88	April 2012
4	March 2014	79.37	88.51	(Not paid)

Source: Information/ records of the Corporation.

The allottee did not pay ₹ 88.51 crore for the 79.37 ha land (allotted in March 2014) on the ground that its payment made for 24 ha land should be adjusted.

Audit observed that though the allottee did not pay the withdrawn rebate of ₹ 5.79 crore, subsequent allotment of more parcels of land were made to the allottee by the Corporation without insisting on recovery of the outstanding amount. Audit further observed that the stand taken by the allottee that payment made for 24 ha of land should be adjusted against the land allotted in March 2014 was not correct as the allottee had already adjusted the same while making payment for withdrawn concession in July 2010. The Corporation, therefore, needs to recover ₹ 144.34 crore²⁵ (₹ 88.51 crore along with applicable interest of ₹ 44.25 crore *plus* ₹ 5.79 crore along with applicable interest of ₹ 5.79 crore) from the allottee till date (January 2019).

The Corporation decided (November 2017) to take over the 24 ha land from the allottee and declare the same as open utility corridor. The Corporation collects Right of Use (RoU) charge²⁶ for a period of 10 years in advance from the users of the utility corridor. Audit observed that since the Corporation was aware from April 2010 regarding pipelines of oil companies passing through 24 ha of land, the Corporation could have taken back the possession of land from the allottee and started recovery of RoU charges from 2010 itself from the oil companies. The delay in taking back the possession of land resulted in

²⁵ For land allotted in March 2014: (i) Allotment price ₹ 88.51 crore and (ii) Interest on delay in payment of ₹ 88.51 crore for 4 years at the rate of 12.5 *per cent per annum* simple interest.
For Recovery of rebate amount from July 2010: (i) Recovery of rebate amount of ₹ 5.79 crore and (ii) Interest on delay in recovery of ₹ 5.79 crore for 8 years at the rate of 12.5 *per cent per annum* simple interest.

²⁶ As per the policy for granting Right of Use (RoU) for a period of 10 years, the Corporation charges one-time payment of 10 *per cent* of prevailing AP for the land. The RoU can be renewed subsequently for every 10 years by again paying 10 *per cent* of the AP prevailing at that time.

loss of opportunity to recover RoU charges of ₹ 2.59 crore²⁷ for the period 2010-2020. It may be mentioned that though the decision in this regard was taken in 2017, the same was yet to be acted upon (January 2019) by the Corporation.

The Government stated (January 2019) that the allottee has not yet paid the dues and the Corporation has taken up the matter with the allottee.

Non recovery of additional allotment price for change in area of plot

3.10.2.2 An allottee 'P' was allotted (February 2010) a plot with tentative area of 1.41 lakh sqm at Dunga Estate under Vapi RM office. The allotment was made at a discounted AP²⁸ considering it as a special case for establishing educational institute. In the meantime, in 2013 Corporation decided to allot more land to the allottee 'P' but the same could not be finalised due to disagreement over AP. Finally, the field book²⁹ of the originally allotted plot in 2010 was prepared in April 2017 and actual area allotted on re-measurement came to 1.52 lakh sqm. Therefore, AP of ₹ 2.65 crore³⁰ for differential area of 10,279 sqm after giving 50 per cent discount on the AP prevailing in 2017-18 was demanded (July 2017) from the allottee by the Corporation. The allottee 'P' requested (August 2017) the Corporation to charge the original AP of 2010 and give discount on it. This request of the allottee 'P' was turned down by the Corporation in March 2018. Since, the AP was revised in April 2018, the amount outstanding from the allottee 'P' at prevailing AP increased to ₹ 2.93 crore³¹ which is yet to be recovered (January 2019).

In addition, Audit also observed that allottees are required to pay charges like service charges, Infrastructure Upgradation Fund (IUF), Non Agricultural Assessment (NAA) charges *etc.*, to the Corporation. The allottee 'P' did not pay IUF and NAA charges since allotment of the plot in February 2010. The amount outstanding with interest till date (January 2019) was ₹ 85.71 lakh.

Thus, delayed preparation of the field book by the Corporation led to failure in recovery of the remaining AP of the plot. Further, the Corporation did not initiate any action for non-payment of revenue charges and differential AP.

The Government stated (January 2019) that the Corporation would recover the AP for increased area of land.

²⁷ 24 ha × AP of ₹ 1080 per sqm (the original finalised AP of Dahej estate) × 10 per cent.

²⁸ AP of Dunga estate in 2010 was ₹ 1,600 per sqm, whereas the plot was allotted at ₹ 485 per sqm.

²⁹ Field Book for the plot is prepared by the Survey Department under the RM office wherein the final measurements of the allotted plots are measured and entered. The measurement in the Field book is the actual area allotted and any adjustment of the remaining area for which AP was not recovered previously is recovered after finalisation of Field Book.

³⁰ (Industrial area of 7,347.93 sqm × ₹ 1,615) + (Commercial area of 2,931.92 sqm × ₹ 3,633.75).

³¹ (Industrial area of 7,347.93 sqm × ₹ 1,780) + (Commercial area of 2,931.92 sqm × ₹ 4,005).

Other permissions related to plot utilisation

3.10.3 Over and above the permissions in relation to initial utilisation of land, the Corporation also grants various other permissions like sub-division of plot, its transfer, time-limit extension for utilisation, *etc.* The charges levied for the above permissions are governed by various circulars issued by the Corporation from time to time, which are broadly tabulated as under:

Table 3.3: Important permissions and their fees

Sl. No	Purpose	Fees	Calculation
1	Sub-division of plot	Sub-division Fees	Area of plot × AP × <i>per cent</i> mentioned in circular
2	Transfer of plot	Transfer Fees	
3	Time limit extension	NU penalty	

Source: Various circulars issued by the Corporation.

Audit observed that due to multiplicity of circulars, there were instances of incorrect application/ interpretation of the circulars by the field offices of the Corporation. This resulted in short recovery/ non-recovery of the applicable fees. Based on test-check of records in Audit, some of the major audit findings related to other permissions resulting in short recovery of sub-division fees, non-utilisation (NU) penalty, *etc.* are discussed in the succeeding paragraphs:

Short recovery of sub-division fee

3.10.3.1 A plot-holder can sub-divide its plot into smaller plots with approval of Corporation and on payment of sub-division fees. As per the Corporation's circular (08 June 2016), sub-division fees for utilised plots³² and unutilised plots are leviable at 5 and 10 *per cent* respectively for sub-division of a plot up to 10 plots.

Audit observed that the Corporation followed different norms on the same plot for the purpose of levying non-utilisation (NU) penalty and sub-division fees. This along with incorrect application of the rate of sub-division fees led to short recovery of sub-division fees of ₹ 4.27 crore as discussed below:

- In case of sub-division of plot allotted to allottee 'H' at Jhagadia Industrial Estate, the Corporation levied (July 2016) sub-division fees at 5 *per cent* instead of 10 *per cent* though the plot was unutilised on the date of application of sub-division. This resulted in short recovery of sub-division fees of ₹ 45.57 lakh³³.
- An allottee 'C' having Plot No. 100 (9,615 sqm) at Vapi Industrial Estate was allotted (April 1992) Plot No. 99 of area 10,857 sqm as an adjoining plot. The allottee 'C' applied (December 2011) for sub-division of Plot No.99. Audit observed that though the Plot No.99 was open and unutilised at the time of application for sub-division, the Corporation considered it as

³² Utilised plots means a plot where commercial operation had commenced and constructed area was at least 20 *per cent* of plot area.

³³ 10 *per cent* of ₹ 1,070 (AP) × 85,184.32 sqm (area of plot) = ₹ 91.14 lakh less ₹ 45.57 lakh.

an utilised plot. This was so considered by the Corporation on the plea that it was adjoining to Plot No.100 which was an utilised plot and hence combined (as single unit). Therefore, the Corporation did not levy non-utilisation (NU) penalty. On the other hand for levying the sub-division fees (November 2015), Plot No.99 was treated as an un-utilised separate plot and not combined to Plot No. 100.

Audit observed that the Corporation followed different norms for the same plot (Plot No.99 of 10,857 sqm) for levying NU penalty and sub-divisions fees. Since the Corporation had already considered both the plots (Plot No.99 and 100) as a combined plot for utilisation purpose, it should have levied sub-division fees on full area of combined plot of 20,472 sqm instead of only 10.857 sqm of Plot No.99. This resulted in short recovery of sub-division fees of ₹ 78.60 lakh³⁴. Thus, by following different norms, the Corporation passed undue benefit to allottee 'C' of ₹ 78.60 lakh.

- In another similar instance noticed in the test-check by Audit, two plots of 21,135.26 sqm each at Vatva industrial estate were transferred (June 2014/October 2014) to allottee 'S' as combined plot. Subsequently, the Corporation approved (16 September 2016) sub-division of these plots considering them as separate plots. Accordingly, allottee 'S' paid sub-division fees³⁵ (November/December 2016) of ₹ 2.02 crore³⁶.

Audit observed that at the time of transfer of these plots, the utilisation proof for one plot was considered for both the plots and it was considered as a combined plot (as single unit). However, the plots were considered as separate plots for the purpose of sub-division. Had the Corporation not adopted different norms for transfer and sub-division, and considered both the plots as combined plot for the purpose of sub-division, the sub-division fees of ₹ 5.05 crore (total area 42,270.52 sqm × 25 per cent × AP ₹ 4,780) would have been recovered as the sub-division would have resulted into 30 plots. This led to short recovery of sub-division fee of ₹ 3.03 crore (₹ 5.05 crore leviable less ₹ 2.02 crore received).

Short recovery of NU penalty due to incorrect interpretation of circular

3.10.3.2 The Corporation, in some cases, allots plots without creating any infrastructure facilities on 'as is where is' basis at original land cost³⁷. If such plots do not fall under any estate, then the AP related charges are calculated on deemed AP³⁸ i.e., 50 per cent of the prevailing jantri rate. Audit scrutiny revealed that the Corporation levied NU penalty of ₹ 0.87 crore in three cases of plots allotted on 'as is where is' basis during the review period.

³⁴ Area of 9,615 sqm (i.e. Combined area of 20,472 sqm less Area of 10,857 sqm of Plot No. 99) × 25 per cent sub-division fees × Allotment price of ₹ 3,270 prevailing in 2015-16.

³⁵ As per the policy, sub-division fees for unutilised plots was 10 per cent for up to 10 sub-divided plots, 15 per cent for 11 to 20 sub-divided plots and 25 per cent for 21 to 50 sub-divided plots.

³⁶ 21,135.26 sqm × 10 per cent × AP of ₹ 4,780 for each of the two plots.

³⁷ including incidental costs for purchase of land.

³⁸ As per circular no. GIDC/ O&M/ CIR/ allotment/ policy/ 1(8)/ 9 dated 19 February 2009.

It was observed that NU penalty was not calculated on deemed AP. Audit worked out the NU penalty based on the deemed AP which is shown in the **Annexure 13**. Thus, the total NU penalty leviable in these three cases was ₹ 9.70 crore against ₹ 0.87 crore recovered by the Corporation. This resulted in short levy of ₹ 8.83 crore.

The Government stated (January 2019) that AP for 'as is where is basis' plot was 10 *per cent* of 50 *per cent* of *jantri* rate, hence the NU penalty was applied correctly. The reply is not correct as the circular February 2009 define deemed AP as 50 *per cent* of *jantri* rate. NU penalty is levied on AP of the estate and in this case the deemed AP.

Monitoring of utilisation of allotted plots in estate

3.11 The allottee has to submit the building plans within 3 to 12 months from the date of possession of the plot for approval of the Corporation. Based on site verification and scrutiny of plan with the norms, the Corporation approves or rejects the same. After approval, allottee commences construction on the plot. Once the construction reaches plinth level, the allottee applies for plinth level check certificate and after this inspection, the Corporation allows the allottee to complete the remaining construction. Within the laid down moratorium period³⁹, allottee has to commence commercial production/operation; failing which the Corporation can take back the possession of plot. The allottee can also apply for extension of moratorium period by paying non-utilisation (NU) penalty.

In order to review the system in place for plot-wise tracking for various stages of utilisation of the plot, Audit test-checked two estates (Sanand-II and Dahej estate), which were having area of more than 1,000 ha, out of the five new estates developed in the selected RM offices during 2008-13, *i.e.*, previous five years before the review period. Audit observed that the Corporation did not have a system in place for plot wise tracking of the various stages of construction activities on the plot and utilisation of plot. Instead, the Corporation took action and verified the stage-wise utilisation of plots only when the allottee approached to the Corporation for any permission. In absence of any periodic review for utilisation of plots, there were cases of delay in utilisation of plot and unauthorised construction/ utilisation of plot.

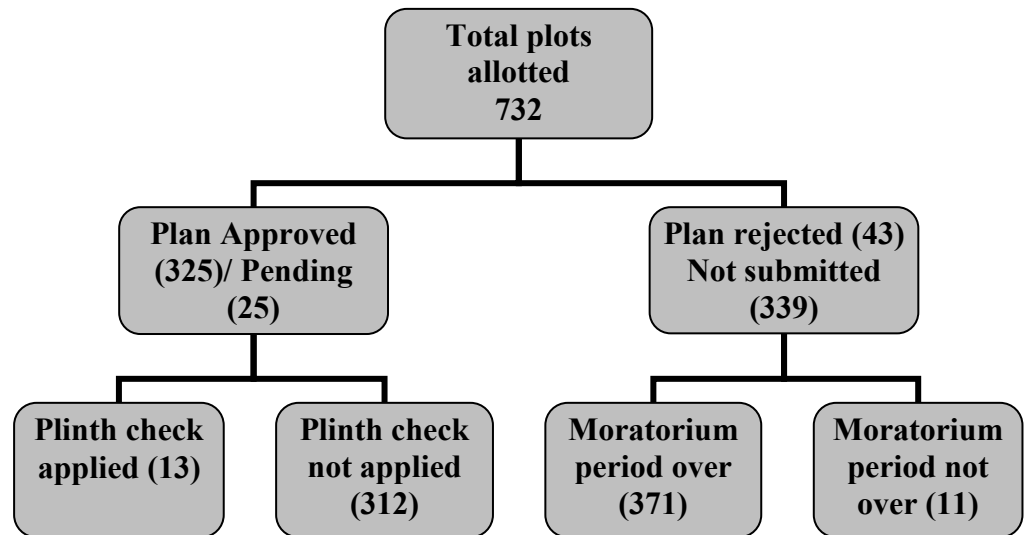
Further, review of allottees files at selected field offices revealed two cases of unauthorised construction. Audit also conducted a review of 79 transfer cases at Ankleshwar RM office transferred under a concessional 'Exit Policy' for unutilised plots to highlight the lapse of annual review about plot utilisation and undue benefit availed by such allottees during transfer of plots. Further, a joint visits at three estates was conducted which revealed unauthorised utilisation of plots. The details of the same are discussed below:

³⁹ Three years, four years and five years from the date of possession for plot admeasuring less than 50,000 sqm, between 50,000 and 1 lakh sqm and above 1 lakh sqm, respectively.

Absence of periodic review of submission of plans

3.11.1 After possession of the plot, the allottee has to submit building plans, consequently complete construction as per the approved building plan and utilize the plot within the moratorium period as per the timelines laid down by the Corporation. The Corporation levies penalty for delay at each stage. Penalty was also leviable for construction by the allottee without approval of building plan by the Corporation. If the allottee fails to adhere to the above, the Corporation has the right to tack back the possession of the plot.

Audit conducted a test-check of the allotments at Dahej estate (Dahej-II and III) in order to evaluate the system existing at field office level for tracking the stage wise utilisation of plots. The allotments at Dahej II and III estate commenced from July 2010. A total of 736 plots were allotted in these estates as on March 2018, of which plan submission date for 732 plots had elapsed by that date. Audit reviewed the details of submission of plan by these 732 plots with reference to the provisions laid down in various circulars of the Corporation and the details are given in Chart below:



- Out of 732 allottees, 339 had not applied for approval of plan till date. Plans submitted by 43 allottees were rejected but they did not submit the revised plan in lieu of the rejected plans.
- Of the 382 plots for which plan was rejected/ not submitted, moratorium period of 371 plots was over. In the absence of records of periodic site verification of the plots by the field offices of the Corporation, Audit is not in a position to comment on whether the timelines prescribed by the Corporation for various stages to put the plot to use were adhered to or not. The Corporation may review the status of allotted plots and levy penalty for unapproved construction or non-utilisation penalty, as the case may be.
- Out of 325 plots for which plans were approved, the Corporation received application for plinth level check for only 13 plots. This leaves scope for construction in violation of the approved plans.

Audit observed that the Corporation did not have any system in vogue to undertake periodic review at regular intervals to assess the status of submission of building plans by the allottees. Periodic review would have enabled the Corporation to identify cases of non-compliance and take appropriate action. Out of 732 plots, Audit further scrutinised the records of 62 plots (with area more than 30,000 sqm) for test-check on random basis. Audit scrutiny revealed that 16 out of 62 plot holders had failed to adhere to timeline prescribed for plan submission and commencement of construction. Owing to absence of periodic review by the Corporation, it could not levy penalty⁴⁰ of ₹ 4.98 crore for non-submission of plan in 13 out of these 16 plots. Further, the Corporation could not levy penalty for delay in commencement of construction of ₹ 4.56 crore in all the 16 plots.

The Government stated (January 2019) that the Corporation had guidelines in place for survey, periodical checks, and review of unauthorised construction and actions to be taken for violation. The reply does not justify the monitoring lapse by the Corporation to ensure compliance to its guidelines.

It may be added that the above observation is based on test-check in Audit of only 62 plot holders in Dahej estate and more such cases (either in this or other estates) cannot be ruled out. The Corporation needs to review all cases of allotment to ensure compliance to its guidelines.

Unauthorised construction without submission of layout plan

3.11.2 In case an allottee commences commercial production without obtaining building plan approval and the plinth-level check for completion of construction, the Corporation treats the construction as unauthorised and levies penalty for unauthorised construction on the built-up area. During scrutiny of allottee files for land allotment in excess of 30,000 sqm. in abovementioned 62 plots in Dahej estate and one plot of Dungra estate, Audit noticed two cases, one in each estate of unauthorised construction and consequent non-recovery of penalty due to absence of annual review by the Corporation. On being pointed out, the Corporation recovered penalty of ₹ 1.96 crore from one of the allottee.

The other case relates to allottee 'P', which was allotted an area of 1.41 lakh sqm in February 2010 at Dungra Estate (Vapi RM Office). Audit observed from the website of the allottee 'P' that it had completed construction up to plinth level in July 2017. Scrutiny of records of the Corporation revealed that allottee 'P' had not submitted plans before commencing construction activity till date of Audit (May 2018). However, no action has been initiated by the Corporation to recover the penalty for unauthorised construction by the allottee 'P' (December 2018). Since the actual construction area/ built-up area was not on record of the Corporation, Audit cannot quantify the amount of penalty leviable on the allottee 'P'. Thus, lack of internal control system for

⁴⁰ In each case (Area of the plot in sqm × months of delay × penalty at prescribe rate).

periodic site visit and inadequate monitoring of the construction activity on the plots allotted in the estate resulted in unauthorised construction by the allottees and non-levy of penalty. Further, even though the plot allotted to allottee 'P' was unutilised till date (May 2018), the Corporation did not levy NU penalty of ₹ 3.24 crore⁴¹.

The Government/ Corporation did not give reply to the observation.

Absence of periodic review of utilisation status of the plots

3.11.3 The Corporation issued various circulars from time to time which provided that plot-holders should utilise the plot within moratorium period⁴². If the plot holder fails to do so but intends to utilise it later; then the moratorium period can be extended by paying NU penalty at the rate of two *per cent per annum* on the prevailing AP. Otherwise, the plot could be taken back by the Corporation.

Audit observed that utilisation status of plots was not reviewed periodically. Thus, the Corporation failed to recover or raise demand for NU penalty. Two instances of non-recovery of NU penalty due to absence of a system for periodic review of utilisation of plots are discussed below:

- Allotment of plots in Sanand-II estate commenced in July 2011 and 677 plots were allotted till April 2018. The Corporation extended the moratorium period for the allotments made up to December 2016 as infrastructure was belatedly completed by the Corporation in December 2013. Audit scrutiny revealed that as on March 2018, moratorium period of 396 out of 677 plots, had elapsed. During test-check in Audit of utilisation status of the plots allotted at Sanand-II estate, it was observed that out of these 396 plots, 290 plots remained unutilised as on March 2018. Audit observed that the Corporation had not *suo-motu* monitored the utilisation of these 290 plots as per the timelines prescribed for various stages so as to put the plot to use. The Corporation may after levying NU penalty of ₹ 21.95 crore either extend moratorium period or take back the possession of these 290 plots.
- The Corporation introduced (02 December 2015) an "Exit policy" for the unutilised plots which *inter-alia* provided for charging of NU penalty at one *per cent per annum* (maximum up to 10 *per cent*) for the unutilised period. The policy remained in force till 31 March 2017. Audit observed that the plot holders neither utilised the plot nor applied for extension in moratorium period. Instead, they took advantage of the lower rates of NU penalty offered under the Exit policy. This provided safe passage to plot holders who had not utilised their plots by paying concessional NU penalty. The records of 79 allottees, furnished by Ankleshwar RM office to Audit, for review of 'Exit Policy' revealed that had the Corporation

⁴¹ 1,51,839 sqm × ₹ 3,560 (prevailing AP) × 2 *per cent* × 3 years.

⁴² From the date of possession of the plot: (A) 3 years, if plot size is smaller than 50,000 sq.mtr. (B) 5 years, if plot size is greater than 1 lakh sq. mtr. and (C) 4 years for others.

periodically reviewed the utilisation status of the allotted plots, the Corporation could have recovered additional NU penalty of ₹ 4.26 crore.

These instances highlight that the Corporation did not have any system to undertake periodic review at regular intervals to assess the status of utilisation of plots by the allottees. Periodic review would have enabled the Corporation to identify cases of non-utilisation and recover NU penalty from time to time as per the policy in vogue during that time. This would also encourage the entrepreneurs for timely setting up of industries and discourage the uninterested investors.

It is pertinent to mention that the cases mentioned above relate only to those noticed during test-check in Audit. More such cases in the Corporation cannot be ruled out. The Corporation may undertake the above exercise to identify all such cases.

The Government did not give reply to the observation.

Non regularisation of moratorium period

3.11.4 In addition to the above, Audit observed that the Corporation allotted (December 2006) a plot to allottee 'G' at Vilayat industrial estate under Ankleshwar RM office. The Corporation raised (2 June 2012) a demand for NU penalty for non-utilisation of the plot. However, the allottee 'G' did not pay the same and contended (October 2015) that since an electric power cable of 66 KV was passing through the plot, it could not utilise the same. As this cable was removed in February 2012, the allottee 'G' asked the Corporation to consider the moratorium period from that date. The allottee 'G' had commissioned its plant in May 2013.

Audit observed that the allottee 'G' showed willingness (October 2015) to settle the issue by applying for regularisation of NU penalty under the Corporation's circular⁴³ of 15 May 2015 and approached the Corporation again for the same in June 2017 and March 2018. The Corporation, however, did not take any action (April 2018) for regularisation and to recover NU penalty of ₹ 5.01 crore⁴⁴ as per the circular of October 2015 but continued to demand the NU penalty at normal rates. Thus, it lost an opportunity to collect NU penalty, which was already agreed by the allottee.

The Government stated (January 2019) that the application made by the allottee 'G' (October 2015) for settlement of dues was not accompanied with no due certificate, hence the same was not processed. The reply is not correct because the applicant had to produce no due certificate within 30 days from

⁴³ Circular dated 15 May 2015 stated that an allottee who utilised the plot after the time limit stipulated can apply for regularisation of non-utilisation period by making payment of NU penalty at the concessional rate of one *per cent* per annum. Last date of application under this Circular was 31 October 2015.

⁴⁴ $21,39,514 \text{ sqm} \times \text{AP of } ₹ 780 \text{ per sqm} \times 1 \text{ per cent NU penalty for three years (i.e. from end of moratorium period in December 2010 to date of utilisation in May 2013)} = ₹ 5.01 \text{ crore.}$

receipt of provisional order. In the instant case, the Corporation neither issued the provisional order mentioning the charges payable by allottee 'G' nor informed the allottee regarding not processing of its application without submission of NDC.

Purpose of utilisation

3.11.5 The Corporation develops estate based on Detailed Development (DD) plan mainly comprising of industrial and commercial plots. The Offer-cum-allotment (OCA) letter mentions the purpose of allotment of a plot. Industrial plots are allotted at pre-determined Allotment Price (AP) and permitted to carry only industrial activity. Commercial plots are allotted either on auction basis or at two times the AP fixed for industrial plots. Industrial plots are not allowed to carry commercial activity without prior approval of the Corporation for which permission is granted by it after receipt of conversion fees. The cases of unauthorised use of industrial plots are discussed below:

Unauthorised utilisation of plot

3.11.5.1 The Corporation develops estates based on Detailed Development (DD) plan mainly comprising industrial and commercial plots. The OCA letter mentions the purpose of allotment of a plot. Industrial plots are allotted at pre-determined Allotment Price (AP) and permitted to carry only industrial activity. Commercial plots are allotted on auction basis. Based on the local requirement, the Corporation also permits conversion of industrial plot into commercial plot after levy of four times the prevailing AP as conversion fees. The Corporation can take back the possession of plot if it is utilised for commercial activity without its permission. The cases of unauthorised use of industrial plots are discussed below:

Joint visits of three estates were carried out (June 2018) by audit team with the officials of RM Office and Division Office of the Corporation to examine the usage of industrial plots. In all the three estates, instances of utilisation of plots for purpose other than for industrial purposes were noted during Audit. This defeated the original objective of the Detailed Development (DD) plans for the estates. The Corporation may review all such cases and take necessary action as per law.

The Government stated (January 2019) that the Corporation has guidelines for undertaking survey, periodical checks and review of unauthorised construction and related circulars. The reply is not convincing as despite having guidelines, the cases cited by Audit indicates that the guidelines and circulars have not been acted upon and no action has been initiated against such unauthorised construction. Further, similar unauthorised utilisation of plots may exist in other estates.

Non review of saturated and unsaturated estates

3.11.6 The estates of the Corporation are categorized into saturated (more than 90 *per cent* plots have been allotted in the estate) and unsaturated estates. As per the circular (October 2006) of the Corporation, the status of each estate was to be reviewed periodically in order to re-categorise an estate from unsaturated to saturated. Plots in saturated estates are allotted through auction whereas plots in unsaturated estates are allotted on AP. After 2006, the categorisation of estates between saturated and unsaturated was reviewed in 2016 only. Audit review of six estates declared as saturated in the year 2016 and having an area of more than 10 lakh sqm revealed that had annual review been conducted for re-categorisation, all these six estates would have been declared as saturated during 2006-11. Further, the Corporation lost an opportunity to recover additional revenue on an area of 3,95,304 sqm which could have been allotted on auction in these six estates fetching higher prices as against the allotment at prevailing AP of the estates. Thus, non-review of the categorisation of estate periodically resulted in loss of opportunity to recover additional revenue through auction of property in saturated estates.

The Government stated (January 2019) that the Corporation would direct its field offices to re-categorise its estates periodically after carrying out review.

Overall conclusion on Monitoring of estates

3.11.7 Audit observed that the systems in place for monitoring of the allotted plots in the estates were inadequate resulting in delayed utilisation and unauthorised construction/ utilisation of the plots. This also resulted in non-recovery of associated charges/ fees.

It is mentioned that the cases discussed in the preceding paragraphs relate only to the cases noticed in Audit during its test-check. More such cases in the Corporation cannot be ruled out.

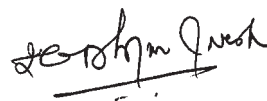
Conclusion and Recommendations

3.12 The Corporation achieved most of the objectives envisaged in the State Industrial policies related to development of industrial estates. Instances of acquisition of unsuitable land, delayed acquisition and idle investment were noticed in land acquisition and development of estates. The Corporation fixed lower allotment price due to deviation from the existing common methodology for costing and non-adherence to the policy/ guidelines of GoG. The Corporation failed to verify the payments made to land owners in accordance with relevant statutes and delayed the recovery of additional compensation from the allottees of the estates concerned. The Corporation did not apply relevant and prevailing circulars in many cases leading to short recovery/ non-recovery of various charges. There was no system of periodic monitoring to check the status of utilisation of plots resulting in delay in utilisation of plot and unauthorised construction/ utilisation of plots.

Recommendations:

The Corporation may;

- *adopt uniform policy for fixation of allotment price considering all cost factors.*
- *ensure additional land compensations are paid in accordance with the Act and devise a mechanism to recover the same from allottees in a time bound manner.*
- *ensure that its circulars are applied uniformly for collection of various fees/ charges.*
- *devise a periodic on-site inspection system to monitor construction/ utilisation of the allotted plots.*



(H. K. DHARMADARSHI)
Principal Accountant General
(Economic & Revenue Sector Audit) Gujarat

Ahmedabad
The

Countersigned



(RAJIV MEHRISHI)
Comptroller and Auditor General of India

New Delhi
The

Annexures

Annexure 1

Summarised financial position and working results of Power sector SPSUs as per their latest finalised financial statements

(Referred to in paragraph 1.10 and 1.11)

(Figures in columns 5 to 15 are ₹ in crore)

Sl. No.	Sector & Name of the Company	Period of Financial Statements	Year in which finalised	Paid up Capital including Share application money pending allotment	Share Application money pending allotment	Paid up capital	Long term Loans outstanding at the end of the year	Accumulated Profit (+)/ Loss (-) (A)	Free reserves	Net Worth (B)	Turnover (C)	Net profit/ (loss) before Interest & tax	Net profit/ (loss) after interest & tax	Capital employed (D)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
A	Generation													
1	Gujarat Power Corporation Limited	2016-17	2017-18	435.41	7.50	427.91	15.21	486.22	0.38	914.51	255.52	50.14	29.38	929.72
2	Gujarat State Electricity Corporation Limited	2017-18	2018-19	2,253.77	272.00	1,981.77	5,551.91	1,455.61	2,563.27	6,000.65	10,101.25	1,073.13	229.37	11,552.56
3	Gujarat State Energy Generation Limited	2017-18	2018-19	348.38	0.00	348.38	330.41	(173.25)	46.23	221.36	349.64	143.34	75.35	551.77
4	GSPC Pipavav Power Company Limited	2017-18	2018-19	861.84	0.00	861.84	996.37	(182.23)	0.00	679.61	409.81	132.34	12.98	1,675.98
5	Bhavnagar Energy Company Limited	2017-18	2018-19	1,030.00	0.00	1,030.00	3,185.60	(939.44)	0.00	90.56	227.87	(223.51)	(617.31)	3,276.16
	Sub-total			4,929.40	279.50	4,649.90	10,079.50	646.91	2,609.88	7,906.69	11,344.09	1,175.44	(270.23)	17,986.19
B	Transmission													
1	Gujarat Energy Transmission Corporation Limited	2017-18	2018-19	756.51	67.49	689.02	6,295.99	1,952.44	2,663.09	5,304.55	3,537.38	1,308.04	375.72	11,600.54
	Sub-total			756.51	67.49	689.02	6,295.99	1,952.44	2,663.09	5,304.55	3,537.38	1,308.04	375.72	11,600.54
C	Distribution													
1	Dakshin Gujarat Viji Company Limited	2017-18	2018-19	380.30	0.56	379.74	49.65	565.77	995.81	1,941.32	11,674.22	201.96	94.48	1,990.97
2	Madhya Gujarat Viji Company Limited	2017-18	2018-19	400.69	0.00	400.69	132.60	398.65	1,076.04	1,875.38	5,617.53	165.70	93.04	2,007.98
3	Paschim Gujarat Viji Company Limited	2017-18	2018-19	5,246.17	184.18	5,061.99	287.78	(147.06)	854.45	5,769.38	14,414.38	331.57	136.87	6,057.16
4	Uttar Gujarat Viji Company Limited	2017-18	2018-19	518.46	0.00	518.46	51.09	320.31	1,858.71	2,697.48	10,137.00	203.57	101.32	2,748.57
	Sub-total			6,545.62	184.74	6,360.88	521.12	1,137.67	4,785.01	12,283.56	41,843.13	902.80	425.71	12,804.68
D	Others													
1	Gujarat Urja Vikas Nigam Limited	2017-18	2018-19	17,402.74	1,175.19	16,227.55	144.98	257.35	0.00	16,484.90	37,820.15	184.22	126.05	16,629.88
	Sub-total			17,402.74	1,175.19	16,227.55	144.98	257.35	0.00	16,484.90	37,820.15	184.22	126.05	16,629.88
	Grand Total (A+B+C+D)			29,634.27	1,706.92	27,927.35	17,041.59	3,994.37	10,057.98	41,979.70	94,544.75	3,570.50	657.25	59,021.29

(A) Accumulated profit/loss represents the surplus/deficit of Statement of Profit and Loss as depicted in the Balance Sheet. The profit/ loss derived from other comprehensive income of IND AS companies have not been considered.

(B) Net worth is the sum total of the paid up capital, free reserves and surplus and accumulated profit and loss.

(C) The Turnover of the Company represents the main source of income of the PSU based on the nature of activity undertaken. It represents the revenue from operations.

(D) Capital employed in case of Companies/ Corporation preparing their Accounts based on Revised Schedule VI of the Companies Act, 2013 is the sum of "Shareholders' Funds" and "Long Term Borrowings". However, the Shareholders' Funds here do not include Share Application money. In addition, Long Term Borrowings do not include debts maturing within 12 months. In case of Companies/ Corporation preparing their accounts based on old Schedule VI, Capital Employed is "Net fixed Assets including Capital works in progress plus working capital".

Annexure 2

State Government funds infused in Power sector SPSUs until 31 March 2018

(Referred to in paragraph 1.12)

(₹ in crore)

Year	GPCL	GUVNL				GETCO	Total				
	Equity	Equity	Interest Free Loan (IFL)			Equity	Equity	Interest Free Loan (IFL)			
			Principal	Repayment	Converted to equity			Principal	Repayment	Converted to equity	Balance/ (IFL Repayment)
2000-01	200.27	-	-	-	-	-	200.27	-	-	-	-
2004-05	-	0.05	-	-	-	-	0.05	-	-	-	-
2005-06	-	1,628.71	-	-	-	-	1,628.71	-	-	-	-
2006-07	-	756.31	225.58	-	150.00	-	756.31	225.58	-	150.00	75.58
2007-08	-	811.61	-	-	-	-	811.61	-	-	-	-
2008-09	-	120.70	-	11.76	-	-	120.7	-	11.76	-	(11.76)
2009-10	-	97.97	-	15.12	-	-	97.97	-	15.12	-	(15.12)
2010-11	63.00	628.26	-	15.12	-	12.50	703.76	-	15.12	-	(15.12)
2011-12	10.00	508.20	-	15.12	-	-	518.2	-	15.12	-	(15.12)
2012-13	6.25	1,050.00	-	15.12	-	-	1,056.25	-	15.12	-	(15.12)
2013-14	83.25	1,456.00	-	3.34	-	-	1,539.25	-	3.34	-	(3.34)
2014-15	11.67	1,872.54	-	-	-	-	1,884.21	-	-	-	-
2015-16	21.66	2,989.00	-	-	-	-	3,010.66	-	-	-	-
2016-17	12.51	2,614.90	-	-	-	-	2,627.41	-	-	-	-
2017-18	17.50	2,868.49	-	-	-	-	2,885.99	-	-	-	-
Total	426.11	17,402.74	225.58	75.58	150.00	12.50	17,841.35	225.58	75.58	150.00	-

Annexure 3

Statement showing position of equity and outstanding loans relating to SPSUs (excluding SPSUs of Power sector) as on 31 March 2018

(Referred to in paragraph 2.3 and 2.11)

(Figures in columns 5(a) to 6(d) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Equity at close of the year 2017-18				Loans outstanding at the close of the year 2017-18			
				GoG	GoI	Others	Total	GoG	GoI	Others	Total
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)
A	Social Sector										
	I-Active Companies										
1	Gujarat Agro Industries Corporation Limited	Agriculture, Farmers Welfare and Co-operation	5 September 1969	8.08	-	-	8.08	-	-	20.00	20.00
2	Gujarat State Seeds Corporation Limited	Agriculture, Farmers Welfare and Co-operation	16 April 1975	3.75	0.18	-	3.93	-	-	-	-
3	Gujarat State Land Development Corporation Limited	Agriculture, Farmers Welfare and Co-operation	28 March 1978	5.88	-	-	5.88	15.91	-	-	15.91
4	Gujarat Sheep and Wool Development Corporation Limited	Agriculture, Farmers Welfare and Co-operation	10 September 1979	2.28	1.89	0.14	4.31	-	-	-	-
5	Gujarat State Handloom and Handicrafts Development Corporation Limited	Industries and Mines	10 August 1973	10.23	1.81	0.02	12.06	12.18	2.70	-	14.88
6	Gujarat Women Economic Development Corporation Limited	Women and Child Development	16 August 1988	5.34	4.66	-	10.00	-	-	-	-
7	Gujarat Minorities Finance and Development Corporation Limited	Social Justice and Empowerment	24 September 1999	19.09	-	-	19.09	16.02	-	20.55	36.57
8	Gujarat Gopalak Development Corporation Limited	Social Justice and Empowerment	18 May 2001	17.30	-	-	17.30	4.00	-	28.11	32.11
9	Gujarat Safai Kamdar Vikas Nigam	Social Justice and Empowerment	24 October 2001	14.09	-	-	14.09	-	67.63	-	67.63
10	Gujarat Thakor and Koli Vikas Nigam	Social Justice and Empowerment	19 September 2003	13.10	-	-	13.10	18.34	-	23.69	42.03
11	Gujarat Livelihood Promotion Company Limited	Panchayat Rural Housing and Rural Development	21 April 2010	0.05	-	-	0.05	-	-	-	-
12	Dr. Ambedkar Antyoday Development Corporation	Social Justice & Empowerment	1 October 2014	5.00	-	-	5.00	-	-	-	-
13	Gujarat Nomadic and Denotified Tribes Development Corporation	Social Justice & Empowerment	14 August 2015	3.00	-	-	3.00	9.00	1.95	-	10.95
14	Gujarat Metro Rail Corporation Limited	Urban Development and Urban Housing	04 February 2010	1,567.00	751.21	-	2,318.21	10.26	15.40	575.27	600.93

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Equity at close of the year 2017-18				Loans outstanding at the close of the year 2017-18			
				GoG	GoI	Others	Total	GoG	GoI	Others	Total
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)
15	Gujarat Water Resources Development Corporation Limited	Narmada, Water Resources, Water Supply and Kalpsar	03 May 1971	31.49	-	-	31.49	-	-	-	-
16	Gujarat State Forest Development Corporation Limited	Forest and Environment	20 August 1976	3.93	2.39	-	6.32	-	-	-	-
17	Gujarat Rural Industries Marketing Corporation Limited	Industries and Mines	16 May 1979	13.00	-	-	13.00	-	-	-	-
18	Gujarat State Civil Supplies Corporation Limited	Food, Civil Supplies and Consumer Affairs	26 September 1980	70.00	-	-	70.00	-	-	-	-
19	Gujarat Medical Services Corporation Limited	Health and Family Welfare	23 August 2012	2.50	-	-	2.50	-	-	-	-
20	Narmada Clean Tech	Industries and Mines	04 December 2014	-	-	85.56	85.56	-	-	31.49	31.49
21	Sarigam Clean Initiative	Industries and Mines	08 June 2015	-	-	16.66	16.66	-	-	-	-
	Total A-I			1,795.11	762.14	102.38	2,659.63	85.71	87.68	699.11	872.50
	II-Inactive Companies										
22	Gujarat Fisheries Development Corporation Limited	Agriculture and Co-operation	17 December 1971	1.94	-	-	1.94	2.29	-	-	2.29
23	Gujarat Dairy Development Corporation Limited	Agriculture and Co-operation	29 March 1973	10.46	-	-	10.46	55.07	-	20.00	75.07
24	Gujarat Small Industries Corporation Limited (under liquidation)	Industries and Mines	26 March 1962	3.79	-	0.21	4.00	8.65	-	14.42	23.07
25	Gujarat State Rural Development Corporation Limited	Panchayat Rural Housing and Rural Development	07 July 1977	0.58	-	-	0.58	-	-	-	-
26	Gujarat Foundation for Mental Health and Allied Sciences	Health and Family Welfare	29 April 2003	0.02	-	-	0.02	-	-	-	-
27	BISAG Satellite Communication	Science and Technology	23 August 2012	39.08	-	-	39.08	-	-	0.28	0.28
	Total A-II			55.87	-	0.21	56.08	66.01	-	34.70	100.71
	Total A (I+II)			1,850.98	762.14	102.59	2,715.71	151.72	87.68	733.81	973.21
	B Competitive Sector										
	I-Active Companies										
28	Gujarat Industrial Investment Corporation Limited	Industries and Mines	12 August 1968	256.97	-	-	256.97	90.64	-	-	90.64
29	Gujarat Ports Infrastructure and Development Company Limited	Ports and Transport	27 August 1982	-	-	18.00	18.00	-	-	-	-
30	Gujarat Growth Centres Development Corporation Limited	Industries and Mines	11 December 1992	15.00	21.35	-	36.35	-	-	-	-

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Equity at close of the year 2017-18				Loans outstanding at the close of the year 2017-18			
				GoG	GoI	Others	Total	GoG	GoI	Others	Total
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)
31	Gujarat State Road Development Corporation Limited	Roads and Building	12 May 1999	5.00	-	-	5.00	1.00	-	-	1.00
32	Gujarat Mineral Development Corporation Limited	Industries and Mines	15 May 1963	47.06	-	16.54	63.60	-	-	-	-
33	Gujarat State Petroleum Corporation Limited	Energy and Petrochemicals	29 January 1978	224.10	-	33.83	257.93	-	-	11,392.42	11,392.42
34	Alcock Ashdown (Gujarat) Limited	Industries and Mines	5 September 1994	14.50	-	36.50	51.00	133.50	-	55.54	189.04
35	GSPC (JPDA) Limited	Energy and Petrochemicals	13 October 2006	-	-	98.39	98.39	-	-	-	-
36	GSPC LNG Limited	Energy and Petrochemicals	27 February 2007	200.00	-	104.63	304.63	-	-	865.66	865.66
37	GSPC Offshore Limited	Energy and Petrochemicals	23 September 2015	-	-	0.05	0.05	-	-	-	-
38	GSPC Energy Limited	Energy and Petrochemicals	18 December 2015	-	-	0.05	0.05	-	-	-	-
39	Tourism Corporation of Gujarat Limited	Industries and Mines	10 June 1975	20.00	-	-	20.00	-	-	-	-
40	Gujarat Industrial and Technical Consultancy Limited	Industries and Mines	08 December 1978	-	-	0.20	0.20	-	-	-	-
41	Gujarat State Petronet Limited	Energy and Petrochemicals	23 December 1998	-	-	563.83	563.83	-	-	3,057.82	3,057.82
42	Gujarat Informatics Limited	Science and Technology	19 February 1999	17.06	-	1.45	18.51	8.59	-	-	8.59
43	Guj Info Petro Limited	Energy and Petrochemicals	15 January 2001	-	-	0.05	0.05	-	-	-	-
44	Dahej SEZ Limited	Industries and Mines	21 September 2004	-	-	46.05	46.05	-	-	-	-
45	Sabarmati Gas Limited	Energy and Petrochemicals	6 June 2006	-	-	20.00	20.00	-	-	55.28	55.28
46	Guj-Tour Development Company Limited	Industries and Mines	07 April 2011	18.40	-	-	18.40	-	-	-	-
47	GSPL India Gasnet Limited	Energy and Petrochemicals	13 October 2011	-	-	387.02	387.02	-	-	334.07	334.07
48	GSPL India Transco Limited	Energy and Petrochemicals	13 October 2011	-	-	381.00	381.00	-	-	-	-
49	Gujarat Gas Limited	Energy and Petrochemicals	30 March 2015	9.00	-	128.68	137.68	-	-	2,326.80	2,326.80
50	Gujarat Fibre Grid Network Limited	Science and Technology	30 September 2016	0.10	-	-	0.10	-	-	-	-
51	Gujarat ISP Services Limited	Science and Technology	05 December 2016	-	-	0.10	0.10	-	-	0.10	0.10
	Total B-I			827.19	21.35	1,836.37	2,684.91	233.73	-	18,087.69	18,321.42
	II-Active Statutory Corporations										
52	Gujarat State Warehousing Corporation	Agriculture and Co-operation	05 December 1960	2.00	-	2.00	4.00	-	-	-	-
53	Gujarat State Financial Corporation	Industries and Mines	01 May 1960	49.09	-	40.02	89.11	630.19	-	-	630.19
54	Gujarat Industrial Development Corporation	Industries and Mines	04 August 1962	-	-	-	-	-	-	-	-

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Equity at close of the year 2017-18				Loans outstanding at the close of the year 2017-18			
				GoG	GoI	Others	Total	GoG	GoI	Others	Total
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)
55	Gujarat State Road Transport Corporation	Ports and Transport	01 May 1960	3,103.46	106.28	-	3,209.74	2,821.58	17.86	-	2,839.44
	Total B-II			3,154.55	106.28	42.02	3,302.85	3,451.77	17.86	-	3,469.63
	III-Inactive Companies										
56	Infrastructure Finance Company Gujarat limited	Finance	3 February 2000	-	-	2.50	2.50	-	-	-	-
57	Gujarat Leather Industries Limited (under liquidation)	Industries and Mines	18 April 1978	-	-	1.50	1.50	2.06	-	-	2.06
58	Gujarat State Construction Corporation Limited	Roads and Buildings	16 December 1974	5.00	-	-	5.00	-	-	-	-
59	Gujarat State Textile Corporation Limited (under liquidation)	Industries and Mines	13 November 1968	46.46	-	-	46.46	587.88	-	0.67	588.55
60	Gujarat State Machine Tools Limited	Industries and Mines	15 February 1974	-	-	0.54	0.54	-	-	2.84	2.84
61	Gujarat Communications and Electronics Limited (under liquidation)	Industries and Mines	30 May 1975	12.45	-	-	12.45	0.90	-	8.69	9.59
62	Gujarat Trans-Receiver Limited	Industries and Mines	26 March 1981	-	-	0.29	0.29	-	-	0.55	0.55
63	Gujarat Fintex Limited (under liquidation, subsidiary of GSTC)	Industries and Mines	20 September 1992	-	-	₹ 200 Only	₹ 200 Only	-	-	0.01	0.01
64	Gujarat Siltex Limited (under liquidation, subsidiary of GSTC)	Industries and Mines	20 September 1992	-	-	₹ 200 Only	₹ 200 Only	-	-	0.01	0.01
65	Gujarat Texfab Limited (under liquidation, subsidiary of GSTC)	Industries and Mines	20 September 1992	-	-	₹ 200 Only	₹ 200 Only	-	-	0.01	0.01
66	Naini Coal Company Limited	Industries and Mines	09 October 2009	-	-	0.05	0.05	-	-	-	-
	Total B-III			63.91	-	4.88	68.79	590.84	-	12.78	603.62
	Total B (I+II+III)			4,045.65	127.63	1,883.27	6,056.55	4,276.34	17.86	18,100.47	22,394.67
C	Others										
	I-Active Companies										
67	Gujarat State Investments Limited	Finance	29 January 1988	1,042.77	-	-	1,042.77	560.00	-	-	560.00
68	Gujarat State Financial Services Limited	Finance	20 November 1992	106.28	-	-	106.28	-	-	2,166.41	2,166.41
69	Sardar Sarovar Narmada Nigam Limited	Narmada, Water Resources, Water Supply and Kalpsar	24 March 1988	57,059.10	-	-	57,059.10	-	-	3,421.56	3,421.56
70	Gujarat State Police Housing Corporation Limited	Home	01 November 1988	50.00	-	-	50.00	-	-	-	-
71	Gujarat Urban Development Company Limited	Urban Development and Urban Housing	27 May 1999	26.00	-	-	26.00	-	-	-	-

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Equity at close of the year 2017-18				Loans outstanding at the close of the year 2017-18			
				GoG	GoI	Others	Total	GoG	GoI	Others	Total
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)
72	Gujarat Water Infrastructure Limited	Narmada, Water Resources, Water Supply and Kalpsar	25 October 1999	155.02	-	-	155.02	-	-	-	-
73	Gujarat Industrial Corridor Corporation Limited	Industries and Mines	30 March 2009	10.00	-	-	10.00	-	-	-	-
74	Gujarat State Aviation Infrastructure Company Limited	Industries and Mines	07 July 2010	0.05	-	-	0.05	-	-	-	-
75	Dholera International Airport Company Limited	Industries and Mines	20 January 2012	50.00	-	4.39	54.39	-	-	-	-
76	Diamond Research and Mercantile City Limited	Urban Development and Urban Housing	10 July 2015	25.00	-	-	25.00	5.00	-	-	5.00
77	Dholera Industrial City Development Limited	Industries and Mines	28 January 2016	1,347.05	1,294.23	-	2,641.28	-	-	-	-
78	Gandhinagar Railway and Urban Development Corporation Limited	Industries and Mines	05 January 2017	22.20	7.80	-	30.00	-	-	-	-
79	Gujarat Rail Infrastructure Development Corporation Limited	Industries and Mines	06 January 2017	10.00	9.60	-	19.60	-	-	-	-
Total C-I				59,903.47	1,311.63	4.39	61,219.49	565.00	-	5,587.97	6,152.97
II-Inactive Companies											
80	GSFS Capital and Securities Limited (under liquidation)	Finance	03 March 1998	-	-	5.00	5.00	-	-	-	-
Total C-II				-	-	5.00	5.00	-	-	-	-
Total C (I+II)				59,903.47	1,311.63	9.39	61,224.49	565.00	-	5,587.97	6,152.97
Grand Total (A+B+C)				65,800.10	2,201.40	1,995.25	69,996.75	4,993.06	105.54	24,422.25	29,520.85

Annexure 4

Statement showing difference between Finance Accounts of Government of Gujarat and financial statements of SPSUs (excluding SPSUs of other than Power sector) in respect of balances of Equity and Guarantee as on 31 March 2018

(Referred to in paragraph 2.7)

(Figures in columns 3 to 8 are ₹ in crore)

Sl. No.	Name of SPSU	As per SPSU Records		As per Finance Account		(Difference)	
		Paid-up Capital	Guarantee Committed	Paid-up Capital	Guarantee Committed	Paid-up Capital	Guarantee Committed
1	2	3	4	5	6	7	8
1	Gujarat Agro Industries Corporation Limited	8.08	-	8.93	-	(0.85)	-
2	Gujarat Sheep and Wool Development Corporation Limited	2.28	-	3.67	-	(1.39)	-
3	Gujarat Industrial Investment Corporation Limited	256.98	-	218.99	125.69	37.99	(125.69)
4	Gujarat State Handloom and Handicrafts Development Corporation Limited	10.23	-	8.92	-	1.31	-
5	Gujarat Women Economic Development Corporation Limited	5.34	-	4.72	-	0.62	-
6	Gujarat Minorities Finance and Development Corporation Limited	19.09	-	10.66	36.22	8.43	(36.22)
7	Gujarat Gopalak Development Corporation Limited	17.30	5.11	10.50	5.11	6.80	-
8	Gujarat Safai Kamdar Vikas Nigam	14.09	-	5.00	15.00	9.09	(15.00)
9	Gujarat Thakor and Koli Vikas Nigam	13.10	26.50	9.70	26.50	3.40	-
10	Gujarat Livelihood Promotion Company Limited	0.05	-	-	-	0.05	-
11	Dr. Ambedkar Antyoday Development Corporation	5.00	-	-	-	5.00	-
12	Gujarat State Police Housing Corporation Limited	50.00	-	50.00	21.28	-	(21.28)
13	Gujarat Growth Centres Development Corporation Limited	15.00	-	35.28	-	(20.28)	-
14	Gujarat State Road Development Corporation Limited	5.00	-	-	-	5.00	-
15	Gujarat Industrial Corridor Corporation Limited	10.00	-	-	-	10.00	-
16	Gujarat Metro Rail Corporation Limited	1,567.00	-	1,412.00	-	155.00	-
17	Gujarat State Aviation Infrastructure Company Limited	0.05	-	-	-	0.05	-
18	Diamond Research and Mercantile City Limited	25.00	-	-	-	25.00	-
19	Dholera Industrial City Development Limited	1,347.05	-	-	-	1,347.05	-
20	Gujarat State Petroleum Corporation Limited	224.10	120.50	2,654.62	-	(2,430.52)	120.50
21	Alcock Ashdown (Gujarat) Limited	14.50	-	-	0.01	14.50	(0.01)
22	GSPC LNG Limited	200.00	-	300.00	-	(100.00)	-
23	Gujarat Water Resources Development Corporation Limited	31.49	-	25.96	-	5.53	-
24	Tourism Corporation of Gujarat Limited	20.00	-	14.92	-	5.08	-
25	Gujarat State Forest Development Corporation Limited	3.93	-	5.71	1.41	(1.78)	(1.41)

Sl. No.	Name of SPSU	As per SPSU Records		As per Finance Account		(Difference)	
		Paid-up Capital	Guarantee Committed	Paid-up Capital	Guarantee Committed	Paid-up Capital	Guarantee Committed
1	2	3	4	5	6	7	8
26	Gujarat State Civil Supplies Corporation Limited	70.00	-	1.22	4.20	68.78	(4.20)
27	Gujarat Informatics Limited	17.06	-	6.00	-	11.06	-
28	Gujarat Foundation for Mental Health and Allied Sciences	0.02	-	-	-	0.02	-
29	Guj-Tour Development Company Limited	18.40	-	-	-	18.40	-
30	Gujarat Medical Services Corporation Limited	2.50	-	-	-	2.50	-
31	Gujarat Gas Limited	9.00	-	50.00	-	(41.00)	-
32	Gujarat Fibre Grid Network Limited	0.10	-	-	-	0.10	-
33	Gujarat Rural Industries Marketing Corporation Limited	13.00	-	9.17	-	3.83	-
34	Sardar Sarovar Narmada Nigam Limited	57,059.10	49.41	56,508.19	1,408.93	550.91	(1,359.52)
35	Gujarat Water Infrastructure Limited	155.02	-	125.10	650.00	29.92	(650.00)
36	Gujarat State Warehousing Corporation	2.00	-	1.56	-	0.44	-
37	Gujarat State Financial Corporation	49.09	-	47.69	432.99	1.40	(432.99)
38	Gujarat Industrial Development Corporation	-	-	-	0.36	-	(0.36)
39	Gujarat State Road Transport Corporation	3,103.46	-	628.57	202.15	2,474.89	(202.15)
40	Gujarat Fisheries Development Corporation Limited	1.94	-	0.77	-	1.17	-
41	Gujarat Dairy Development Corporation Limited	10.46	-	7.74	1.69	2.72	(1.69)
42	Gujarat Small Industries Corporation Limited (under liquidation)	3.79	-	3.12	-	0.67	-
43	Gujarat State Construction Corporation Limited	5.00	-	5.00	4.02	-	(4.02)
44	Gujarat State Textile Corporation Limited (under liquidation)	46.46	-	18.37	10.64	28.09	(10.64)
Total		64,431.06	201.52	62,192.08	2,946.20	2,238.98	(2,744.68)

Annexure 5

Statement showing financial statements of SPSUs (excluding SPSUs of power sector) in arrears as on 30 September 2018

(Referred to in paragraph 2.8.1)

(Figures in columns 4 and 7 to 9 are ₹ in crore)

Sl. No.	Name of the Company	Last finalised FSs	Paid up Capital [#]	FSs in Arrears	No. of FSs in arrears	Investment made by State Government during the year of which FSs are in arrears		
						Equity	Loans	Grants
1	2	3	4	5	6	7	8	9
A	Active Government Companies							
1	Gujarat Agro Industries Corporation Limited	2015-16	8.08	2016-17 to 2017-18	2	-	-	-
2	Gujarat State Land Development Corporation Limited	2015-16	5.88	2017-18	2	-	-	668.58
				2016-17		-	-	-
3	Gujarat Sheep and Wool Development Corporation Limited	2015-16	4.31	2017-18	2	-	-	8.24
				2016-17		-	-	9.28
4	Gujarat Industrial Investment Corporation Limited	2016-17	256.98	2017-18	2*	-	10.51	-
5	Gujarat State Handloom and Handicrafts Development Corporation Limited	2014-15	12.06	2017-18	3	-	-	52.28
				2016-17		-	-	41.59
				2015-16		-	-	41.06
6	Gujarat Women Economic Development Corporation Limited	2014-15	7.02	2017-18	3	-	-	-
				2016-17		0.02	-	-
				2015-16		-	-	-
7	Gujarat Minorities Finance and Development Corporation Limited	2016-17	19.99	2017-18	1	-	-	-
8	Gujarat Gopalak Development Corporation Limited	2013-14	6.50	2017-18	4	0.50	4.00	0.75
				2016-17		3.40	-	-
				2015-16		3.40	-	1.15
				2014-15		3.50	-	-
9	Gujarat Safai Kamdar Vikas Nigam	2016-17	14.09	2017-18	1	-	-	-

Sl. No.	Name of the Company	Last finalised FSs	Paid up Capital [#]	FSs in Arrears	No. of FSs in arrears	Investment made by State Government during the year of which FSs are in arrears		
						Equity	Loans	Grants
1	2	3	4	5	6	7	8	9
10	Gujarat Thakor and Koli Vikas Nigam	2016-17	12.11	2017-18	1	1.00	6.75	0.75
11	Gujarat Livelihood Promotion Company Limited	2015-16	0.05	2016-17 to 2017-18	2	-	-	-
12	Dr. Ambedkar Antyodya Development Corporation	2014-15	2.00	2017-18	3	1.00	5.00	-
				2016-17		1.00	-	-
				2015-16		1.00	-	0.25
13	Gujarat Nomadic and Denotified Tribes Development Corporation	2016-17	2.00	2017-18	1	1.00	5.00	0.40
14	Sardar Sarovar Narmada Nigam Limited	2016-17	52,338.32	2017-18	1	4,720.79	-	-
15	Gujarat Growth Centres Development Corporation Limited	2016-17	36.35	2017-18	1	-	-	-
16	Gujarat Urban Development Company Limited	2016-17	26.00	2017-18	1	-	-	-
17	Gujarat Water Infrastructure Limited	2016-17	155.02	2017-18	1	-	-	693.00
18	Gujarat Industrial Corridor Corporation Limited	2016-17	10.00	2017-18	1	-	-	-
19	Gujarat State Aviation Infrastructure Company Limited	2015-16	0.05	2016-17 to 2017-18	2	-	-	-
20	Dholera Industrial City Development Limited	2016-17	2,007.14	2017-18	1	323.41	-	-
21	Gandhinagar Railway and Urban Development Corporation Limited ^s	\$		January 2017 to 31 March 2018	1	22.12	-	60.00
22	Gujarat Rail Infrastructure Development Corporation Limited ^s	\$		January 2017 to 31 March 2018	1	10.00	-	10.00
23	GSPC (JPDA) Limited	2016-17	98.39	2017-18	1	-	-	-
24	Gujarat Water Resources Development Corporation Limited	2014-15	31.49	2015-16 to 2017-18	3	-	-	-
25	Gujarat State Forest Development Corporation Limited	2016-17	6.32	2017-18	1	-	-	-
26	Gujarat Rural Industries Marketing Corporation Limited	2016-17	13.00	2017-18	1	-	-	1.34
27	Gujarat State Civil Supplies Corporation Limited	2016-17	70.00	2017-18	1	-	-	476.61
28	Gujarat Informatics Limited	2015-16	18.51	2017-18	2	-	-	86.69
				2016-17		-	-	307.69

Sl. No.	Name of the Company	Last finalised FSs	Paid up Capital [#]	FSs in Arrears	No. of FSs in arrears	Investment made by State Government during the year of which FSs are in arrears		
						Equity	Loans	Grants
1	2	3	4	5	6	7	8	9
29	Dahej SEZ Limited	2016-17	46.05	2017-18	1	-	-	-
30	Guj-Tour Development Company Limited	2016-17	18.40	2017-18	1	-	-	-
31	Gujarat Medical Services Corporation Limited	2016-17	2.50	2017-18	1	-	-	29.00
32	Sarigam Clean Initiative	2016-17	16.66	2017-18	1	-	-	-
33	Gujarat Fibre Grid Network Limited	2016-17	0.10	2017-18	1	-	-	-
34	Gujarat ISP Services Limited	2016-17	0.10	2017-18	1	-	-	-
Total A (Active Government Companies)			55,245.48		52	5,092.14	31.26	2,488.66
B	Active Statutory Corporations							
35	Gujarat State Warehousing Corporation	2014-15	4.00	2015-16 to 2017-18	3	-	-	-
36	Gujarat Industrial Development Corporation	2016-17	0.00	2017-18	1	-	-	132.00
37	Gujarat State Road Transport Corporation	2015-16	2,104.91	2017-18	2	573.83	68.69	668.10
				2016-17		531.00	-	-
Total B (Active Statutory Corporations)			2,108.91		6	1,104.83	68.69	800.10
Grand Total (A + B)			57,354.39		58	6,196.97	99.95	3,288.76
C	Inactive Government Companies							
38	Gujarat Fisheries Development Corporation Limited	1998-99	1.94	1999-00 to 2017-18	19	-	-	-
39	Gujarat Small Industries Corporation Limited (under liquidation)	2006-07	4.00	2007-08 to 2017-18	11	-	-	-
40	Gujarat Leather Industries Limited (under liquidation)	2001-02	1.50	2002-03 to 2017-18	16	-	-	-
41	GSFS Capital and Securities Limited (under liquidation)	2013-14	5.00	2014-15 to 2017-18	4	-	-	-
42	Infrastructure Finance Company Gujarat Limited	2010-11	2.50	2011-12 to 2017-18	7	-	-	-
43	Gujarat State Construction Corporation Limited	2015-16	5.00	2016-17 to 2017-18	2	-	-	-
44	Gujarat State Rural Development Corporation Limited	2014-15	0.58	2015-16 to 2017-18	3	-	-	-
45	Gujarat State Textile Corporation Limited (under liquidation)	1996-97	46.46	1997-98 to 2017-18	21	-	-	-
46	Gujarat State Machine Tools Limited	2016-17	0.54	2017-18 to 2017-18	1	-	-	-

Sl. No.	Name of the Company	Last finalised FSs	Paid up Capital [#]	FSs in Arrears	No. of FSs in arrears	Investment made by State Government during the year of which FSs are in arrears		
						Equity	Loans	Grants
1	2	3	4	5	6	7	8	9
47	Gujarat Communications and Electronics Limited (under liquidation)	2000-01	12.45	2001-02 to 2017-18	17	-	-	-
48	Gujarat Trans-Receivers Limited	2016-17	0.29	2017-18	1	-	-	-
49	Gujarat Fintex Limited (under liquidation, subsidiary of GSTC)	1994-95	₹ 200 only	1995-96 to 2017-18	23	-	-	-
50	Gujarat Siltex Limited (under liquidation, subsidiary of GSTC)	1994-95	₹ 200 only	1995-96 to 2017-18	23	-	-	-
51	Gujarat Texfab Limited (under liquidation, subsidiary of GSTC)	1994-95	₹ 200 only	1995-96 to 2017-18	23	-	-	-
52	Naini Coal Company Limited	2011-12	0.05	2012-13 to 2017-18	6	-	-	-
53	Gujarat Foundation for Mental Health and Allied Sciences	2010-11	0.02	2011-12 to 2017-18	7	-	-	-
54	BISAG Satellite Communication	2014-15	39.08	2015-16 to 2017-18	3	-	-	-
Total C (Arrears inactive Government Companies)			119.41		187	-	-	-
Grand Total (A+B+C)			57,473.80		245	6,196.97	99.95	3,288.76

FSs= Financial Statements.

The annexure has been prepared on the basis of information provided by the SPSUs

\$ Gandhinagar Railway and Urban Development Corporation Limited and Gujarat Rail Infrastructure Development Corporation Limited have not submitted any financial statements since its incorporation *i.e.* 05 January 2017 and 06 January 2017 respectively.

Paid up capital includes share application money pending allotment.

* This includes one consolidated financial statement.

Annexure 6

Summarised financial position and working results of SPSUs (excluding SPSUs of Power sector) as per their latest finalised financial statements

(Referred to in paragraph 2.11, 2.17 and 2.22)

(Figures in columns 5 to 13 are ₹ in crore)

Sl. No.	Sector & Name of the Company	Period of FSs	Year in which finalised	Paid up Capital [#]	Paid up capital excluding application money pending allotment	Accumulated Profit/ (loss) (A)	Free reserves	Net Worth (F)	Turnover (B)	Net Profit/ (loss) before Interest and Tax	Net profit/ (loss) after Tax	Capital employed (C)
1	2	3	4	5	6	7	8	9	10	11	12	13
A	Social Sector											
Active Companies												
1	Gujarat Agro Industries Corporation Limited	2015-16	2017-18	8.08	8.08	78.59	-	86.67	381.96	48.90	30.21	106.67
2	Gujarat State Seeds Corporation Limited	2017-18	2018-19	3.93	3.93	-	199.49	203.42	163.73	18.56	11.33	203.42
3	Gujarat State Land Development Corporation Limited	2015-16	2017-18	5.88	5.88	(110.89)	-	(105.01)	514.52	2.00	0.05	(43.06)
4	Gujarat Sheep and Wool Development Corporation Limited	2015-16	2018-19	4.31	4.31	1.22	-	5.53	1.26	1.70	1.10	5.53
5	Gujarat State Handloom and Handicrafts Development Corporation Limited	2014-15	2017-18	12.06	12.06	(56.71)	-	(44.65)	17.85	0.86	(0.91)	(37.65)
6	Gujarat Women Economic Development Corporation Limited ^s	2014-15	2018-19	7.02	7.02	-	-	7.02	-	-	\$	7.02
7	Gujarat Minorities Finance and Development Corporation Limited	2016-17	2017-18	19.99	19.09	(8.26)	-	10.83	4.84	0.53	(0.08)	44.24
8	Gujarat Gopalak Development Corporation Limited	2013-14	2017-18	6.50	6.50	2.49	0.03	9.02	0.68	(0.02)	(0.02)	27.20
9	Gujarat Safai Kamdar Vikas Nigam	2016-17	2018-19	14.09	14.09	-	34.48	48.57	5.62	4.89	4.97	137.41
10	Gujarat Thakor and Koli Vikas Nigam	2016-17	2017-18	12.11	12.11	11.12	-	23.23	2.18	2.98	2.06	57.68
11	Gujarat Livelihood Promotion Company Limited	2015-16	2017-18	0.05	0.05	0.27	-	0.32	-	0.05	0.03	0.32
12	Dr. Ambedkar Antyodaya Development Corporation	2014-15	2016-17	2.00	2.00	0.18	-	2.18	-	0.04	0.02	2.18
13	Gujarat Nomadic and Denotified Tribes Development Corporation	2016-17	2017-18	2.00	2.00	0.45	-	2.45	0.33	0.06	(0.03)	8.47
14	Gujarat Metro Rail Corporation Limited	2017-18	2018-19	2,318.21	2,318.21	(66.43)	-	2,251.78	-	16.87	(104.48)	2,852.71
15	Gujarat Water Resources Development Corporation Limited	2014-15	2017-18	31.49	31.49	(27.38)	-	4.11	54.33	0.26	0.26	4.11
16	Gujarat State Forest Development Corporation Limited	2016-17	2017-18	6.32	6.32	48.48	0.18	54.98	29.91	13.36	8.46	54.98
17	Gujarat Rural Industries Marketing Corporation Limited	2016-17	2017-18	13.00	13.00	21.01	0.92	34.93	127.13	6.49	4.32	34.93
18	Gujarat State Civil Supplies Corporation Limited	2016-17	2017-18	70.00	70.00	16.21	-	86.21	1,861.51	11.68	5.90	86.21

Sl. No.	Sector & Name of the Company	Period of FSs	Year in which finalised	Paid up Capital [#]	Paid up capital excluding application money pending allotment	Accumulated Profit/ (loss) (A)	Free reserves	Net Worth (F)	Turnover (B)	Net Profit/ (loss) before Interest and Tax	Net profit/ (loss) after Tax	Capital employed (C)
1	2	3	4	5	6	7	8	9	10	11	12	13
19	Gujarat Medical Services Corporation Limited	2016-17	2017-18	2.50	2.50	2.77	-	5.27	3.71	0.36	0.25	5.27
20	Narmada Clean Tech	2017-18	2018-19	85.57	85.57	(29.58)	-	55.99	51.03	(1.72)	(3.85)	87.48
21	Sarigam Clean Initiative	2016-17	2017-18	16.66	16.66	(0.86)	-	15.80	7.74	0.07	0.06	15.80
Total				2,641.77	2,640.87	(117.32)	235.10	2,758.65	3,228.33	127.92	(40.35)	3,660.92
Inactive Companies												
22	Gujarat Fisheries Development Corporation Limited	1998-99	2002-03	1.94	1.94	4.01	-	5.95	28.13	(0.90)	1.20	0.87
23	Gujarat Dairy Development Corporation Limited	2017-18	2018-19	10.46	10.46	(123.41)	-	(112.95)	-	(0.44)	(0.44)	(37.60)
24	Gujarat Small Industries Corporation Limited (under liquidation)	2006-07	2007-08	4.00	4.00	(74.93)	-	(70.93)	-	(0.31)	6.93	3.21
25	Gujarat State Rural Development Corporation Limited	2014-15	2015-16	0.58	0.58	(0.70)	-	(0.12)	-	0.69	0.63	(0.12)
26	Gujarat Foundation for Mental health and Allied Sciences ^β	2010-11	2013-14	0.02	0.02	-	-	0.02	-	-	β	0.02
27	BISAG Satellite Communication	2014-15	2015-16	39.08	39.08	6.70	-	45.78	-	3.78	3.78	46.05
Total				56.08	56.08	(188.33)	-	(132.25)	28.13	2.82	12.10	12.43
Sector wise Total				2,697.85	2,696.95	(305.65)	235.10	2,626.40	3,256.46	130.74	(28.25)	3,673.35
B	Competitive Sector											
Active Companies												
28	Gujarat Industrial Investment Corporation Limited	2016-17	2017-18	256.98	256.98	(69.86)	-	187.12	27.78	39.85	31.79	271.33
29	Gujarat Ports Infrastructure and Development Company Limited	2017-18	2018-19	18.00	18.00	10.53	-	28.53	-	0.23	(0.39)	28.53
30	Gujarat Growth Centres Development Corporation Limited	2016-17	2017-18	36.35	36.35	(0.38)	-	35.97	-	(0.09)	(0.09)	35.97
31	Gujarat State Road Development Corporation Limited	2017-18	2018-19	5.00	5.00	11.18	-	16.18	32.13	1.83	1.25	17.18
32	Gujarat Mineral Development Corporation Limited	2017-18	2018-19	63.60	63.60	1,198.52	2,719.29	3,981.41	2,069.97	558.55	434.60	3,981.41
33	Gujarat State Petroleum Corporation Limited	2017-18	2018-19	257.93	257.93	(15,791.82)	7,332.94	(8,200.95)	10,725.54	110.17	(1,564.64)	2,756.84
34	Alcock Ashdown (Gujarat) Limited	2017-18	2018-19	51.00	51.00	(536.86)	-	(485.86)	-	(6.12)	(32.86)	(296.82)
35	GSPC (JPDA) Limited	2016-17	2017-18	98.39	98.39	(137.55)	-	(39.16)	-	(0.06)	(0.06)	(39.16)
36	GSPC LNG Limited	2017-18	2018-19	304.63	154.63	23.56	-	178.19	-	10.70	6.97	1,043.85
37	GSPC Offshore Limited	2017-18	2018-19	0.05	0.05	(0.35)	-	(0.30)	-	(0.01)	(0.01)	(0.30)
38	GSPC Energy Limited	2017-18	2018-19	0.05	0.05	0.17	-	0.22	35.85	0.23	0.17	0.22

Sl. No.	Sector & Name of the Company	Period of FSs	Year in which finalised	Paid up Capital ⁱⁱ	Paid up capital excluding application money pending allotment	Accumulated Profit/ (loss) (A)	Free reserves	Net Worth (F)	Turnover (B)	Net Profit/ (loss) before Interest and Tax	Net profit/ (loss) after Tax	Capital employed (C)
1	2	3	4	5	6	7	8	9	10	11	12	13
39	Tourism Corporation of Gujarat Limited	2017-18	2018-19	20.00	20.00	221.28	-	241.28	63.12	61.62	39.76	241.32
40	Gujarat Industrial and Technical Consultancy Limited	2017-18	2018-19	0.20	0.20	3.45	-	3.65	5.78	1.22	0.81	3.65
41	Gujarat State Petronet Limited	2017-18	2018-19	563.83	563.83	4,080.14	416.10	5,060.07	1,331.75	1,046.22	668.43	6,819.55
42	Gujarat Informatics Limited	2015-16	2016-17	18.51	18.51	113.20	-	131.71	8.37	28.68	6.30	140.30
43	Guj Info Petro Limited	2017-18	2018-19	0.05	0.05	22.09	27.27	49.41	12.57	3.43	2.49	49.41
44	Dahej SEZ Limited	2016-17	2017-18	46.05	46.05	142.75	-	188.80	53.58	43.29	31.11	188.80
45	Sabarmati Gas Limited	2017-18	2018-19	20.00	20.00	226.29	145.67	391.96	839.87	120.22	74.54	430.46
46	Guj-Tour Development Company Limited	2016-17	2017-18	18.40	18.40	5.19	-	23.59	-	1.73	1.16	23.59
47	GSPL India Gasnet Limited	2017-18	2018-19	387.02	387.02	6.60	-	393.62	-	1.39	0.90	727.69
48	GSPL India Transco Limited	2017-18	2018-19	381.00	381.00	7.05	-	388.05	-	2.01	1.35	388.05
49	Gujarat Gas Limited	2017-18	2018-19	137.68	137.68	939.05	2.72	1,079.45	6,339.35	658.92	291.36	3,292.44
50	Gujarat Fibre Grid Network Limited	2016-17	2017-18	0.10	0.10	(0.03)	-	0.07	-	(0.02)	(0.03)	0.07
51	Gujarat ISP Services Limited	2016-17	2017-18	0.10	0.10	(0.03)	-	0.07	-	(0.02)	(0.02)	0.17
Total				2,684.92	2,534.92	(9,525.83)	10,643.99	3,653.08	21,545.66	2,683.97	(5.11)	20,104.55
Active Statutory Corporations												
52	Gujarat State Warehousing Corporation	2014-15	2016-17	4.00	4.00	3.95	0.98	8.93	14.46	5.85	3.91	13.16
53	Gujarat State Financial Corporation	2017-18	2018-19	89.11	89.11	(2,572.43)	95.10	(2,388.22)	6.46	10.45	(115.53)	769.69
54	Gujarat Industrial Development Corporation*	2016-17	2017-18	-	-	1,785.11	-	1,785.11	791.26	293.38	293.38	11,434.30
55	Gujarat State Road Transport Corporation	2015-16	2017-18	2,104.91	2,104.91	(2,986.34)	-	(881.43)	2,495.85	(263.69)	(253.89)	2,005.43
Total				2,198.02	2,198.02	(3,769.71)	96.08	(1,475.61)	3,308.03	45.99	(72.13)	14,222.58
Inactive Companies												
56	Infrastructure Finance Company Gujarat Limited	2010-11	2016-17	2.50	2.50	(0.66)	-	1.84	--	0.10	-	1.84
57	Gujarat Leather Industries Limited (under liquidation)	2001-02	2002-03	1.50	1.50	(6.67)	-	(5.17)	-	-	-	-
58	Gujarat State Construction Corporation Limited	2015-16	2016-17	5.00	5.00	(48.82)	-	(43.82)	-	0.07	-	9.58
59	Gujarat State Textile Corporation Limited (under liquidation)	1996-97	1997-98	46.46	46.46	-	-	46.46	-	-	-	-
60	Gujarat State Machine Tools Limited	2016-17	2017-18	0.54	0.54	(3.17)	-	(2.63)	-	(0.08)	(0.08)	0.21

Sl. No.	Sector & Name of the Company	Period of FSs	Year in which finalised	Paid up Capital [#]	Paid up capital excluding application money pending allotment	Accumulated Profit/ (loss) (A)	Free reserves	Net Worth (F)	Turnover (B)	Net Profit/ (loss) before Interest and Tax	Net profit/ (loss) after Tax	Capital employed (C)
1	2	3	4	5	6	7	8	9	10	11	12	13
61	Gujarat Communications and Electronics Limited (under liquidation)	2000-01	2001-02	12.45	12.45	(104.74)	-	(92.29)	5.57	(34.13)	-	-
62	Gujarat Trans-Receiver Limited	2016-17	2017-18	0.29	0.29	(6.06)	-	(5.77)	-	-	-	(2.20)
63	Gujarat Fintex Limited (under liquidation, subsidiary of GSTC)	1994-95	1995-96	₹ 200 only	₹ 200 only	-	-	-	-	-	-	-
64	Gujarat Siltex Limited (under liquidation, subsidiary of GSTC)	1994-95	1995-96	₹ 200 only	₹ 200 only	-	-	-	-	-	-	-
65	Gujarat Texfab Limited (under liquidation, subsidiary of GSTC)	1994-95	1995-96	₹ 200 only	₹ 200 only	6.04	-	6.04	-	-	-	-
66	Naini Coal Company Limited	2011-12	2013-14	0.05	0.05	0.05	-	0.10	-	0.10	-	0.10
Total				68.79	68.79	(164.03)	-	(95.24)	5.57	(33.94)	(0.08)	9.53
Sector wise Total (B)				4,951.73	4,801.73	(13,459.57)	10,740.07	2,082.23	24,859.26	2,696.02	(77.32)	34,336.66
C	Others											
Active Companies												
67	Gujarat State Investments Limited	2017-18	2018-19	1,042.77	1,042.77	812.80	-	1,855.57	76.76	75.46	72.82	2,415.57
68	Gujarat State Financial Services Limited	2017-18	2018-19	106.28	106.28	819.59	27.08	952.95	2,143.21	2,115.54	94.81	3,185.23
69	Sardar Sarovar Narmada Nigam Limited	2016-17	2017-18	52,338.32	49,876.68	(1,918.41)	-	47,958.27	570.60	(891.80)	(1,075.80)	49,808.24
70	Gujarat State Police Housing Corporation Limited ^{##}	2017-18	2018-19	50.00	50.00	-	-	50.00	1.68	-	##	50.00
71	Gujarat Urban Development Company Limited	2016-17	2017-18	26.00	26.00	34.24	-	60.24	-	1.27	0.82	60.24
72	Gujarat Water Infrastructure Limited	2016-17	2017-18	155.02	149.60	(338.68)	-	(189.08)	408.07	(137.53)	(137.55)	(189.08)
73	Gujarat Industrial Corridor Corporation Limited	2016-17	2017-18	10.00	10.00	(1.30)	-	8.70	-	(0.35)	(0.35)	8.70
74	Gujarat State Aviation Infrastructure Company Limited	2015-16	2017-18	0.05	0.05	0.06	-	0.11	0.06	(0.02)	(0.02)	0.11
75	Dholera International Airport Company Limited	2017-18	2018-19	54.39	54.39	12.02	-	66.41	-	3.19	2.44	66.41
76	Diamond Research and Mercantile City Limited [@]	2017-18	2018-19	50.00	50.00	3.99	-	53.99	-	5.45	3.99	58.99
77	Dholera Industrial City Development Limited	2016-17	2017-18	2,007.14	2,007.14	44.40	-	2,051.54	-	69.32	45.83	2,051.54
78	Gandhinagar Railway and Urban Development Corporation Limited [¥]	¥	¥	¥	¥	¥	-	¥	¥	-	¥	¥
79	Gujarat Rail Infrastructure Development Corporation Limited [¥]	¥	¥	¥	¥	¥	-	¥	¥	-	¥	¥

Sl. No.	Sector & Name of the Company	Period of FSs	Year in which finalised	Paid up Capital [#]	Paid up capital excluding application money pending allotment	Accumulated Profit/ (loss) (A)	Free reserves	Net Worth (F)	Turnover (B)	Net Profit/ (loss) before Interest and Tax	Net profit/ (loss) after Tax	Capital employed (C)
1	2	3	4	5	6	7	8	9	10	11	12	13
Total				55,839.97	53,372.91	531.29	27.08	52,868.70	3,200.38	1,240.53	(993.01)	57,515.95
Inactive Companies												
80	GSFS Capital and Securities Limited (under liquidation)	2013-14	2014-15	5.00	5.00	9.05	-	14.05	1.18	-	-	15.01
Total				5.00	5.00	9.05	-	14.05	1.18	-	-	15.01
Sector wise Total (C)				55,844.97	53,377.91	(522.24)	27.08	52,882.75	3,201.56	1,240.53	(993.01)	57,530.96
Grand Total (A+B+C)				63,494.55	60,876.59	(14,287.46)	11,002.25	57,591.38	31,317.28	4,067.29	(1,098.58)	95,540.97

(A) Accumulated Profit/ Loss represent the surplus/ deficit of Statement of Profit and Loss as depicted in the Balance Sheet. The profit/ loss derived from other comprehensive income of Ind. AS companies have not been considered.

(B) The turnover of the Company represents the main source of income of the SPSUs based on the nature of activity undertaken. It represents the revenue from operations.

(C) Capital employed in case of Companies/ Corporation preparing their financial statements based on Revised Schedule VI of the Companies Act, 2013 is the sum of "Shareholders' Funds" and "Long Term Borrowings". However, the Shareholders' Funds here do not include Share Application money. In addition, Long Term Borrowings do not include debts maturing within 12 months. In case of Companies' Corporation preparing their financial statements based on old Schedule VI, Capital Employed is "Net fixed Assets including Capital works in progress plus working capital".

(D) In case of Companies at Sl. No. A-14, A-66, B-32, B-33, B-35, B-36, B-37, B-38, B-41, B-43, B-44, B-45, B-47, B-48, B-49 and C-69, the Companies have prepared their financial statements as per Ind. AS. Therefore, for the purpose of comparison with other companies, reserves representing unrealised gains/losses and other equity instruments through other comprehensive income have not been considered for capital employed.

(E) Sl. No. A-12, A-15, A-18, A-22, A-24, A-25, A-26, A-27, B-35, B-42, B-52, B-54, B-56, B-57, B-58, B-59, B-61, B-63, B-64, B-65, B-66, C-74, C-78, C-79 and C-80 did not submit any financial statements during 1st October 2017 to 30 September 2018. Hence, figures as per last year report have been incorporated.

(F) Net worth represents paid up capital excluding share application money pending allotment plus accumulated profit/ loss *plus* free reserve.

\$ Excess of expenditure over income adjusted against capital reserve and non-plan grant by Company (Sl. No. A-6).

Paid up capital includes share application money pending allotment.

Neither profit nor loss is shown by the Company as excess of expenditure over income are transferred to works completed (Sl. No. C-70).

¥ In case of C-78 and C-79 accounts not finalised from date of incorporation to 31 March 2018.

β Expenditure incurred set off from grants income taken to Statement of Profit and Loss (Sl. No. A-26).

* GoG made capital contribution in the form of loan, hence, paid-up capital is Nil. However, even the loans have now been repaid (Sl. No. B-54).

Annexure 7

Statement showing Government of Gujarat funds infused in SPSUs (excluding SPSUs of Power Sector) until 31 March 2018

(Referred to in paragraph 2.15)

(Figures in columns 4 to 17 are ₹ in crore)

Sl. No.	Name of Public Sector Undertaking	Nature of Infusion	Up to 2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
A Social Sector																
1	Gujarat Agro Industries Corporation Limited	Equity	8.08	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Gujarat State Seeds Corporation Limited	Equity	2.95	0.10	0.10	0.10	-	0.20	0.10	0.10	0.10	-	-	-	-	-
3	Gujarat State Land Development Corporation Limited	Equity	5.87	-	0.0035	0.0020	-	0.0020	0.0020	0.0020	-	-	-	-	-	-
4	Gujarat Sheep and Wool Development Corporation Limited	Equity	2.28	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Gujarat State Handloom and Handicrafts Development Corporation Limited	Equity	10.23	-	-	-	-	-	-	-	-	-	-	-	-	-
		IFL	4.00	-	-	-	-	-	-	-	-	-	-	-	-	-
		Repayment to GoG	-	-	-	0.14	0.15	0.02	0.29	0.38	1.87	0.15	0.17	0.13	0.55	0.15
6	Gujarat Women Economic Development Corporation Limited	Equity	5.32	-	-	-	-	-	-	-	-	-	-	-	0.02	-
7	Gujarat Minorities Finance and Development Corporation Limited	Equity	1.35	0.20	-	3.20	3.65	1.60	-	-	-	-	-	9.09	-	-
		IFL	3.40	-	1.71	1.45	0.77	0.70	0.50	1.50	1.50	1.50	1.50	1.50	1.50	7.50
8	Gujarat Gopalak Development Corporation Limited	Equity	0.35	0.25	0.50	0.75	0.75	0.75	0.75	0.90	1.50	-	3.50	3.40	3.40	0.50
9	Gujarat Safai Kamdar Vikas Nigam	Equity	1.00	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	-	-	9.09	-	-
10	Gujarat Thakor and Koli Vikas Nigam	Equity	0.20	0.20	0.30	0.40	1.00	-	0.75	0.85	1.35	0.85	0.90	4.30	1.00	1.00
		IFL	-	0.05	0.05	0.30	0.50	0.50	0.50	0.55	0.30	0.60	0.60	0.60	0.75	0.75
11	Gujarat Livelihood Promotion Company Limited	Equity	-	-	-	-	-	-	0.05	-	-	-	-	-	-	-
12	Dr. Ambedkar Antyodaya Development Corporation	Equity	-	-	-	-	-	-	-	-	-	-	2.00	1.00	1.00	1.00
13	Gujarat Nomadic and Denotified Tribes Development Corporation	Equity	-	-	-	-	-	-	-	-	-	-	-	1.00	1.00	1.00
14	Gujarat Metro Rail Corporation Limited	Equity	-	-	-	-	-	-	-	50.00	500.00	550.00	150.00	162.00	-	155.00
		IFL	-	-	-	-	-	-	-	-	-	-	150.00	267.00	108.00	155.00
15	Gujarat Water Resources Development Corporation Limited	Equity	31.49	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Gujarat State Forest Development Corporation Limited	Equity	3.93	-	-	-	-	-	-	-	-	-	-	-	-	-
		IFL	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Sl. No.	Name of Public Sector Undertaking	Nature of Infusion	Up to 2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
17	Gujarat Rural Industries Marketing Corporation Limited	Equity	9.17	-	-	-	-	-	-	-	-	-	3.83	-	-	-
18	Gujarat State Civil Supplies Corporation Limited	Equity	10.00	-	-	-	-	-	-	-	-	-	-	-	60.00	-
19	Gujarat Medical Services Corporation Limited	Equity	-	-	-	-	-	-	-	-	2.50	-	-	-	-	-
20	Gujarat Fisheries Development Corporation Limited	Equity	1.94	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Gujarat Dairy Development Corporation Limited	Equity	10.46	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Gujarat Small Industries Corporation Limited (under liquidation)	Equity	3.79	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Gujarat State Rural Development Corporation Limited	Equity	0.58	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Gujarat Foundation for Mental health and Allied Sciences	Equity	-	-	-	-	-	-	0.02	-	-	-	-	-	-	-
25	BISAG Satellite Communication	Equity	-	-	-	-	-	-	-	-	30.00	8.08	1.00	-	-	-
Total (A)		Equity	108.99	1.25	1.40	4.95	5.90	3.05	2.17	52.35	535.95	558.93	161.23	189.88	66.42	158.50
		IFL	7.40	0.05	1.76	1.75	1.27	1.20	1.00	2.05	1.80	2.10	152.10	269.10	116.25	161.25
		Repayment to GoG	-	-	-	0.14	0.15	0.02	0.29	0.38	1.87	0.15	0.17	0.13	0.55	0.15
		Balance IFL	7.40	7.45	9.21	10.82	11.94	13.12	13.83	15.50	15.43	17.38	169.31	438.28	553.98	715.08
B	Competitive Environment Sector															
1	Gujarat Industrial Investment Corporation Limited	Equity	256.97	-	-	-	-	-	-	-	-	-	-	-	-	-
		IFL	-	-	-	-	-	-	-	60.50	-	19.63	-	-	-	-
2	Gujarat Growth Centres Development Corporation Limited	Equity	15.00	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Gujarat State Road Development Corporation Limited	Equity	6.00	-	-	-	-	-	-	(1.00) ^a	-	-	-	-	-	-
4	Gujarat Mineral Development Corporation Limited	Equity	23.53	-	-	-	23.53	-	-	-	-	-	-	-	-	-
5	Gujarat State Petroleum Corporation Limited	Equity	100.36	-	-	-	100.36	-	-	-	6.17	7.91	3.82	5.48	-	-
6	Alcock Ashdown (Gujarat) Limited	Equity	12.00	-	-	3.50	-	-	-	-	-	(1.00) ^a	-	-	-	-
7	GSPC LNG Limited	Equity	-	-	-	-	-	-	-	-	-	50.00	150.00	-	-	-
8	Tourism Corporation of Gujarat Limited	Equity	20.00	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Gujarat Informatics Limited	Equity	17.06	-	-	-	-	-	-	-	-	-	-	-	-	-
		IFL	24.00	-	-	-	-	-	-	-	-	-	-	-	-	-

Sl. No.	Name of Public Sector Undertaking	Nature of Infusion	Up to 2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
		Repayment to GoG	10.25	-	-	2.47	0.40	0.08	-	1.38	0.83	-	-	-	-	-	
10	Guj-Tour Development Company Limited	Equity	-	-	-	-	-	-	-	0.01	-	18.39	-	-	-	-	
11	Gujarat Fibre Grid Network Limited	Equity	-	-	-	-	-	-	-	-	-	-	-	-	0.10	-	
12	Gujarat Gas Limited	Equity	-	-	-	-	-	2.77	-	5.68	-	0.55	-	-	-	-	
13	Gujarat State Warehousing Corporation	Equity	2.00	-	-	-	-	-	-	-	-	-	-	-	-	-	
14	Gujarat State Financial Corporation	Equity	49.09	-	-	-	-	-	-	-	-	-	-	-	-	-	
15	Gujarat State Road Transport Corporation	Equity	502.37	17.69	33.00	15.00	15.00	15.00	15.00	15.00	25.00	600.00	386.62	358.95	531.00	573.83	
16	Gujarat State Construction Corporation Limited	Equity	5.00	-	-	-	-	-	-	-	-	-	-	-	-	-	
17	Gujarat State Textile Corporation Limited (under liquidation)	Equity	46.46	-	-	-	-	-	-	-	-	-	-	-	-	-	
18	Gujarat Communications and Electronics Limited (under liquidation)	Equity	12.45	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total (B)		Equity	1,068.29	17.69	33.00	18.50	138.89	17.77	15.00	19.69	31.17	675.85	540.44	364.43	531.10	573.83	
		IFL	24.00	-	-	-	-	-	-	-	60.50	-	19.63	-	-	-	-
		Repayment to GoG	10.25	-	-	2.47	0.40	0.08	-	-	1.38	0.83	-	-	-	-	-
		Balance IFL	13.75	13.75	13.75	11.28	10.88	10.80	10.80	69.92	69.09	88.72	88.72	88.72	88.72	88.72	88.72
C	Other Sector																
1	Gujarat State Investments Limited	Equity	442.77	-	-	-	-	-	-	-	600.00	-	-	-	-	-	
		IFL	-	-	-	0.43	-	29.75	512.25	85.00	7.28	8.87	550.00	54.85	-	60.00	
		Repayment to GoG	-	-	-	-	-	-	-	-	-	-	-	368.58	-	200.00	179.85
2	Gujarat State Financial Services Limited	Equity	26.28	-	-	-	10.00	-	-	50.00	-	-	-	-	-	20.00	
3	Sardar Sarovar Narmada Nigam Limited	Equity	12,129.70	1,466.89	2,520.19	2,373.07	5,229.35	2,193.00	2,191.54	3,164.18	4,827.96	3,920.94	4,112.70	4,105.07	4,103.72	4,720.79	
4	Gujarat State Police Housing Corporation Limited	Equity	50.00	-	-	-	-	-	-	-	-	-	-	-	-	-	
5	Gujarat Urban Development Company Limited	Equity	20.93	-	0.10	0.10	0.10	4.77	-	-	-	-	-	-	-	-	
6	Gujarat Water Infrastructure Limited	Equity	59.92	10.00	10.00	10.00	10.00	10.00	10.00	10.00	0.10	10.00	5.00	5.00	5.00	-	
7	Gujarat Industrial Corridor Corporation Limited	Equity	-	-	-	-	10.00	-	-	-	-	-	-	-	-	-	
8	Gujarat State Aviation Infrastructure Company Limited	Equity	-	-	-	-	-	-	0.05	-	-	-	-	-	-	-	

Sl. No.	Name of Public Sector Undertaking	Nature of Infusion	Up to 2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
9	Dholera International Airport Company Limited	Equity	-	-	-	-	-	-	-	10.00	25.00	5.00	10.00	-	-	-
10	Diamond Research and Mercantile City Limited	Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	25.00
11	Dholera Industrial City Development Limited ₹	Equity	-	-	-	-	-	-	-	-	-	-	-	-	1,023.64	323.41
12	Gandhinagar Railway and Urban Development Corporation Limited	Equity	-	-	-	-	-	-	-	-	-	-	-	-	0.08	22.12
13	Gujarat Rail Infrastructure Development Corporation Limited	Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	10.00
Total (C)		Equity	12,729.60	1,476.89	2,530.29	2,383.17	5,259.45	2,207.77	2,201.59	3,234.18	5,453.06	3,935.94	4,127.70	4,110.07	5,132.44	5,121.32
		IFL	-	-	-	0.43	-	29.75	512.25	85.00	7.28	8.87	550.00	54.85	-	60.00
		Repayment to GoG	-	-	-	-	-	-	-	-	-	-	368.58	-	200.00	179.85
		Balance IFL	-	-	-	0.43	0.43	30.18	542.43	627.43	634.71	643.58	825.00	879.85	679.85	560.00
Grand Total (A+B+C)		Equity	13,906.88	1,495.83	2,564.69	2,406.62	5,404.24	2,228.59	2,218.76	3,306.22	6,020.18	5,170.72	4,829.37	4,664.38	5,729.96	5,853.65
		IFL	31.40	0.05	1.76	2.18	1.27	30.95	513.25	147.55	9.08	30.60	702.10	323.95	116.25	221.25
		Repayment to GoG	10.25	-	-	2.61	0.55	0.10	0.29	1.76	2.70	0.15	368.75	0.13	200.55	180.00
		Balance IFL	21.15	21.20	22.96	22.53	23.35	54.10	567.06	712.85	719.23	749.68	1,083.03	1,406.85	1,322.55	1,363.80

The Annexure has been prepared based on information and latest finalised financial statements submitted by the SPSUs.

^a The negative equity figures against Sl. No. 3 and 6 of Competitive Environment Sector indicate share application money pending allotment withdrawn by Government of Gujarat.

Annexure 8

Statement showing the financial position and financial performance of the Corporation

(Referred to in paragraph 3.1)

Statement showing the financial position of the Corporation

(₹ in crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Assets					
Fixed Assets	21.30	18.66	17.68	21.27	24.00
Capital Expenditure	9,153.75	9,739.32	10,323.17	10,655.61	10,990.96
Investments	297.02	307.02	307.02	287.6	287.42
Stock	156.31	155.57	155.09	154.21	194.40
Sundry Debtors	616.93	591.22	493.58	427.91	397.19
Cash and Bank Balances	143.80	282.74	262.86	202.68	258.39
Loans and Advances	1,362.77	1,664.16	2,465.07	2,968.74	3,502.62
Total of Assets	11,751.88	12,758.69	14,024.47	14,718.02	15,654.98
Liabilities					
Reserve and Surplus	1,702.90	1,737.65	1,813.32	2,106.7	2,268.42
Receipt on Capital Account	7,669.69	8,372.72	8,713.55	9,034.08	9,149.66
Subsidy from Government	485.99	562.66	799.26	581.13	679.32
Current liabilities and provision	1,893.30	2,085.66	2,698.34	2,996.11	3,557.58
Total of Liabilities	11,751.88	12,758.69	14,024.47	14,718.02	15,654.98

Source: As per financial statements furnished by the Corporation.

Statement showing financial performance of the Corporation

(₹ in crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Income					
Income from operations	139.62	101.38	149.52	236.07	201.65
Other receipts (Building rent, Water charges, N A Charges, Sundries)	156.19	192.92	249.47	311.32	357.91
Interest received /Accrued	218.89	120.41	163.37	233.86	156.11
Misc. Income	61.60	66.47	83.08	116.04	98.78
Total of Income	576.30	481.18	645.44	897.29	814.45
Expenditure					
Establishment and other charges	75.55	78.08	77.66	77.42	102.12
Depreciation	95.19	124.36	149.41	166.79	179.56
Maintenance	153.72	228.04	300.69	328.14	338.90
Other Expenditure	45.99	15.95	42.01	31.56	32.16
Excess of Income over Expenditure	205.85	34.75	75.67	293.38	161.71
Total of Expenditure	576.30	481.18	645.44	897.29	814.45

Source: As per financial statements furnished by the Corporation.

Annexure 9

**Field offices of Gujarat Industrial Development Corporation
(as on March 2018)**

(Referred to in paragraph 3.2)

Head Office							
Chairman							
Vice Chairman and Managing Director							
Joint Managing Director							
Executive Directors and Head of Departments (Departments – Land & Planning, Finance, Pre-allotment, Post-allotment, Legal & Administration, Marketing, Stores, Quality Control and Engineering)							
Field offices							
(Under two different set-ups as described below)							
Administrative Matters related to estates (DMs supervise the RMs)				Development and maintenance works at estates (Circle offices supervises over the Division offices)			
Sl. No.	Divisional Manager (DM) Office	Sl. No.	Regional Manager (RM) Office	Sl. No.	Circle Office	Sl. No.	Division Office
1	Ahmedabad	1	Ahmedabad	1	Ahmedabad	1	Ahmedabad
2	Mehsana	2	Gandhinagar	2	Mehsana	2	Mehsana
		3	Mehsana	3	Bharuch	3	Vadodara
3	Ankleshwar	4	Ankleshwar			4	Surat
		5	Vadodara	5	Bharuch		
		6	Vitthal Udyog Nagar	6	Dahej		
4	Surat	7	Surat	4	Surat	7	Surat
5	Vapi	8	Vapi			8	Vapi
6	Rajkot	9	Rajkot	5	Rajkot	9	Rajkot
		10	Junagadh				
		11	Bhuj				
		12	Bhavnagar				
		13	Surendranagar				
		14	Jamnagar				

Source: As per information furnished by Corporation.

Annexure 10

Recoveries made or corrective actions taken at the instance of Audit

(Referred to in paragraph 3.7)

Sl. No.	Audit observation	Action taken
1.	<p>Recovery of land compensation from allottees The Corporation paid (2013-2016) additional compensation to the land owners as per the court judgements for development of Jamnagar-III estate. However, it did not initiate recovery of ₹ 216.96 crore from the 1,335 plot holders of the estate (March 2018).</p>	The Corporation initiated (April 2018) the recovery process and recovered ₹ 17.45 crore from 107 plot holders (January 2019).
2.	<p>Non recovery of penalty for unauthorised construction without submission of layout plan Allottee 'G' commenced (December 2013) commercial production at the industrial plot allotted to it without obtaining building plan approval and the plinth-level check for commencement of construction. The Corporation treats such construction as unauthorised and levies penalty for unauthorised construction on the built-up area.</p>	The Corporation recovered (September 2018) penalty of ₹ 1.96 crore from Allottee 'G'.
3.	<p>Non recovery of testing charges As per Clause 76 of the tender document of infrastructure works, one <i>per cent</i> of the estimated cost of the work put to tender was to be deducted from the running account bills of the contractor as testing charges. In six contracts of four divisions, where the works had been completed, the Corporation recovered testing charges at the rate of one <i>per cent</i> of the value of work executed instead of on the estimated cost which resulted in short-recovery of testing charges of ₹ 39.68 lakh.</p>	The Corporation recovered ₹ 19.97 lakh between June and August 2018. It also stated that it would recover the remaining amount in due course.
4.	<p>Non-renewal of Bank Guarantee The EPC contract for the water supply scheme in Petroleum, Chemicals and Petrochemicals Investment Region (PCPIR), Dahej was in progress as on March 2018. However, the Corporation did not renew the Bank Guarantees (BG) against retention money, remaining value payments and extension of time limit worth ₹ 49.51 crore which expired on 30 June 2017/ 10 September 2017. Further, the BG deposited against the Performance Bond worth ₹ 27.47 crore had also expired on 30 June 2017.</p>	The Corporation got the BG renewed in June 2018.
5.	<p>Incorrect fixation of subsidised allotment price of MSE and Women Parks Under the scheme of assistance to Micro and Small Enterprises (MSE) dated March 2015, the Corporation was to fix the Allotment Price (AP) of plots/ sheds in MSE parks, Women Parks and Multi-level sheds based on total cost and then pass on GoG assistance of 50 <i>per cent</i> as concession to allottees. In eight MSE parks and 15 multi-level sheds, the Corporation erroneously fixed the AP of the park/ sheds at 50 <i>per cent</i> of the total cost after adjusting the GoG assistance from it. Audit observed that this was incorrect because the AP should have been fixed based on the total cost and then the concession should have been passed to allottees. Since the AP of an estate serves as base value for charging various fees from allottees <i>viz.</i>, transfer fee, subdivision fee, non-utilisation penalty, <i>etc.</i>, due to erroneous fixation of the AP, the Corporation would receive only 50 <i>per cent</i> of related fees.</p>	The Corporation issued (November 2018) a policy circular in this regard to rectify the anomaly.

Annexure 11

Calculation showing lower fixation of cost in 15 multi-level sheds

(Referred to in paragraph 3.9.1.2)

Calculation by the Corporation (8 out of total 12 Saturated estates where upset price was available)										
Sl. No.	Particulars	Unit	Gandhinagar	Ankleshwar	Umargaon	Jamnagar III	Chitra	Kathwada	Chhatral	Lodhika
(A)	Area of Plot	Sqm	1,956.00	4,945.45	4,150.00	2,776.61	3,568.17	3,024.80	2,399.63	2,130.00
(B)	Carpet area	Sqm	2,344.00	5,210.00	2,094.00	1,337.00	2,094.00	2,067.70	2,078.55	2,063.90
(C)	Allotment price on 01 April 2017	₹ per sqm	4,810.00	2,120.00	1,180.00	2,570.00	1,020.00	5,020.00	610.00	1,570.00
(D)	Total land cost	₹ in lakh	94.08	104.84	48.97	71.36	36.40	151.84	14.64	33.44
(E)	Construction cost	₹ in lakh	683.05	1,504.39	672.04	501.18	639.71	714.82	672.28	583.31
(F)	Maintenance Cost	₹ in lakh	34.15	75.22	33.60	25.06	31.98	71.48	67.23	58.33
(G)	Total Cost (D + E + F)	₹ in lakh	811.28	1684.45	754.61	597.60	708.09	938.14	754.15	675.08
Calculation done by audit as per GR (8 out of total 12 Saturated estates where upset price was available)										
(A)	Allotment price on 01 April 2017	₹ per sqm	4,810.00	2,120.00	1,180.00	2,570.00	1,020.00	5,020.00	610.00	1,570.00
(B)	Total land cost	₹ in lakh	94.08	104.84	48.97	71.36	36.40	151.84	14.64	33.44
(C)	Construction cost	₹ in lakh	683.05	1,504.39	672.04	501.18	639.71	714.82	672.28	583.31
(D)	Interest ((C) x 12.5 percent)	₹ in lakh	85.38	188.05	84.01	62.65	79.96	89.35	84.04	72.91
(E)	Overhead charges ((C) x 12 percent)	₹ in lakh	81.97	180.53	80.64	60.14	76.77	85.78	80.67	70.00
(F)	Total construction cost ((C) +(D) + (E))	₹ in lakh	850.40	1,872.97	836.69	623.97	796.44	889.95	836.99	726.22
(G)	Maintenance Cost	₹ in lakh	34.15	75.22	33.60	25.06	31.99	71.48	67.23	58.33
(H)	Total Cost (B + F + G)	₹ in lakh	978.63	2,053.03	919.26	720.39	864.83	1113.27	918.86	817.99
(K)	Difference (H less G)	₹ in lakh	167.35	368.58	164.65	122.79	156.74	175.13	164.71	142.91

Source: As per information furnished by Corporation, records of the Corporation and workings done by Audit.

Calculation made by the Corporation (For remaining 4 Saturated estates and 3 Unsaturated estates)									
Sl. No.	Particulars	unit	Dungra	Vapi	Mehsana	Ranasan	Sidhpur	Diyodar	Sanand
(A)	Area of Plot	Sqm	1,000.00	2,439.50	2,580.20	3,000.00	2,514.00	2,078.90	2,178.40
(B)	Carpet area	Sqm	1,013.00	2,093.00	3,116.00	3,116.00	3,116.00	2,332.00	2,067.70
(C)	Allotment price on 01 April 2017	₹ per sqm	3,230.00	3,780.00	1,950.00	470.00	1,000.00	560.00	3,780.00
(D)	Total land cost	₹ in lakh	32.30	92.21	50.31	14.10	25.14	11.64	82.34
(E)	Construction cost	₹ in lakh	389.67	686.71	953.08	958.13	945.90	823.82	675.83
(F)	Maintenance Cost	₹ in lakh	19.48	34.34	47.65	47.91	47.30	41.19	67.58
(G)	Total Cost (D + E + F)	₹ in lakh	441.45	813.26	1,051.04	1,020.14	1,018.34	876.65	825.75
Calculation done by audit as per GR (For remaining 4 Saturated estates and 3 Unsaturated estates)									
(A)	Allotment price on 01 April 2017	₹ per sqm	3,230.00	3,780.00	1,950.00	470.00	1,000.00	560.00	3,780.00
(B)	Total land cost	₹ in lakh	32.30	92.21	50.31	14.10	25.14	11.64	82.34
(C)	Construction cost	₹ in lakh	389.67	686.71	953.08	958.13	945.90	823.82	675.83
(D)	Interest {(C) x 12.5 percent}	₹ in lakh	48.71	85.84	119.14	119.77	118.24	102.98	84.48
(E)	Overhead charges {(C) x 12 per cent}	₹ in lakh	46.76	82.41	114.37	114.98	113.51	98.86	81.10
(F)	Total construction cost {(C) + (D) + (E)}	₹ in lakh	485.14	854.95	1,186.58	1,192.87	1,177.65	1,025.66	841.41
(G)	Maintenance Cost	₹ in lakh	19.48	34.34	47.65	47.91	47.30	82.38	67.58
(H)	Total Cost (B + F + G)	₹ in lakh	536.92	981.50	1,284.54	1,254.88	1,250.09	1,119.68	991.33
(I)	Difference (H less G)	₹ in lakh	95.47	168.24	233.50	234.74	231.75	243.03	165.58
Difference in all 15 estates									2,835.19

Source: As per information furnished by Corporation, records of the Corporation and workings done by Audit.

Annexure 12

Important provisions of Land Acquisition Act, 1894

(Referred to in paragraph 3.9.2)

Section of Act	Gist of Provision
Section 4	State Government issues notification on behalf of the Corporation for acquisition of land.
Section 11(2) Consent Award	The Corporation enters into consent agreement with those land losers who give their consent and makes lump sum payment to them and balance payment after declaration of consent award by Land Acquisition Officer (LAO).
Section 11(1) Regular Award	LAO declares regular award for the land for which consent is not received. The Corporation then takes possession of the land and makes payment of "compensation" as determined by the Government. Such land losers can file Land Reference Case (LRC) with reference court.
Section 18 and 26	Reference court passes judgement and determines compensation for the land on " the date of Notification under Section (4) of the Act"
Demand Note Raised by LAO	<p>LAO prepares demand note based on judgement passed by the reference court which mentions additional compensation payable to land loser as under:</p> <p>(A) Section 23: Additional Compensation on "the date of Notification under Section (4) of the Act" <i>i.e.</i> market value for land and damages for whatever loss the land loser sustains by giving the land as determined by reference court less compensation already paid.</p> <p>(B) Section 23 (1) (a): Escalation at the rate of 12 <i>per cent per annum</i> from the date of Section (4) to date of taking over possession of the land or date of declaration of regular award, whichever is earlier on additional compensation mentioned at (A) above.</p> <p>(C) Section 23 (b): Solatium¹ at the rate of 30 <i>per cent</i> on additional compensation mentioned at (A) above.</p> <p>(D) Section 28: On A to C mentioned above, annual simple interest at the rate of 9 <i>per cent</i> for one year from the date of possession and thereafter at 15 <i>per cent</i> till the date of payment to land losers.</p>

Source: Provisions of Land Acquisition Act, 1894.

¹ Solatium is a type of additional compensation given to land losers as a consolation for loss of land.

Annexure 13

Short recovery of Non-Utilisation (NU) penalty due to not considering deemed allotment price for 'As is where is' basis allotted plots

Short recovery of NU penalty by Regional Manager (RM) Ankleshwar

(Referred to in paragraph 3.10.3.2)

(₹ in lakh)

Sl. No.	Particulars	Allottee 'V'	Plot No.7/1		
			Allottee 'B'		Allottee 'M'
			Year of recovery of NU penalty		
		2012	2009	2014	2017
(A)	Area (in sqm)	3,87,400	36,500	36,500	
(B)	50 per cent Jantri rate per sqm (Deemed AP) (in ₹)	765	325	762.5	762.5
(C)	Transfer fees (A × B × 10 per cent) (₹ in lakh)	296.31	11.86	27.83	27.83
(D)	Per cent of NU Penalty (as calculated and recovered by the Corporation)	24	34	8	6
(E)	NU recovered (C × D) (₹ in lakh)	71.13	4.03	2.23	2.50
(F)	NU recoverable (A × B × D) (₹ in lakh)	711.27	40.33	22.27	25.05
(G)	Short Recovery (F – E) (₹ in lakh)	640.14	36.30	20.04	22.55
Total short recovery					719.03

Short recovery of NU penalty by RM Vadodara

(₹ in lakh)

Sl. No.	Particulars	Allottee 'H'
		2011
(A)	Area (in sqm)	5,76,386
(B)	50 per cent Jantri rate per sqm (Deemed AP) (in ₹)	141.50
(C)	Original land cost (in ₹ per sqm)	6.20
(D)	Original land cost (₹ in lakh) (A × C)	35.74
(E)	Per cent of NU Penalty (as calculated and recovered by the Corporation)	21
(F)	NU recovered (₹ in lakh) (D × E)	7.50
(G)	NU recoverable (₹ in lakh) (A × B × E)	171.27
(H)	Short Recovery (₹ in lakh) (G – F)	163.77
Total short recovery – RM Vadodara		163.77

Total short recovery of NU penalty in three cases = ₹ 8.83 crore

001

©

**COMPTROLLER AND
AUDITOR GENERAL OF INDIA**
www.cag.gov.in

www.paggujarat.gov.in