Key Marked

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 2003

COMMERCIAL

GOVERNMENT OF KARNATAKA

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PREFACE

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

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

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

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

4. In respect of Karnataka State Road Transport Corporation, Bangalore Metropolitan Transport Corporation, North Western Karnataka Road Transport Corporation and North Eastern Karnataka Road Transport Corporation, which are Statutory corporations, the Comptroller and Auditor General of India is the sole Auditor. As per State Financial Corporations (Amendment) Act, 2000, CAG has the right to conduct the audit of accounts of Karnataka State Financial Corporation in addition to the audit conducted by the Chartered Accountants appointed by the Corporation out of the panels of auditors approved by the Reserve Bank of India. In respect of Karnataka State Warehousing Corporation, CAG has the right to conduct the audit of their accounts in addition to the audit conducted by the Chartered Accountants appointed by the State Government in consultation with CAG. In respect of Karnataka Electricity Regulatory Commission, CAG is the sole auditor. The Audit Reports on the annual accounts of all these corporations are forwarded separately to the State Government.

5. The cases mentioned in this Report are those, which came to notice in the course of audit during 2002-03 as well as those, which came to notice in earlier years, but were not dealt with in the previous Reports. Matters relating to the period subsequent to 2002-03 have also been included, wherever necessary.

OVERVIEW

1. Overview of Government companies and Statutory corporations

As on 31 March 2003, the State had 80 Public Sector Undertakings (PSUs) comprising 74 Government companies and six Statutory corporations as against 76 Public Sector Undertakings comprising 70 Government companies and six Statutory corporations as on 31 March 2002. Of 74 companies, sixteen Government companies were non-working. In addition, there were three deemed Government companies under Section 619 B of the Companies Act, 1956 as on 31 March 2003.

(Paragraphs 1.1 and 1.29)

The total investment in working PSUs increased from Rs.22,613.97 crore as on 31 March 2002 to Rs.26,545.13 crore as on 31 March 2003. The total investment in non-working PSUs increased from Rs.64.06 crore to Rs.417.10 crore during the same period.

(Paragraphs 1.2 and 1.16)

The budgetary support in the form of capital, loans, grants and subsidy disbursed to the working PSUs decreased from Rs.4,429.76 crore in 2001-02 to Rs.4,052.90 crore in 2002-03. The State Government also contributed Rs.162.59 crore in the form of loans and subsidy to seven non-working companies during 2002-03. The State Government guaranteed loans aggregating Rs.1,262.80 crore during 2002-03. The total amount of outstanding loans guaranteed by the State Government decreased from Rs.10,114.38 crore as on 31 March 2002 to Rs.6,887.23 crore as on 31 March 2003.

(Paragraphs 1.5 and 1.17)

Thirty two working Government companies have finalised their accounts for the year 2002-03. The accounts of remaining Government companies and six working Statutory corporations were in arrears for periods ranging from one to three years as on 30 September 2003. The accounts of 11 non-working Government companies were in arrears for periods ranging from one to four years as on 30 September 2003.

(Paragraphs 1.6 and 1.19)

According to latest finalised accounts, 33 working PSUs (29 Government companies and four Statutory corporations) earned aggregate profit of Rs.440.72 crore. Out of 32 working Government companies, which finalised their accounts for 2002-03 by September 2003, only six companies declared dividend aggregating Rs.15.58 crore. Twenty working PSUs (18 Government companies and two Statutory corporations) incurred aggregate loss of Rs.329.73 crore as per their latest finalised accounts. Of the loss incurring PSUs, seven companies and two statutory corporations had accumulated losses

520.35
591.91
1112.26 ✓

309.14
217.36
526.50 ✓

aggregating Rs.520.35 crore and Rs.591.91 crore which exceeded their aggregate paid up capital of Rs.309.14 crore and Rs.217.36 crore respectively.

(Paragraphs 1.7,1.8, 1.9, 1.10 and 1.11)

Even after completion of five years of their existence, the turnover of two working Government companies has been less than rupees five crore during the last five years as per their latest finalised accounts. In view of poor turnover, the Government may either improve performance of these companies or consider their closure.

(Paragraph 1.26)

2. Reviews relating to Government companies

2.1 *Working of The Karnataka Handloom Development Corporation Limited*

The Company was incorporated in October 1975 for promoting growth and development of the handloom industry particularly outside the co-operative sector and also to provide continuous remunerative employment to the handloom weavers. The Company had failed in its objective of providing continuous remunerative employment to weavers as of 48,210 weavers registered with the Company, only 11,801 weavers were working with it at the end of 2002-03.

Audit observed mismanagement in various aspects of working of the Company, which includes reduction in production resulting in increase in overheads and consequent increase in cost per unit. Retail sales prices were non-competitive. Large discounts offered for disposal of stocks led to non-recovery of even cost of sales. Supplies of fabrics under Vidya Vikasa Scheme and Subsidised Saree-Dhoti Scheme were made at un-remunerative prices leading to further losses. There was excessive dependence on a single client, namely, the Government. Retail show rooms, which catered to other clientele, showed poor performance. Some of the important points noticed in audit are given below:

- The accumulated loss of Rs.43.82 crore totally eroded the paid-up capital of Rs.15.72 crore as at the end of March 2003.

(Paragraph 2.1.6)

- The Company's turnover mainly constituted sale under two schemes of the State Government indicating excessive dependence on the Government.

(Paragraph 2.1.20)

- Supply of uniform clothes under Vidya Vikasa Scheme below the cost of production resulted in non-recovery of cost of production of

Rs.12.70 crore and delay in release of sale proceeds resulted in additional interest burden of Rs.3.45 crore.

(Paragraph 2.1.15)

- The Company has established pre-loom and post-loom processing facilities, which were grossly under-utilised during the last five years upto 2002-03. However, due to poor production planning the Company had to resort to outsourcing of post-loom processing during the same period. The Company could have avoided the processing charges paid during 2000-03 on outsourcing to the extent of Rs.7.69 crore if the job was done in-house through proper production planning.

(Paragraphs 2.1.13 and 2.1.14)

- All the 62 show rooms were under loss during 2002-03 and none of the showrooms could even recover cost of production.

(Paragraph 2.1.22)

2.2 *Sectoral review on the Implementation of Sharavathy Tailrace Project, Gerusoppa of Karnataka Power Corporation Limited*

The Gerusoppa dam is the last in the series of dams built across the river Sharavathy. The dam has four generating units each of 60 mega watt (MW) totalling to 240 MW. The estimated cost of the project was Rs.145.42 crore. The annual energy generation was expected to be 622 million unit (MU).

The project exhibited huge time and cost overrun with its consequent impact on the cost of generation. Compliance of the recommendations of COPU relating to fiscal prudence, operational efficiency and timely completion of the project was not ensured. Changes in terms and conditions of the contract were against the financial interest of the Company. The project has not been able to achieve the target of its generation. Some of the important points noticed in audit are given below:

- As against the targeted period of five years, the Company took more than 12 years to complete the project. Out of this, more than two years were lost due to environmental problems, which were beyond the control of the Company. However, even after receipt of fresh environmental clearances (September 1993), the Company took more than eight years to complete the project.

(Paragraph 2.2.8)

- The Company enhanced the multiplying factor from 0.75 to 0.85 for calculation of escalation in the supplementary agreements. This resulted in undue benefit of Rs.2.06 crore to the contractors.

(Paragraphs 2.2.12 and 2.2.15)

- Premature closure of work by diverting the work to gate contractor resulted in undue benefit of Rs.2.60 crore to dam contractor. Adoption of wrong date of commencement of work also resulted in payment of end point bonus of Rs.8.35 crore instead of recovering penalty of Rs.3.89 crore.

(Paragraph 2.2.14)

- The decision to pay incentive of Rs.17.60 lakh instead of recovering penalty of Rs.5.20 crore for delay in completion of work was not justified.

(Paragraph 2.2.16)

- Failure to synchronise unit–I resulted in loss of revenue of Rs.24.18 crore.

(Paragraph 2.2.20)

2.3 Sectoral review on the Procurement, Performance and Repair of Energy Meters in Karnataka Power Transmission Corporation Limited

In order to assess the quantum of energy sold, the Company is required to install and maintain correct energy meters on each point of supply of energy to consumers for measuring the energy sold as per Section 26(2) of the Indian Electricity Act, 1910. At the end of March 2002, the Karnataka Power Transmission Corporation Limited (KPTCL) was having 84.14 lakh metered consumers and 40.82 lakh un-metered consumers. The un-metered consumers constituted 32.66 per cent of total consumers.

As per progress achieved till date, the Company is not likely to achieve target committed by it to the Government upto 2004. The Company had not rationalised the purchase system. Extension orders were placed at higher rates when prices were falling. The meters that failed within the guarantee period were not replaced. Some of the important points noticed in audit are given below:

- The Company submitted (March 2001) an action plan for 100 per cent metering of all un-metered installations by 2003-04. As against 40.82 lakh un-metered installations, the Company proposed to cover only 37.82 lakh installations by target date.

(Paragraph 2.3.8)

- The Company incurred avoidable extra expenditure of Rs.21.41 crore on the purchase of 7.8 lakh meters by placing extension orders at higher rates.

(Paragraph 2.3.12)

- The decision to install costly meters for Bhagya Jyothi / Kutir Jyothi installations would result in extra expenditure of Rs.63.62 crore.

(Paragraph 2.3.14)

- Test check of seven divisions revealed that 10,664 meters valued rupees one crore, failed within guarantee period, were lying in stores/section offices. Besides, 5,882 meters costing Rs.67.98 lakh were scrapped even though the meters were within the guarantee period

(Paragraphs 2.3.19 and 2.3.21)

3. Miscellaneous topics of interest

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

Short drawal of cheaper power from central generating stations by **Karnataka Power Transmission Corporation Limited** resulted in avoidable payment of Rs.6.90 crore due to purchase of power at higher rates from Maharashtra State Electricity Board and Private power producers.

(Paragraph 3.1)

Karnataka Power Transmission Corporation Limited failed to adhere to recommendations of Rural Electrification Corporation to use pre-stressed cement concrete poles resulting in extra expenditure of Rs.1.69 crore.

(Paragraph 3.2)

Non-adoption of the current rate for cement, payment of extra lead charges on cement and non-utilisation of available excavated hard rock in works by **Karnataka Neeravari Nigam Limited** resulted in avoidable payment of Rs.5.97 crore.

(Paragraph 3.6)

Non-recovery of the cost of excavated rubble used in the works by **Karnataka Neeravari Nigam Limited** resulted in over payment of Rs.83.98 lakh to the contractor.

(Paragraph 3.7)

Fictitious measurements recorded by the officials of **Karnataka Neeravari Nigam Limited** facilitated payment of Rs.71 lakh for the work not executed by the contractor.

(Paragraph 3.10)

Non-compliance to internal control procedures by **Karnataka Power Corporation Limited** resulted in theft of coils worth Rs.1.10 crore.

(Paragraph 3.15)

Inadequate internal control in **Karnataka State Road Transport Corporation** led to misappropriation of Rs.83.91 lakh at Bangalore central division.

(Paragraph 3.23)

Bangalore Metropolitan Transport Corporation paid penalty of Rs.2.55 crore due to non-compliance of the orders of Commercial Tax Authorities.

(Paragraph 3.25)

CHAPTER I

Overview of Government companies and Statutory corporations

Introduction

1.1 As on 31 March 2003 there were 74 Government companies (58 working companies and 16 non-working companies*) and six Statutory corporations (working) under the control of the State Government as against 70 Government companies (57 working companies and 13 non-working companies) and six Statutory corporations (working) as on 31 March 2002. During the year, five new companies∀ were formed and one company's# name was struck off from the register of the Registrar of Companies. During the year, four working companiesΘ also became non-working. In addition, the State Government had formed Karnataka Electricity Regulatory Commission whose audit is also being conducted by the Comptroller and Auditor General of India (CAG). The accounts of the Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by the Statutory Auditors who are appointed by the CAG as per provision of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by CAG as per provisions of Section 619 of the Companies Act, 1956. The audit arrangements of Statutory corporations are as shown below:

Sl. No.	Name of the Corporation	Authority for audit by the CAG	Audit arrangement
1	Karnataka State Road Transport Corporation (KSRTC)	Section 33(2) of the Road Transport Corporations Act, 1950	Sole audit by CAG
2	Bangalore Metropolitan Transport Corporation (BMTC)	Section 33(2) of the Road Transport Corporations Act, 1950	Sole audit by CAG
3	North Western Karnataka Road Transport Corporation (NWKRTC)	Section 33(2) of the Road Transport Corporations Act, 1950	Sole audit by CAG
4	North Eastern Karnataka Road Transport Corporation (NEKRTC)	Section 33(2) of the Road Transport Corporations Act, 1950	Sole audit by CAG
5	Karnataka State Financial Corporation (KSFC)	Section 37(6) of the State Financial Corporations Act, 1951	Chartered Accountants and Supplementary audit by CAG
6.	Karnataka State Warehousing Corporation (KSWC)	Section 31(8) of the State Warehousing Corporations Act, 1962	Chartered Accountants and Supplementary audit by CAG

* Non-working companies/corporations are those, which are under the process of liquidation/closure/merger etc.

∀ Karnataka Togari Abhivridhi Mandali Limited, Bangalore Electricity Supply Company Limited, Hubli Electricity Supply Company Limited, Mangalore Electricity Supply Company Limited and Gulbarga Electricity Supply Company Limited.

\# Karnataka Implements and Machinery Company Limited.

Θ Karnataka Small industries Marketing Corporation Limited, The Mysore Lamp works Limited, The Mysore Cosmetics Limited and NGEF Limited.

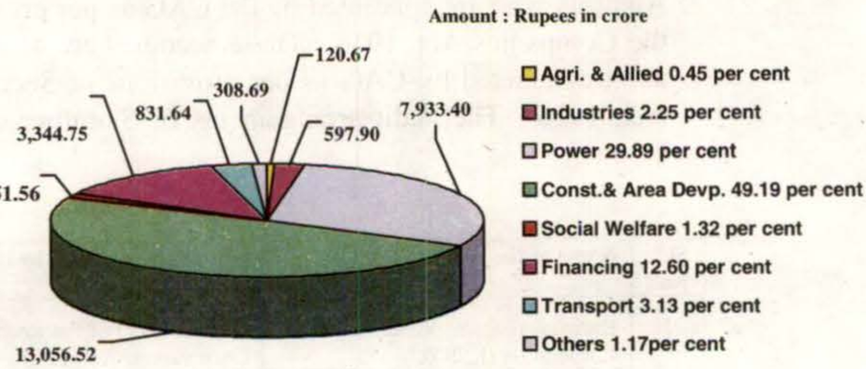
Working Public Sector Undertakings (PSUs)

Investment in working PSUs

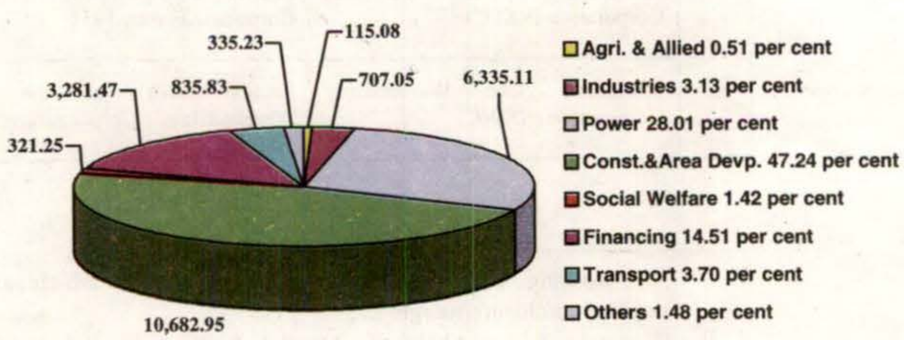
1.2 As on 31 March 2003, the total investment in 64 working PSUs (58 Government companies and six Statutory corporations) was Rs.26,545.13 crore (equity: Rs.6,249.80 crore; long-term loans[@]: Rs.16,407.48 crore and share application money Rs.3,887.85 crore) as against total investment of Rs.22,613.97 crore (equity: Rs.5,065.28 crore; long-term loans: Rs.14,956.07 crore and share application money Rs.2,592.62 crore) as on 31 March 2002. The analysis of investment in working PSUs is given in the following paragraphs.

The investment (equity and long-term loans) in various sectors and percentage thereof at the end of 31 March 2003 and 31 March 2002 are indicated below in the pie charts:

SECTOR-WISE INVESTMENT IN WORKING GOVERNMENT COMPANIES AND STATUTORY CORPORATIONS
INVESTMENT AS ON 31 MARCH 2003



INVESTMENT AS ON 31 MARCH 2002



[@] Long term loans mentioned in paragraphs 1.2, 1.3, 1.4 and 1.16 are excluding interest accrued and due on such loans.

The debt equity ratio decreased from 1.95 : 1 in 2001-02 to 1.62 :1 in 2002-03.

Working Government companies

1.3 Total investment in working Government companies at the end of March 2002 and March 2003 was as follows:

(Rupees in crore)

Year	Number of companies	Equity	Share application money	Loans	Total
2001-02	57	4,509.41	2,554.22	12,623.63	19,687.26
2002-03	58	5,694.50	3,849.15	14,115.68	23,659.33

As on 31 March 2003, the total investment of working Government companies comprised 40.34 per cent of equity capital and 59.66 per cent of loans as compared to 35.88 per cent and 64.12 per cent respectively as on 31 March 2002.

Increase in total investment was due to significant increase in equity and loans in power and area development sectors.

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

Working Statutory corporations

1.4 The total investment in six working Statutory corporations at the end of March 2003 and March 2002 was as follows:

(Rupees in crore)

Name of the Corporation	2001-02		2002-03	
	Capital	Loan	Capital	Loan
Karnataka State Road Transport Corporation (KSRTC)	208.57	179.94	208.39	179.74
Bangalore Metropolitan Transport Corporation (BMTC)	64.54	43.96	64.72	40.07
North Western Karnataka Road Transport Corporation (NWKRTC)	93.92	107.88	93.64	105.94
North Eastern Karnataka Road Transport Corporation (NEKRTC)	83.50	53.53	83.20 (0.30)	55.65
Karnataka State Financial Corporation (KSFC)	97.84 (36.01)	1,932.50	97.84 (36.01)	1895.76
Karnataka State Warehousing Corporation (KSWC)	7.50 (2.40)	14.63	7.50 (2.40)	14.64
Total	**555.87 (38.41)**	**2,332.44**	**555.29 (38.71)**	**2,291.80**

(Figures in bracket indicate share application money)

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

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

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

The budgetary outgo (in the form of equity capital and loans) and grants/subsidies from the State Government to working Government companies and Statutory corporations for the three years up to March 2003 are summarised below:

(Amount: Rupees in crore)

	2000-01				2001-02				2002-03			
	Companies		Corporations		Companies		Corporations		Companies		Corporations	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Equity capital outgo from budget	13	1,002.64	3	6.70	17	1,542.93	2	2.73	21	2,960.10	-	-
Loans given from budget	11	306.55	1	4.84	9	58.79	1	7.80	3	14.36	1	6.38
Grants	10	40.95	-	-	13	133.39	-	-	10	51.83	-	-
Subsidy towards (i)Projects/ Programme/ schemes	6	220.99	--	--	4	250.54	1	90.37	4	196.92	-	-
(ii)Other subsidy	1	2,344.63	3	46.88	4	2,235.75	4	107.46	8	737.86	4	85.45
Total subsidy	7	2,565.62	3	46.88	7	2,486.29	4	197.83	12	934.78	4	85.45
Total outgo[♣]	**29**	**3,915.76**	**6**	**58.42**	**32**	**4,221.40**	**4**	**208.36**	**32**	**3,961.07**	**5**	**91.83**

During 2002-03 the Government had guaranteed the loans aggregating Rs.1,262.80 crore obtained by 19 working Government companies (Rs.1,145.44 crore) and two Statutory corporations (Rs.117.36 crore). At the end of the year, guarantees amounting to Rs.6,887.23 crore against 27 working Government companies (Rs.6,214.31 crore) and four working Statutory corporations (Rs.672.92 crore) were outstanding. The guarantee commission paid/payable to the Government by Government companies and Statutory corporations during 2002-03 was Rs.20.32 crore and Rs.140.09 crore, respectively. Three working Government companies defaulted in repayment of guaranteed loan amounting to Rs.11.53 crore and four working Government companies defaulted in payment of interest on guaranteed loans amounting to Rs.15.20 crore.

Finalisation of accounts by working PSUs

1.6 The accounts of the companies for every financial year are required to be finalised within six months from the end of relevant financial year under Section 166, 210, 230, 619 and 619 B of the Companies Act, 1956 read with Section 19 of the Comptroller and Auditor General's (Duties, Power and

[♣] These are actual number of companies/corporations, which have received budgetary support in the form of equity, loans, grants and subsidy from the State Government during the year.

Conditions of Service) Act, 1971. They are also to be laid before the Legislature within nine months from the end of financial year. Similarly, in case of Statutory corporations, their accounts are to be finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

However, as could be noticed from Annexe-2, out of 58 working Government companies, only 32 working companies and none of the six working Statutory corporations have finalised their accounts for the year 2002-03 within stipulated period (September 2003). During October 2002 to September 2003, 16 working Government companies finalised 17 accounts for previous years. Similarly during this period six working Statutory corporations finalised six accounts for the previous years.

The accounts of 26 working Government companies and six Statutory corporations were in arrears for periods ranging from one to three years as on 30 September 2003 as detailed below:

Sl. No.	Number of companies / corporations		Year for which accounts are in arrears	Number of years for which accounts are in arrears	Reference to serial number of Annex 2	
	Government companies	Statutory corporations			Government companies	Statutory corporations
1	01	--	2000-01 to 2002-03	3	A-8	--
2	01	--	2001-02 to 2002-03	2	A-46	--
3	24	6	2002-03	1	A-1,4,5,6,11,12,13, 16,17,18,21,24,25, 27,28,34,39,40,44, 45,47,48,49,50	B-1,2,3,4,5,6

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

Financial position and working results of working PSUs

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

According to latest finalised accounts of 58 working Government companies and six working Statutory corporations, 18 companies and two corporations had incurred an aggregate loss of Rs.176.02 crore and Rs.153.71 crore, respectively and 29 companies and four corporations earned an aggregate profit of Rs.369.81 crore and Rs.70.91 crore respectively. Four companies had not commenced commercial activities and in case of two companies excess of expenditure over income is capitalised and no profit and loss account prepared, five companies are yet to finalise their first accounts.

Working Government companies

Profit earning working companies and dividend

1.8 Out of 32 working Government companies, which finalised their accounts for 2002-03 by September 2003, 18 companies earned an aggregate profit of Rs.314.96 crore and only six companies (Sl. Nos.A-2, 3, 26, 42, 43 & 53 of Annexe 2) declared dividend aggregating Rs.15.58 crore. The dividend as percentage of share capital in the above six profit making companies worked out to 2.30 per cent. The remaining 12 profit making companies did not declare any dividend. The total return by way of dividend of Rs.15.58 crore, worked out to 0.17 per cent in 2002-03 on total equity investment of Rs.9,384.75 crore by the State Government in all Government companies as against 0.19 per cent in the previous year.

Similarly, out of 16 working Government companies, which finalised their accounts for previous years by September 2003, seven companies earned an aggregate profit of Rs.54.69 crore and only four companies earned profit for two or more years. The State Government had not formulated any dividend policy so far.

Loss incurring working Government companies

1.9 Of the 18 loss incurring working Government companies, seven companies had accumulated losses aggregating Rs.520.35 crore which exceeded their aggregate paid up capital of Rs.309.14 crore.

Despite poor performance and complete erosion of paid up capital, the State Government continued to provide financial support to these companies in the form of contribution towards equity, further grant of loans, conversion of loans into equity, subsidy, etc. According to available information, the total financial support so provided by the State Government by way of equity, loan, subsidy and grants during 2002-03 to five companies amounted to Rs.18.39 crore.

Working Statutory corporations

Profit earning Statutory corporations and dividend

1.10 Out of six Statutory corporations which finalised their accounts for previous year by September 2003, four corporations earned aggregate profit of Rs.70.91 crore and one corporation (Sl. No.B-6 of Annexe-2) declared dividend of Rs.24.60 lakh. The dividend as a percentage of its share capital worked out to 2.48 per cent. The total return by way of dividend of Rs.24.60 lakh worked out to 0.04 per cent in 2002-03 on total equity investment of Rs.594.28 crore by the State Government in all the Statutory corporations. Only three corporations earned profit for two or more years.

Loss incurring Statutory corporations

1.11 Out of six Statutory corporations, which finalised their accounts for the year 2001-02, two Statutory corporations incurred losses and the accumulated losses of these two corporations aggregated Rs.591.91 crore which had far exceeded their aggregate paid up capital of Rs.217.36 crore.

Operational performance of working Statutory corporations

1.12 The operational performance of the Statutory corporations is given in Annexe 6. Percentage of overdue to the total loans outstanding of Karnataka State Financial Corporation increased from 62.29 in 2001-02 to 89.38 in 2002-03.

Return on capital employed

1.13 As per the latest finalised accounts (up to September 2003), the capital employed* worked out to Rs.23,679.30 crore in 58 working companies and total return+ thereon amounted to Rs.1,271.88 crore which is 5.37 per cent as compared to total return of Rs.1,169.41 crore (5.46 per cent) in the previous year (accounts finalised up to September 2002). Similarly, the capital employed and total return thereon in case of working Statutory corporations as per the latest finalised accounts (up to September 2003) worked out to Rs.2,734.72 crore and Rs.205.38 crore (7.51 per cent) respectively, as against Rs.2,605.32 crore and Rs.199.16 crore (7.64 per cent) in the previous year (accounts finalised up to September 2002). The details of capital employed and total return on capital employed in case of working Government companies and Statutory corporations are given in Annexe 2.

Reforms in power sector

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

1.14 A Memorandum of Understanding (MOU) was signed in February 2000 between the Ministry of Power, Government of India and the Department of Energy, Government of Karnataka as a joint commitment for implementation of reforms programme in power sector with identified milestones.

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

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

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

Sl. No.	Commitment as per MOU	Targeted completion schedule	Status (as on 31 March 2003)
Commitments made by the State Government			
1.	100 per cent electrification of all villages (27,066 villages).	By 2012.	100 per cent electrification of all revenue villages as per census 1981 was completed. However, as per census 1991, 36 new villages were identified, of which as on date (April 2003), six have been electrified and works are in progress for electrification of remaining viliages.
2.	Reduction in transmission and distribution (T & D) losses by 10 to 15 per cent.	Five per cent reduction in T & D losses every year.	T&D Losses reduced by 2.03 per cent during 2001-03.
3.	100 per cent metering of all distribution feeders.	September 2001.	Completed by December 2002.
4.	100 per cent metering of all consumers.	Before 2003-04. (Revised to 2004-05).	As against 40.82 lakh instalations, 9.58 lakh meters were installed.
5	Energy audit at 11 KV sub-station level.	September 2001.	Bangalore Electricity Supply Company Limited (BESCOM), has initiated measures to outsource energy audit of all 11 KV feeders. Other ESCOMS will also outsource energy audit of 11 KV feeders by end of June 2003.
6	Securitised outstanding due of CPSUs.	---	Government of Karnataka (GOK) has to issue bonds to securitise the principal amount and balance 40 per cent interest amount. RBI on behalf of GOK will issue bonds.
7	**State Electricity Regulatory Commission (SERC)**		
	i) Establishment of Karnataka Electricity Regulatory Commission.	The State Electricity Regulatory Commission was to be made functional within six months.	The Karnataka State Electricity Regulatory Commission was established during August 1999.
	ii) Implementation of tariff orders issued by KERC during the year.	---	Implemented from time to time.
Commitment made by the Central Government			
8.	Supply of additional power.	The GOI agreed to supply additional 180 MW.	The state could get only 80 MW of power due to systems constraints as it was allowed to draw power from NTPC (ER).
9.	Any other help.	Reduction in interest rate on loans availed from CPSUs i.e. PFC/REC.	Interest rate on loans from PFC has been reduced.
	General		
10.	Monitoring of MOU.	Monitoring is done at Secretary level in the Government on issue-to-issue basis.	

State Electricity Regulatory Commission

1.15 Karnataka Electricity Regulatory Commission (KERC) was constituted (28 August 1999) under the Karnataka Electricity Reforms Act, 1999 (Act) to provide for the restructuring of the electricity industry in the State; the corporatisation of the Karnataka Electricity Board and rationalisation of generation, transmission, distribution and supply of electricity in the State. The Commission is a body corporate and comprises of three members including a Chairman, who are appointed by the State Government. As per Section 8(4) of the Act, all expenditure of the Commission are to be charged to the Consolidated Fund of the State. Accounts of KERC have been finalised up to the year ending March 2003.

Non-working PSUs

Investment in non-working PSUs

1.16 As on 31 March 2003, the total investment in 16 non-working Government companies was Rs.417.10 crore (equity: Rs.93.30 crore, long-term loans: Rs.323.20 crore and share application money: Rs.0.60 crore) as against total investment of Rs.64.06 crore (equity: Rs.38.72 crore, long-term loans: Rs.24.63 crore and share application money: Rs.0.71 crore) in 13 non-working Government companies as on 31 March 2002. The main reason for increase in investment in non-working companies during 2002-03 is that four companies (Sl.No. C-3, 4, 6 and 10 of Annexe-1) with total investment of Rs.339.91 crore, which were in the category of working companies during the previous years, became non-working during the year.

All the 16 companies have been identified for closure, however decision of Government is awaited in respect of one company*. Effective steps need to be taken for their expeditious liquidation or revival.

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

1.17 The details regarding budgetary outgo, grants/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by the State Government to non-working PSUs are given in Annexe 1 and 3.

The State Government provided budgetary support of Rs.162.59 crore to seven non-working companies in the form of loans and subsidy during 2002-03. The guarantee commission payable to the Government by non-working Government companies during 2002-03 was Rs.3.72 crore. Two non-working Government companies defaulted in payment of interest on Government loan amounting to Rs.3.54 crore.

* The Mysore Tobacco Company Limited.

Total establishment expenditure of non-working PSUs

1.18 The year wise details of total establishment expenditure of non-working Government companies and the sources of financing them during last three years up to 2002-03 are given below:

(Rupees in crore)

Year	Number of PSUs	Total establishment expenditure	Financed by		
			Loans from private parties	Government by way of loans	Others[@]
2000-2001	13	7.25	-	5.42	1.83
2001-2002	13	2.73	-	0.08	2.65
2002-2003	16	146.27	0.62	116.17	29.48

Finalisation of accounts by non-working PSUs

1.19 The accounts of 11 non-working companies were in arrears for periods ranging from one to four years as on 30 September 2003 as could be noticed from Annexe 2.

Financial position and working results of non-working PSUs

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

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

(Rupees in crore)

Year of latest finalised accounts	No. of companies	Paid-up capital	Net worth	Cash loss	Accumulated loss(-) / accumulated profit (+)
1998-99	1	0.50	(-) 8.41	0.87	(-) 8.91
2000-01	1	1.71	(+) 5.43	0.10	(+) 3.72
2001-02	9	19.13	(-) 171.98	29.97	(-) 191.10
2002-03	5	72.51	(-) 217.69	155.75	(-) 446.34
Total	**16**	**93.85**	**(-) 392.65**	**186.69**	**(-) 642.63**

(Note: Net worth, cash loss and accumulated losses/profit are as per last certified accounts.)

[@] This includes income from sales, building rent, interest, etc.

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

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

Sl. No.	Name of Statutory corporation	Year up to which SARs placed in Legislature	Years for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reason for delay in placement in Legislature
1	KSRTC	2000-01	2001-02	8 May 2003	Delay in furnishing printed Accounts
2	NWKRTC	2000-01	2001-02	2 May 2003	Delay in furnishing printed Accounts

Disinvestment, privatisation and restructuring* of Public Sector Undertakings

1.22 The Government of Karnataka has approved and adopted (February 2001) a comprehensive policy on Public Sector Reforms and privatisation of Public Sector Undertakings (PSUs) in the State. Accordingly, the Government identified 27 PSUs for closure/privatisation. The position of action taken by the Government in respect of the 27 companies identified for closure/privatisation is as follows:

	No. of companies	Government order issued	Government order not yet issued
Non-working Government companies decided for closure	15	13[1]	2[2]
Working Government companies decided for closure	4	1[3]	3[4]
Working Government companies decided for privatisation	8	4[5]	4[6]

---

* Restructuring includes merger and closure of PSUs.

[1] Karnataka State Textiles Limited, Karnataka Agro Proteins Limited, Chamundi Machine Tools Limited, Karnataka Small Industries Marketing Corporation Limited, Vijayanagar Steel Limited, Karnataka Telecom Limited, Karnataka Tungsten Moly Limited, The Mysore Acetate and Chemicals Company Limited, The Mysore Cosmetics Limited, The Mysore Chrome Tanning Company Limited, The Mysore Lamp Works Limited, The Mysore Match Company Limited, NGEF Limited.

[2] The Karnatak State Veeners Limited, Karnataka Pulpwood Limited

[3] Karnataka Agro Industries Corporation Limited.

[4] Karnataka State Construction Corporation Limited, The Karnataka Fisheries Development Corporation Limited, Karnataka Film Industry Development Corporation Limited.

[5] Karnataka Silk Industries Corporation Limited, Karnataka Soaps and Detergents Limited, The Mysore Electrical Industries Limited, Karnataka Vidyuth Karkhane Limited.

[6] The Mysore Sugar Company Limited, The Mysore Paper Mills Limited, Sree Kanteerava Studios Limited, Mysore Minerals Limited.

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

1.23 During October 2002 to September 2003, the audit of accounts of 59 Government companies (46 working and 13 non-working) and six Statutory corporations (all working) were selected for review. As a result of the observations made by the CAG, 34 companies and three corporations revised their accounts. In addition, the net impact of the important audit observations as a result of review of the accounts of PSUs was as follows:

- Karnataka State Road Transport Corporation (2001-02) – profit of Rs.16.52 crore was overstated by Rs.11.00 crore.
- North West Karnataka Road Transport Corporation (2001-02) –profit of Rs.11.72 crore was overstated by Rs.3.79 crore.

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

Errors and omissions noticed in case of Statutory corporations

1.24 Karnataka State Road Transport Corporation (2001-02)

- Irregularities and fraudulent refund of fixed deposits from public as a result of which the correctness of the balance under this account is doubtful.
- Improper and poor maintenance of records and primary books of accounts leading to defalcation/excess payments.
- Amount receivable from other corporations in the State towards window collection tickets issued remaining un-adjusted since 1998-99 –the correctness and reliability of which is doubtful- Rs.2.85 crore.
- Cash drawn for disbursement of salary at Bangalore central division remaining un-adjusted, indicating system failure and lack of financial control-Rs.2.51 crore.
- Non-provision of interest on loan from Government of Karnataka-Rs.1.99 crore.
- Non-provision of liability for Motor Vehicle Accident Claim Tribunal claims awarded upto 31 March 2002- Rs.1.41 crore.

Internal audit / internal control

1.25 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including internal control / internal audit systems in the companies audited in accordance with the directions issued by the Comptroller and Auditor General of India to them under 619 (3)(a) of the Companies Act, 1956 and to identify areas which need improvement.

Direction/ sub-directions under the Act, ibid, were issued to the Statutory Auditors in respect of 61 Government companies involving 61 accounts between October 2002 and September 2003. In pursuance of directions so issued, reports of the Statutory Auditors involving 47 accounts of 47 Government companies were received (September 2003).

An illustrative resume of major recommendations/comments made by the Statutory Auditors on possible improvements in the internal control system/ internal audit in respect of State Government companies are indicated in the table below:

Nature of recommendation/comments made by the Statutory Auditors	Number of companies where recommendations/ comments were made	Reference to serial number of Annexe 2
Lack of internal audit	2	A-7, 53
Inadequate internal audit according to size and nature of business	8	A-6,11,23, 25, 35,36,38,40
Lack of proper system of internal audit	14	A-1,5,9,10, 17,18,26,27,28 34,37,41,46, 58
Non-covering of journal vouchers, monitoring of outstanding balances and confirmation of balances	1	A-55
Surprise checks are required to be made of production and inventory records	1	A-2
Scope needs to be strengthened for identification and classification of non-performing assets, compliance to Reserve Bank of India and Industrial Development Bank of India's guidelines	1	A-52

Recommendations for closure of PSUs

1.26 Even after completion of five years of their existence, the turnover of two* Government companies was less than rupees five crore in each of the preceding five years of latest finalised accounts. In view of poor turnover, the Government may either improve performance of these companies or consider their closure.

Response to inspection reports, drafts paras and reviews

1.27 Audit observations noticed during audit and not settled on the spot are communicated to the head of PSUs and concerned departments of State Government through inspection reports. The heads of PSUs are required to furnish replies to the inspection reports through respective heads of departments within a period of six weeks. Inspection reports issued up to March 2003 pertaining to 73 PSUs disclosed that 4,018 paragraphs relating to 806 inspection reports remained outstanding at the end of September 2003. Of these, 26 inspection reports containing 332 paragraphs were pending due to non-receipt of even first replies. Department-wise break-up of inspection

* Karnataka Meat and Poultry Marketing Corporation Limited, Karnataka State Coir Development Corporation Limited.

reports and audit observations outstanding as on 30 September 2003 is given in Annexe -7.

Similarly, draft paragraphs and reviews on the working of PSUs are forwarded to the Principal Secretary/Secretary of the administrative department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. It was, however, observed that 22 draft paragraphs forwarded to the various departments during March to July 2003, as detailed in Annexe - 8, had not been replied so far.

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

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

1.28 The table below indicates the position of reviews/paragraphs appeared in the Audit Reports and pending for discussion as on 30 September 2003:

Period of Audit Report	No. of reviews/paragraphs appeared in the Audit Report		No. of reviews/paragraphs pending for discussion	
	Reviews	Paragraphs	Reviews	Paragraphs
1996-97	4	27	0	1
1997-98	8	27	2	4
1998-99	3	32	2	2
1999-2000	3	29	0	3
1999-2000*	1	0	1	-
2000-01	3	29	2	19
2001-02	3	29	3	29
Total	**25**	**173**	**10**	**58**

619 B Companies

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

* Separate volume of Audit Report on the working of Karnataka Small Industries Marketing Corporation Limited.

CHAPTER II

2. REVIEWS RELATING TO GOVERNMENT COMPANIES

2.1 KARNATAKA HANDLOOM DEVELOPMENT CORPORATION LIMITED

Highlights

The Company was formed in October 1975 with a twin objective of promoting the growth and development of handloom industry particularly outside the co-operative sector and to provide continuous remunerative employment to the handloom weavers.

(Paragraph 2.1.1)

The accumulated loss of Rs.43.82 crore totally eroded the paid-up capital of Rs.15.72 crore as at the end of March 2003.

(Paragraph 2.1.6)

For want of firm commitment from the State Government to release its share of margin money and funds for Voluntary Retirement Scheme and for conversion of loan and interest thereon into equity, the revival proposal was yet to be sanctioned by the Government.

(Paragraph 2.1.7)

Though the looms coverage increased from 46,391 to 48,210 during 1998-2003 the working looms decreased from 16,908 to 11,801 during the same period.

(Paragraph 2.1.9)

The Company's turnover mainly constituted sale under two schemes of the State Government indicating excessive dependence on the Government.

(Paragraph 2.1.20)

The stock of finished goods (other than schemes' stock) varied from 12 to 22 months' sales during last four years. Holding of finished goods of more than one year old at showrooms resulted in incurring interest burden of Rs.7.74 crore.

(Paragraph 2.1.25)

All the 62 show rooms were under loss during 2002-03 and none of the showrooms could even recover cost of production.

(Paragraph 2.1.22)

Supply of uniform clothes under Vidya Vikasa Scheme below the cost of production resulted in non-recovery of cost of production of Rs.12.70 crore and delay in release of sale proceeds resulted in additional interest burden of Rs.3.45 crore.

(Paragraph 2.1.15)

The Company has established pre-loom and post-loom processing facilities, which were grossly under-utilised during the last five years upto 2002-03. However, due to poor production planning the Company had to resort to outsourcing of post-loom processing during the same period. The Company could have avoided the processing charges paid during 2000-03 on outsourcing to the extent of Rs.7.69 crore if the job was done in-house.

(Paragraphs 2.1.13 and 2.1.14)

Introduction

2.1.1 The Company was incorporated in October 1975 for promoting growth and development of the handloom industry particularly outside the co-operative sector and also to provide continuous remunerative employment to the handloom weavers. The Company has nine cotton projects with 105 production centres and eight silk projects with 15 production centres, besides one pre-loom unit each at Banhatti and Ranebennur. The Company is having a raw material bank at Banhatti, five warehouses for finished products/seconds at Bangalore, two warehouses at Hubli. In addition, it has a processing unit at Peenya, Bangalore and 62 showrooms called "Priyadarshini Handloom showrooms" for sale of silk and cotton fabric produced by the Company.

Objectives

2.1.2 The main objects of the Company are to:

- promote growth and development of the handloom industry particularly outside the co-operative sector;
- provide financial assistance to handloom and other allied industries such as preparatory, processing and finishing industries;
- undertake manufacturing, distribution and sale of key raw-materials and stores required for the handloom industry; and

- undertake marketing of handloom cloth in wholesale, retail or for commission within and outside the country and to take such further necessary steps in furtherance of this objective.

Presently, the activities undertaken by the Company are to :

- procure and provide raw materials to weavers;
- to arrange loans to weavers for construction of living-cum-worksheds, working capital and for improvement of looms;
- to arrange for technical training to weavers;
- to procure finished fabrics from the weavers; and
- to manufacture ready-made garments and to provide pre-loom and post-loom processing facilities.

The Company did not undertake manufacturing/sale of raw materials.

Organisational set up

2.1.3 The management of the Company is vested in the Board of Directors. The Managing Director is the Chief Executive of the Company and function as per the delegation of powers. He is assisted by the Joint Managing Director, Financial Controller, Chief Manager (Personnel and Administration) and seven other Chief Managers in charge of various lines of activities. Though, the registered office of the Company was shifted from Bangalore to Hubli in 1996-97, all top executives except the Joint Managing Director and the Chief Manager for production of cotton, are stationed in Bangalore.

Seven officers were appointed as Managing Directors of the Company during the last five years up to 2002-03 and only one officer had held that post for more than three years, although the Committee on Public Undertakings (COPU) in its 21st Report presented to the Legislature on 30 November 1984 recommended that the Managing Director should be posted continuously for a minimum period of three to five years.

Scope of Audit

2.1.4 Working of the Company covering transactions relating to "Marketing" was reviewed and reported in the Report of the Comptroller and Auditor General of India (Commercial) for the year 1991-92. The report was deemed to have been discussed by the Committee on Public Undertakings (COPU).

The present audit was undertaken to assess whether the Company has

- achieved its stated objectives, and
- carried out its operations with economy and efficiency.

The present review conducted between January and March 2003 covers the performance of the Company for the five years ending March 2003. Records at three cotton projects (Banhatti, Rabkavi and Ranebennur) covering 47 production centers, two silk projects (Kallur and Kollegal) covering seven production centers, three showrooms at Kolkata, processing unit at Peenya and registered office were test checked.

Audit findings, as a result of test check, were reported to the Government/Company on 20 May 2003 with a specific request for attending the meeting of Audit Review Committee for State Public Sector Enterprises (ARCPSE) so that view point of Government / Company was taken into account before finalising the review. The meeting of ARCPSE was held on 6 June 2003.

Capital structure

2.1.5 The authorised share capital of the Company was Rs.20 crore comprising 20 lakh shares of Rs.100 each as on 31 March 2003, against which the paid up capital was Rs.15.72 crore, fully subscribed by the State Government. This includes Rs.1.64 crore being interest dues converted into equity by the State Government during 1998-99.

Financial position and working results

The accumulated loss of Rs.43.82 crore totally eroded the paid-up capital of Rs.15.72 crore as at the end of March 2003.

2.1.6 The financial position and working results of the Company for the last five years up to 2002-03 are given in Annexe 10 and 11.

Due to decrease in turnover from 1998-99 onwards and increase in administrative expenses, the Company had incurred losses during the last four years ended 31 March 2003. The accumulated losses of Rs.43.82 crore as at 31 March 2003 has eroded the paid up capital of Rs.15.72 crore.

On further analysis of the financial position and the working results, the major contributors for the losses are:

- heavy overheads on production and selling and distribution (as discussed in paragraphs 2.1.12 and 2.1.21);
- low capacity utilisation (as discussed in paragraphs 2.1.13 and 2.1.14);
- huge inventory carrying cost (as discussed in paragraphs 2.1.24 and 2.1.25), and
- losses incurred in showrooms (paragraph 2.1.22 and 2.1.23).

Restructuring of the Company

2.1.7 Government of India launched (September 2000) Deendayal Hathkarga Prothsahan Yojana, a centrally sponsored comprehensive scheme for handloom sector. This scheme provided for component of financial restructuring and rehabilitation in handloom sector, with equal margin money contribution from Central and State Governments. The scheme was to be implemented within two years from April 2002. Other financial requirements were to be met by the respective State Governments.

For seeking assistance under the scheme, the Company hired the services of National Institute of Fashion Technology, co-assisted by Nathan and Nathan Consultants Private Limited. The consultant submitted (November 2002) the revised project report, which, inter alia, suggested for modernisation of existing pre-loom and post-loom processing units and warehouses and reduction in manpower by offering voluntary retirement.

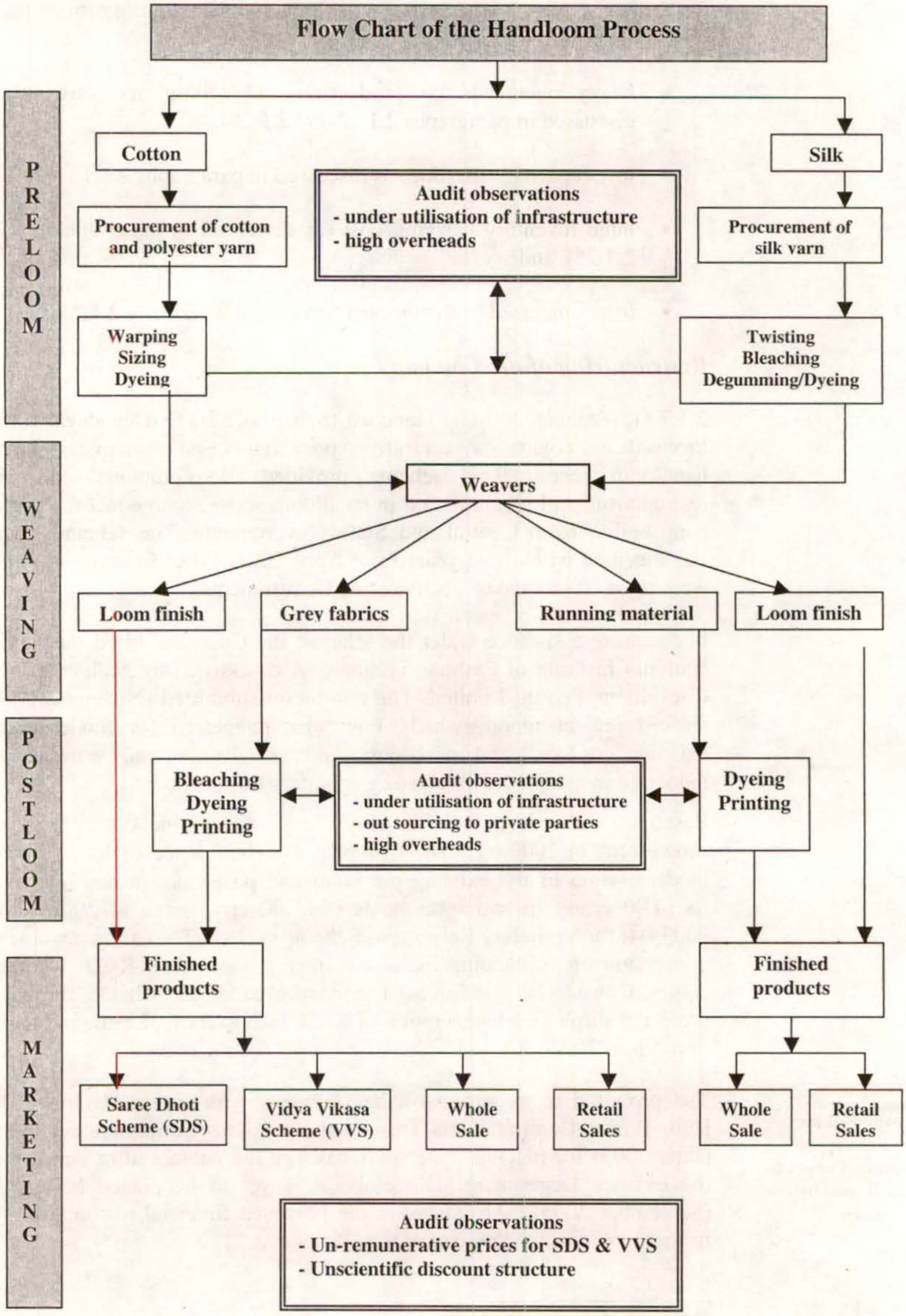
Based on the report, the Company closed down nine out of 12 unviable showrooms in 2002-03. The Company sought finance of Rs.1.47 crore for modernisation of the existing pre-loom and post-loom processing units and Rs.14.00 crore, in two instalments (Rs.7.00 crore each in 2002-03 and in 2003-04) for Voluntary Retirement Scheme (VRS). The Company also sought conversion of outstanding loans and interest thereon of Rs.26.44 crore into equity. Considering the financial assistance under the scheme, the Company projected surplus cash generation of Rs.30 lakh to Rs.7.05 crore over next five years from 2002-03.

The proposal for revival of the Company was yet to be sanctioned by the Government.

The proposed restructuring of the Company was discussed (June 2003) in High Power Committee on Disinvestment. The Committee recommended (June 2003) for placing the proposal before the cabinet after concurrence of the Finance Department. The proposal is yet to be placed before cabinet (September 2003). Any delay in the proposed financial restructuring would further jeopardise the revival of the Company.

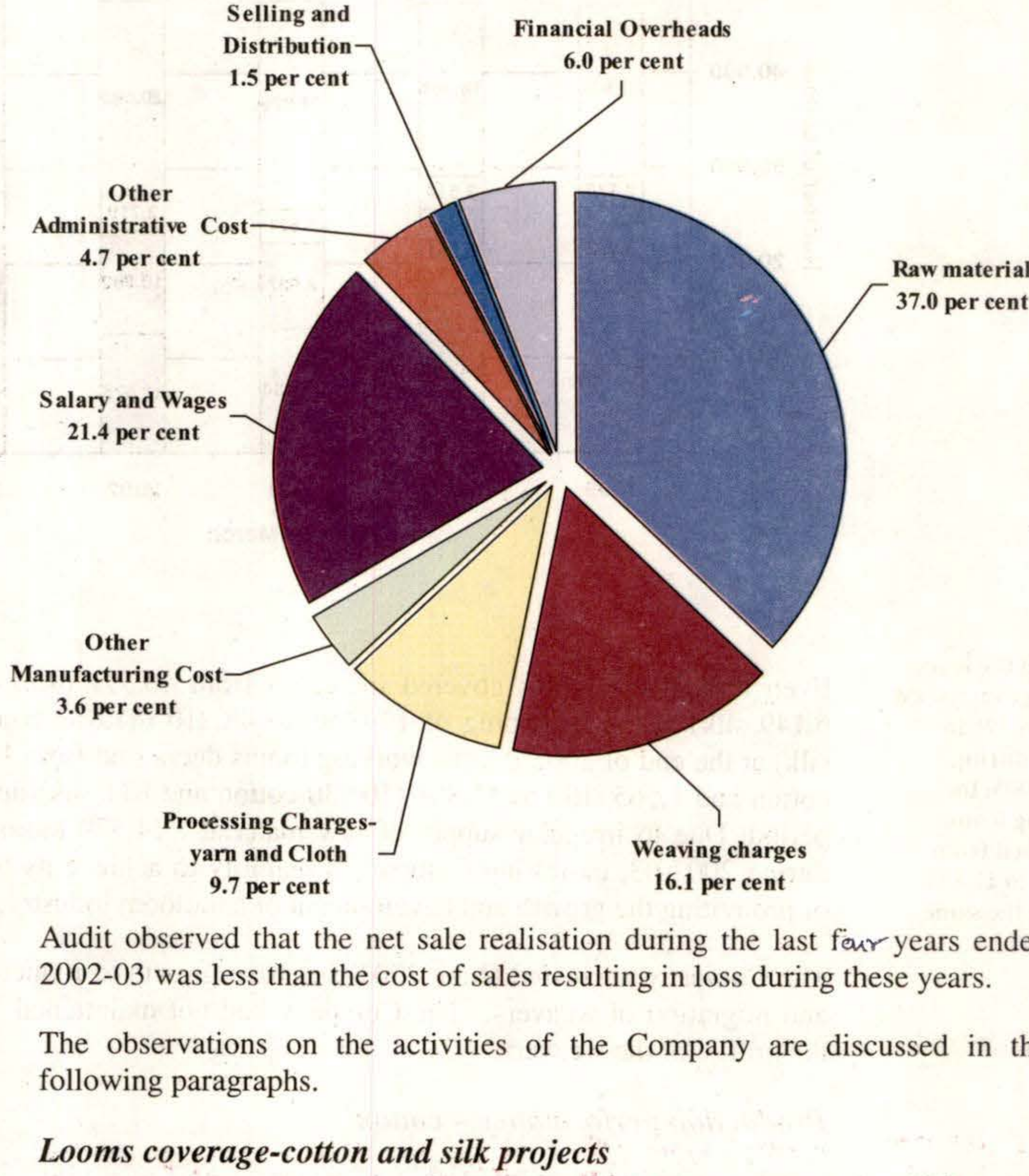
Review of activities

The activities undertaken by the Company in the process of production and sale of cotton and silk fabrics and the main weakness at different stages of the process is depicted in the chart given below:



Activity-wise cost analysis

2.1.8 The chart below depicts the average expenses incurred over the five years ended 31 March 2003, in various activities relating to production and sale of silk and cotton fabrics.

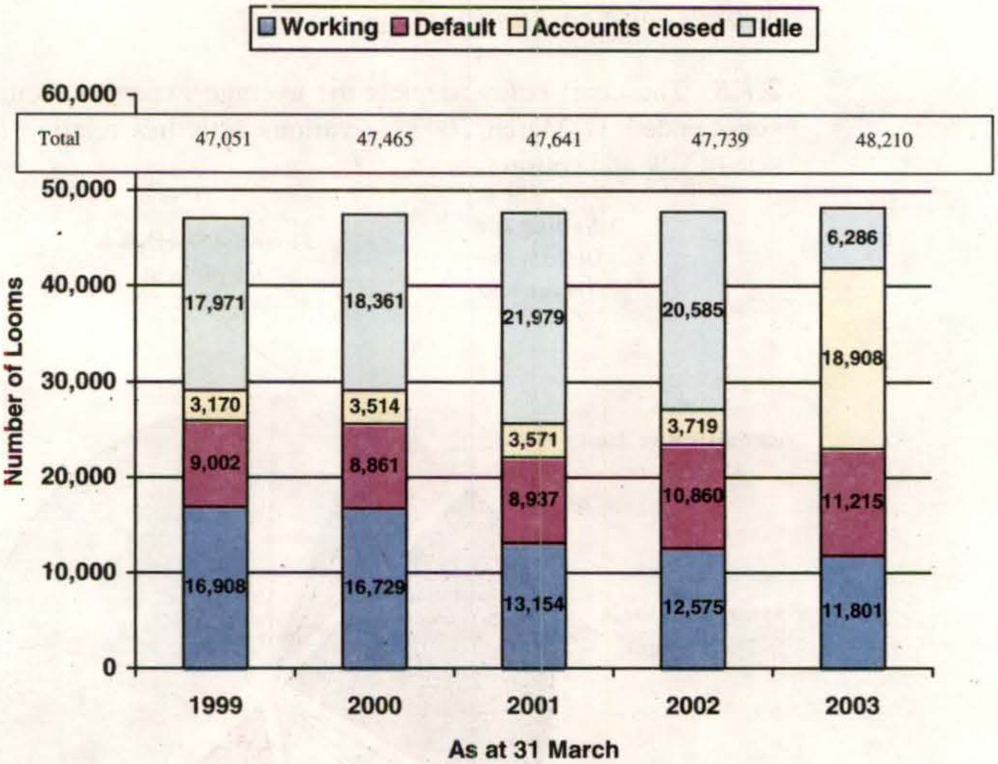


Audit observed that the net sale realisation during the last four years ended 2002-03 was less than the cost of sales resulting in loss during these years.

The observations on the activities of the Company are discussed in the following paragraphs.

Looms coverage-cotton and silk projects

2.1.9 The looms are owned by the concerned weavers. The weavers are registered with the Company to undertake the weaving of yarn on job work basis. Chart below shows the looms covered under cotton and silk projects by the Company for the last five years up to 2002-03:



Though the looms coverage increased from 46,391 to 48,210 during 1998-2003, the working looms decreased from 16,908 to 11,801 during the same period.

Even though the looms covered increased from 46,391 (40,242 cotton and 6,149 silk) at the beginning of 1998-99 to 48,210 (41,862 cotton and 6,348 silk) at the end of 2002-03, the working looms decreased from 16,908 (15,343 cotton and 1,565 silk) to 11,801 (10,930 cotton and 871 silk) during the same period. Due to irregular supply of raw materials, 14,379 looms were closed during 2002-03, indicating Company's inability to achieve its basic objective of promoting the growth and development of handloom industry.

The Company attributed (June 2003) negative growth to reduction in number and migration of weavers. The Company had not maintained 'data base' on the profile of the weavers.

Production performance – cotton

2.1.10 The production of the cotton fabrics mainly depends upon the receipt of the orders from the Government for two major schemes viz. Vidya Vikasa Scheme (VVS) and Subsidised Saree-Dhoti Scheme (SSDS). In anticipation of orders, the Company fixes production targets for these schemes in addition to wholesale/retail sales. Accordingly, the Company produces cotton and polyester fabrics. Entire production of all the schemes is classified under Janatha (SSDS), non-Janatha and Polyester (VVS, whole sale and retail sale) variety. The budgeted vis-à-vis the actual production of cotton (including polyester) fabrics for the five years up to 2002-03 is given below:

Year	Physical (in lakh metre)			Financial (Rupees in crore)		
	Target	Actuals	Achievement (Percentage)	Target	Actuals	Achievement (Percentage)
1998-99	203.00	208.40	102.6	42.18	43.52	103.2
1999-2000	217.10	231.23	106.5	40.31	42.05	104.3
2000-01	174.22	163.91	94.1	36.29	34.72	95.7
2001-02	194.20	116.23	59.9	43.15	27.30	63.3
2002-03	193.90	163.02	84.1	42.38	35.00	82.6

As could be seen from the table, the Company could achieve the physical targets during 1998-99 and 1999-2000, but fell short of the target by 6, 40 and 16 per cent in 2000-01, 2001-02 and 2002-03 respectively. Decrease in the production was mainly due to receipt of lesser orders from Government. The Company did not explore alternative avenues to secure orders to avoid excessive dependence on the Government.

Production performance – silk

2.1.11 The production of silk fabrics is mainly to cater the needs of the wholesale and retail sales through Company showrooms. The budgeted vis-a-vis the actual production of silk sarees and fabrics for the last five years up to 2002-03 is given below:

Year	Physical (in lakh metre)			Financial (Rupees in crore)		
	Target	Actual	Achievement (Percentage)	Target	Actual	Achievement (Percentage)
1998-99	6.00	6.04	100.7	10.50	11.21	106.8
1999-2000	5.50	5.45	99.1	9.65	9.41	97.5
2000-01	4.50	3.87	86.0	6.50	6.42	98.7
2001-02	3.60	2.48	68.9	7.02	4.49	63.9
2002-03	3.00	2.30	76.7	6.53	4.80	73.5

It could be seen that there has been steady reduction in the targets both in physical and financial terms. Even the reduced targets could not be achieved by the Company.

The Company attributed (June 2003) the decline in production to stiff competition for silk products, non-supply of raw materials continuously due to inadequate working capital and irregular payment of conversion charges to weavers.

Production overheads

2.1.12 The cost of cloth per metre from weavers and the production overheads of the Company for both cotton and silk fabrics for the five years ended

31 March 2003 are detailed below:

Year	Procurement cost[♦] per metre (Rupees)		Production overheads* per metre (Rupees)		Percentage of production overheads to procurement cost	
	Cotton	Silk	Cotton	Silk	Cotton	Silk
1998-99	20.96	184.10	3.91	30.15	18.7	16.4
1999-2000	18.15	170.72	3.33	31.12	18.3	18.2
2000-01	21.29	162.78	4.67	41.41	21.9	25.4
2001-02	23.55	180.15	6.32	67.23	26.8	37.3
2002-03	27.47	208.66	4.82	75.65	22.4	36.3

Percentage of production overheads to the procurement cost increased from 18.7 to 22.4 in respect of cotton and from 16.4 to 36.3 in respect of silk.

As could be seen from the above table, the production overheads in respect of cotton and silk increased from Rs.3.91 to Rs.4.82 per metre and from Rs.30.15 to Rs.75.65 per metre respectively during 1998-2003. The percentage of production overhead to the procurement cost during the same period increased from 18.7 to 22.4 in respect of cotton and 16.4 to 36.3 in respect of silk. The increase in production overhead per metre was mainly due to decrease in the production. The Company concurred (June 2003) with the audit observation. However, the Company did not find alternate source to utilise its surplus capacity to avoid its excessive dependence on the Government and also to absorb its fixed overheads evenly with increased production.

Pre-loom process

Utilisation of pre-loom process facilities ranged from 25 to 32 per cent for warping and 27 to 33 per cent for sizing.

2.1.13 The Company is having pre-loom facilities at Banhatti and Ranebennur units, where conversion of yarn into beams through warping and sizing is made. These are transferred to raw material bank at Banhatti, for issue to weavers to convert into finished fabric. Each of the units at Banhatti and Ranebennur is having three warping and two sizing machines. The Company was not able to utilise the warping and sizing machines to full capacity both at Ranebennur and Banhatti. The utilisation of warping machines ranged from 25 to 29 and 26 to 32 per cent at Banhatti and Ranebennur respectively. In respect of sizing machines, it ranged from 27 to 33 and 28 to 33 per cent in respect of Banhatti and Ranebennur respectively during the last five years up to 2002-03. Underutilisation of warping and sizing machines was attributed to:

- inadequacy of manpower for three shifts;
- irregular supply of raw materials due to working capital problem;
- improper production planning due to delay in receipt of confirmed orders from the Government departments for Vidya Vikasa Scheme and Subsidised Saree-Dhoti Scheme; and
- occasional problems like power failure, water supply, machinery breakdown and absenteeism.

♦ Procurement cost = Raw material cost *plus* conversion charges paid to weavers.

* Production overheads = Maintenance costs of production centres.

However, the Company had not taken remedial action to overcome these problems.

Post-loom process

2.1.14 The process unit situated in Peenya has facility for bleaching, dyeing, printing, folding and finishing. It was noticed that the process unit has not been able to work to its full capacity. The percentage of idle hours varied between 7 and 63 per cent of the total hours available for production.

Company was outsourcing post-loom processing even as its in-house capacity was under-utilised.

During 2000-03 the Company outsourced bleaching, dyeing and printing jobs of Rs.19.01 crore. Considering the available in-house capacity and the cost of material for processing, processing charges of Rs.7.69 crore could have been avoided.

The Company has attributed (August 2003) increase in idle hours to absenteeism, delay in receipt of work orders under major sponsored schemes of the Government, old machinery and non-availability of spares, etc.,

The Company have to broadbase its clientele instead of continuing to depend on a single client (the Government), and plan its production activities so as to reduce idle time/outsourcing. Replacement of old machinery could have been considered in a phased manner, to modernise its processing unit.

Implementation of schemes

Vidya Vikasa Scheme

2.1.15 With a view to encourage primary education and also to improve attendance at schools, the State Government introduced (1985-86) Vidya Vikasa Scheme (VVS) for supply of free uniform sets, to the children studying in Government schools and also to provide continuous remunerative employment to the weavers.

The Company was supplying uniform clothes below cost of production.

As per the scheme, for each academic year, the Education Department places indents on the Company followed by confirmed orders for supply of the required uniform sets. The uniforms are to be supplied by May each year. Considering the production cycle of ten months from processing raw-material to the production of uniforms, the orders should have been placed by August of the previous financial year. The Company has to supply uniform sets at the rates fixed from time to time, by the Education Department based on the cost data of the Company. Keeping its obligation to provide continuous employment to weavers, the Company accepts the order. As per arrangement of the scheme, the Education Department, while placing confirmed orders, also pays initial advance to the Company, which is adjusted against the future supplies. Payments against the supplies are released based on despatches.

Audit observed that

- the Department has not placed indents by August in any of the preceding five years and there were delays ranging from 4 to 13 months beyond due dates for placing indents. The Department while placing the indents specifically instructed the Company to complete the supply of entire uniform sets within three months period. As a result, the Company could not plan its production and had to go for outsourcing of post-loom process to the extent of Rs.28.74 crore during these years. In addition, the Department had imposed penalty of Rs.43.74 lakh for the delayed supply of uniform in 2002-03;

- the rates fixed by the Department did not cover the cost of production. Consequently, the Company supplied uniform clothes below cost of production resulting in non-recovery of cost of production of Rs.12.70 crore during these years; and

- there were delays ranging from 1 to 11 months, in release of payments to the Company in all the years. Since the Company had resorted to cash credit to tide over its cash flow, the delay in release of payments resulted in additional interest burden of Rs.3.45 crore on the Company.

Subsidised Saree-Dhoti Scheme

2.1.16 The State Government introduced (with effect from October 1985) the Subsidised Saree-Dhoti Scheme (SSDS) with the twin objectives to subsidise the cost of cloth supplied to the rural poor and to support the weavers in the handloom sector. The Company was made the nodal agency for implementation of the scheme in all the districts, except Kolar district, in the State. With the discontinuance of the central subsidy from April 1998, the State Government continued with their subsidy, which was fixed by the State Level Implementation Committee (SLIC), from time to time. While finalising the subsidy payable to the Company, the State Level Implementation Committee (SLIC) considered, overhead at 25 per cent only as against actual overheads ranging from 43 to 59 per cent. On approval of the cost price, the Company was required to despatch fabrics to the wholesale points of the Karnataka Food and Civil Supplies Corporation Limited and Taluk Agricultural Produces Marketing Committee. The sale takes place only when the fabric are distributed through the Public Distribution System (PDS) for selling at subsidised prices. Based on the budget provision, the State Government releases in advance the subsidy amount to the Company at the beginning of each year.

Audit observed that

Due to decrease in the amount of subsidy released by the Government there has been reduction in the number of beneficiaries.

- the number of eligible beneficiaries was not assessed either by the Government or by the Company. However as per the records of the Company, there were 61.5 lakh green card holders in the State as on 1 April 2001.

- there has been reduction in the number of beneficiaries covered under the scheme due to decrease in the amount of subsidy released by the Government during 1998-2003.

- the sale takes place through PDS. There was a time lag of two to three years between the completion of production and the sale through the PDS. Consequently, the Company incurred inventory carrying cost of Rs.9.21 crore during the five years ended 31 March 2003.
- stock of Rs.9.82 crore as on 31 March 2003 was with the wholesale points relating to the scheme.
- the Company has not analysed the profitability of the scheme in view of the fact that it could load maximum overheads of 25 per cent only compared to actual overheads ranging from 43 to 59 per cent in these years.

The Company purchased saree clothes at higher rates than the supply rates resulting in loss of Rs.72.49 lakh.

- the Company purchased (2000-2003) 6.21 lakh metre (1,12,872 sarees) of polyester saree clothes. Against the cost of Rs.187.83 per saree, the Company could recover Rs.123.60 per saree as per price fixed for the scheme. This resulted in loss of Rs.72.49 lakh.

Financial assistance

Living/housing-cum-workshed schemes

2.1.17 In order to improve the quality and productivity and also the standard of living of the weavers, it was decided to provide living-cum-workshed (LCW) to weavers with proper shelter, providing proper lighting and free flow of air. The State Government nominated (June 1981) the Company as a nodal agency for implementation of the scheme. In the first instance, construction of 1,942 living-cum-work sheds (LCWs) under the Dutch Assisted Scheme (DAS) was entrusted to the Company. The Karnataka Industrial Area Development Board was to acquire and develop the required land for this scheme at various locations. Based on the proposal of the Company, the State Government entrusted, between 1992-1998, construction of 1,634 LCWs under three centrally sponsored schemes. The cost of land and its development was to be borne by the State Government. The Company implemented all the four schemes between 1987 and 2003.

Audit observed that 1,942 LCWs under DAS were constructed on the Company's land costing Rs.12.58 lakh. The Company incurred infrastructure cost of Rs.1.07 crore thereon. As these expenditure were not specifically covered under the scheme, the Company could not recover this amount from the beneficiaries. The Company's request to convert the same into grant has not been approved by the State Government so far (September 2003). Similarly, in respect of 551 LCWs under the centrally sponsored schemes, the Company could not recover the cost (Rs.10.09 lakh) of its own land from the beneficiaries. Thus, the Company could not recover a total cost of Rs.1.30 crore from the beneficiaries under the above four schemes.

The Company had borrowed Rs.2.37 crore from Housing Development Finance Corporation (HDFC) on the guarantee of the State Government for implementing centrally sponsored schemes. The Company is required to pay guarantee commission of Rs.26.41 lakh to the Government. However, the Company could not recover this amount from the beneficiaries.

Delay in recovery of loan and interest instalments

2.1.18 As per funding of the schemes, the loan amount including interest was to be recovered from the beneficiaries in equated monthly instalments (EMI) over a period of 22 to 27 years. The Company was to bear the interest burden of four per cent per annum on the loan amount drawn under DAS and in case of loans taken from HDFC, it was to pay EMI amount as fixed by HDFC irrespective of recoveries from the beneficiaries. The recovery of loan from the beneficiaries as at 31 March 2003 was as follows:

Name of scheme	No. of LCWs	Amount of EMIs		
		Recoverable	Recovered	Balance
		(Rupees in lakh)		
Dutch assisted scheme	1,942	218.29	74.67	143.62
Centrally sponsored schemes	431	36.21	17.78	18.63
	750	45.01	13.20	31.80
	453	7.63	2.78	4.85
Total	**3,576**	**307.14**	**108.43**	**198.90**

The Company incurred extra interest burden of Rs.59.21 lakh due to poor recovery of Equated Monthly Instalments.

The poor recovery was attributed to irregular supply of raw material by the Company and irregular work habits of the weavers. Consequent to poor recovery of EMIs from the beneficiaries, the Company incurred additional interest burden of Rs.43.93 lakh on the defaulted amount in respect of Dutch assistance scheme during 1993-2002. Similarly in respect of loans taken from HDFC, the Company could not recover Rs.55.28 lakh. This resulted in extra interest burden of Rs.15.28 lakh.

Project package scheme

2.1.19 Government of India sanctioned (March 1994) a handloom development project under project package scheme for handloom weavers of Kinnal village in Raichur district. Besides, Government of India also sanctioned four project package schemes for Kolar, Tumkur, Dharwad and Gulbarga districts in September 1994 and for Molkalmur in March 1996, with the objectives to :

- provide necessary support to beneficiaries for pre/post-loom operations so as to increase production and marketing of handloom products;
- assist weavers to switch over from weaving grey/ janatha cloth to yarn dyed fabrics;
- extend subsidy of Rs.4,000 and an equal amount as a loan to each of beneficiaries for extension to the existing building, where the accommodation was insufficient for work place, subject to the condition that the beneficiary should not have availed benefit under LCW schemes of the Government; and

- upgrade skill of weavers and provide infrastructure support.

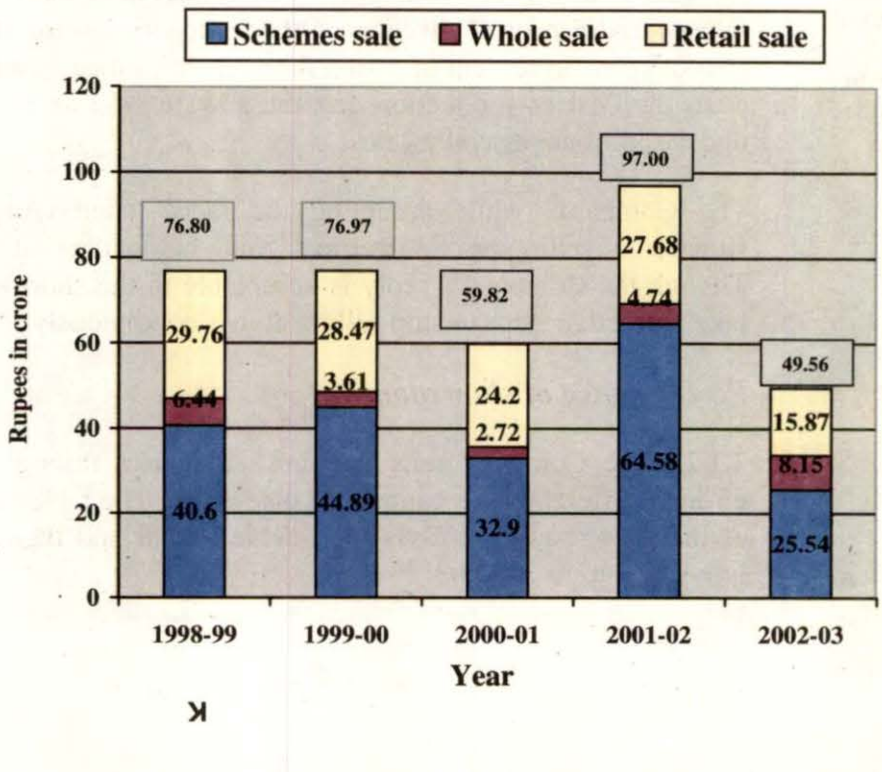
The Government of India released, between 1996 and 1998, Rs.91.71 lakh for implementation of the scheme over a period of one to two years. Audit observed that :

- the Company has not been able to implement the scheme even after a lapse of seven years from the date of receipt of financial assistance,
- out of Rs.91.71 lakh , Rs.84.26 lakh from December 1997 to May 1999 and Rs.19.00 lakh from June 1999 to February 2003 remained unspent,
- the difference in unspent balance between the initial records (Rs.19.00 lakh) and as per accounts (Rs.16.21 lakh) as on 31 March 2002 has not been reconciled so far (September 2003).

The Company stated that due to delay in release of fund by the State Government and the Central Government, the scheme could not be operated within the time frame.

Sales performance

2.1.20 The Company has been selling silk and cotton fabrics through wholesale orders and in retail through its 62 "Priyadarshini Handloom Showrooms". The sales under Government schemes, wholesale and the retail for the last five years up to 2002-03 is shown in the chart below:



The schemes' sales varied from Rs.25.54 crore to Rs.64.58 crore and it contributed around 51.5 to 67.1 per cent of the total sales during last five years up to 2002-03. The turn over of the Company largely depends upon the orders received under the Government sponsored schemes.

The Company depends mainly on one single client viz. the State Government for its sales turnover.

The Company did not evolve marketing strategy for improving retail sales. The showrooms did not breakeven and incurred loss due to inventory carrying cost and overheads. The Company stated (August 2003) that as part of new marketing strategy, retail outlets would be developed as strategic business units by introducing profit-centre concept for realistic achievement. The Company needs to take steps to broad base its activities.

Retail sale pricing policy

2.1.21 The Company has limited role in pricing the supplies to the Government sponsored schemes and had to supply at the prices fixed by the Government, which include overhead at 25 per cent of the cost of production as against actual overheads ranging from 43 to 59 per cent of cost of production. The overheads considered for pricing fabrics meant for retail sale was 60 per cent for silk and polyester fabrics and 45 per cent for cotton fabrics. The figure so arrived at was further marked up by 25 to 35 per cent to arrive at the retail selling price. From time to time, the Company allowed normal discount of 20 to 40 per cent both on cotton and silk fabric. In addition to normal discount, depending upon the festival season and peak season, additional discount of 10 per cent over and above the normal discount was also allowed.

The Company was not able to recover the cost of production due to discount structure.

As a result of the discount structure, the Company was able to recover cost of sales only in respect of category-A (less than one year old) silk and polyester fabrics under normal discount. Other categories were always sold at below cost of sales. In respect of cotton fabrics, the Company was not able to recover even the cost of production and these were sold at 22 per cent below cost under additional discount sales.

The Company, while accepting the facts stated (August 2003) that the situation of selling price sometimes going below the cost needs to be accepted. Though the Company's reply is acceptable in the short-term, it is required to take corrective steps to stop selling at loss continuously for long period.

Performance of showrooms

2.1.22 The Company sells the finished fabrics through its showrooms and through different sales campaigns elsewhere. The table below gives the target of the showrooms vis-à-vis their achievement and their profitability for last five years up to 2002-03:

(Amount in crore rupees)

Year	Sales			Showrooms						
				Total No.	Under profit			Under loss		
	Target	Actual	Per cent		No.	Amount	Per-centage of profit to sales	No.	Amount	Per-centage of loss to sales
1998-99	26.46	21.62	81.7	54	20	0.78	3.6	34	0.98	4.6
1999-00	34.01	22.44	66.0	64	15	0.33	1.5	49	1.22	5.5
2000-01	31.45	20.23	64.3	64	14	0.58	2.8	50	1.55	7.7
2001-02	28.78	23.15	80.5	64	----	----	----	64	4.60	19.9
2002-03	32.61	13.61	41.7	62	----	----	----	62	4.09	30.1

All the showrooms of the Company suffered loss during 2001-03.

It could be seen from the above that the number of showrooms, earning profit, came down from 20 in 1998-99 to 14 in 2000-01, and during 2001-03 none of the showrooms earned any profit. The quantum of losses from the showroom sales varied from Rs.98.36 lakh to Rs.4.60 crore over last five years upto 2002-03 and the percentage of loss to the total sales increased from 4.6 to 30.1 during the same period. The number of showrooms which could not recover cost of production during last five years up to 2002-03 were six, three, four, thirty-one and sixty-two respectively.

As a part of restructuring plan, the Company decided (September 2002) to close down, before end of March 2003, 12 unviable showrooms including three showrooms located outside the State. The Company closed nine showrooms in the State and could not close the remaining showrooms as these showrooms are located in the handloom complex and funded by the National Handloom Development Corporation Limited.

2.1.23 The Company took up renovation of its four showrooms located in Bangalore at a cost of Rs.12.75 lakh. Though it was decided (August 2002) that the renovation should be completed before Dussehra festival, the work was awarded only in October 2002. The work which was to be completed by 15 November 2002 could be completed by March 2003 only. During this period, no sales were effected in these showrooms. Thus, due to delay in taking decision to award the work and delay on the part of the contractors in completion of renovation work, the Company lost the opportunity of selling its products during the festival season from October 2002 to February 2003 (valued at Rs.1.95 crore equivalent to the sale in the corresponding previous year).

Inventory

Inventory of raw materials

2.1.24 The inventory holdings of yarn and dyes and chemicals in terms of months consumption for last five years up to 2002-03 are given below:

Year	Stock		Consumption		Stock in months consumption	
	Yarn	Dyes & chemicals	Yarn	Dyes & chemicals	Yarn	Dyes & chemicals
	(Rupees in crore)					
1998-99	12.27	0.25	41.9	1.14	4	3
1999-00	10.16	0.42	38.43	1.02	3	5
2000-01	7.51	0.51	29.62	1.06	3	6
2001-02	11.94	0.53	22.43	1.22	6	5
2002-03	5.67	0.39	28.39	1.56	3	3

It may be seen from above that both the stock of yarn as well as that of dyes and chemicals ranged from three to six months' consumption. The Company had no system of fixing the minimum, maximum and reordering level of stock holdings and also the management had not analysed the inventory holdings so far (March 2003) to take corrective measures to control the inventory holdings.

Inventory of finished goods

2.1.25 The stock of finished goods includes stock meant for Vidya Vikasa Scheme and Saree-Dhoti Scheme. The stock of Vidya Vikasa Scheme is sold during the academic year. The Company has no control over the stock of Saree-Dhoti Scheme as the sale takes place through the Public Distribution System (PDS) throughout the year. The classification of the stock of finished goods held at showrooms, warehouses and projects, other than the schemes' stock, as at end of March for last five years up to 2002-03 is given below:

Category	Stock held at the end of March				
	1999	2000	2001	2002	2003
	(Rupees in crore)				
A. Less than one year	35.62	35.13	37.47	17.43	21.96
B. 1 to 2 years	3.78	6.83	6.63	6.45	2.76
C. 2 to 3 years	2.80	2.59	3.58	3.01	4.15
D. above 3 years	1.44	2.15	2.47	3.91	2.77
E. Damaged	0.04	0.01	0.19	0.02	0.06
F. cut-bits	0.01	0.01	0.01	0.02	0.01
Total	**43.69**	**46.72**	**50.35**	**30.84**	**31.71**
Sales-retail and wholesales (other than schemes' sales)	**36.17**	**31.50**	**27.01**	**31.69**	**24.02**
Stock in terms of number of months' sales	**14**	**18**	**22**	**12**	**16**

The stock of finished goods at showrooms, warehouses and projects increased from 14 months' sales in 1998-99 to 22 months' sales in 2000-01. Due to reduced production during 2000-01 and 2001-02 and increased sales during

Holding of finished goods of more than one year old at showrooms resulted in incurring interest burden of Rs.7.74 crore.

2001-02, the stock of finished goods at the end of the year 2001-02 had reduced to 12 months' sale. Thirty one per cent of the stock of finished goods held as at 31 March 2003, was more than one year old. By holding stock for more than one year, the Company had to incur inventory carrying cost (interest at 14 per cent per annum) of Rs.7.74 crore. In addition, these fabrics are subject to sale at heavy discount of 40 per cent.

Thus, it is evident that the Company failed to estimate the demand on realistic basis and control production accordingly.

Internal audit

2.1.26 The internal audit wing of the Company is headed by an Audit Officer, who reports to the Joint Director (Planning and Development). A unit of the wing in Bangalore conducts the audit of offices/ showrooms located in southern Karnataka and the Hubli office unit conducts the audit in the northern Karnataka. In addition, the internal audit of some projects and showrooms was entrusted to the firms of chartered accountants. From March 2003, the Company has entrusted the work of pre-audit of payments of Rs.250 and above to the internal audit wing, in a few selected projects in addition to regular internal audit functions. Thus, the Company has diluted the scope of the internal audit wing further by entrusting it with pre-audit functions. It is suggested that the internal audit wing be strengthened and placed under the direct control of the Managing Director in order to conduct its functions independently and effectively.

Manpower analysis

2.1.27 The Indian Institute of Management, Bangalore, submitted (1998) a detailed report for downsizing the manpower of the Company and suggested VRS package to 354 surplus employees and removal of 112 security personnel (out of 1,358 employees of the Company). The Company has terminated the services of 112 security men only. The Company requested (November 2002) the State Government for Rs.14.03 crore for meeting the VRS liability. The State Government though agreed, is yet to release the amount (September 2003).

Pending disciplinary cases

2.1.28 As on 31 March 2003, the Company had 134 cases of misappropriation of cash, shortages of stock and other financial irregularities involving Rs.2.09 crore pending against its employees as detailed below:

Particulars	No. of cases	Amount involved (Rupees in lakh)
Misappropriation of cash	33	31.13
Shortage of stock	51	105.00
Misappropriation of cash and stock	10	27.90
Other financial irregularities	40	45.46
Total	**134**	**209.49**

A review of some of the pending cases revealed that:

- there was a delay of more than five years in conducting enquiry in four cases involving Rs.38.36 lakh,

- in eight cases involving Rs.8.05 lakh, though the enquiry was concluded during 2002-03, enquiry report was awaited. As a result of this delay, action could not be initiated in these cases for recovery.

- in one case of misappropriation of Rs.10.24 lakh by a PCQA Inspector, the amount was ordered to be recovered in 228 monthly instalments.

Conclusion

The Company had failed in its objective of providing continuous remunerative employment to weavers as out of 48,210 weavers registered with the Company only 11,801 were working at the end of 2002-03.

Audit observed significant mismanagement in various aspects of working of the Company, which includes reduction in production resulting in increase in overheads and consequent increase in cost per unit. Retail sales prices were non-competitive and large discounts offered for disposal of stocks led to non-recovery of even cost of sales. Supplies of fabrics under Vidya Vikasa Scheme and Subsidised Saree-Dhoti Scheme were made at un-remunerative prices leading to further losses. There was excessive dependence on a single client, namely, the Government. Retail showrooms, which catered to other clientele, showed poor performance.

2.2 KARNATAKA POWER CORPORATION LIMITED

SECTORAL REVIEW ON THE IMPLEMENTATION OF SHARAVATHY TAILRACE PROJECT, GERUSOPPA

Highlights

The detailed project report prepared in 1981 envisaged construction of a dam of 56 metre height and 545 metre long on river Sharavathy near Gerusoppa village for power generation with four generating units each of 60 mega watt (MW) totalling to 240 MW.

(Paragraph 2.2.1)

As against the targeted period of five years, the Company took more than 12 years to complete the project. Out of this, more than two years were lost due to environmental problems, which were beyond the control of the Company. However, even after receipt of fresh environmental clearances (September 1993), the Company took more than eight years to complete the project.

(Paragraph 2.2.8)

The Company enhanced the multiplying factor from 0.75 to 0.85 for calculation of escalation in the supplementary agreements. This resulted in undue benefit of Rs.2.06 crore to the contractors.

(Paragraphs 2.2.12 and 2.2.15)

Premature closure of work by diverting the work to gate contractor resulted in undue benefit of Rs.2.60 crore to dam contractor. Adoption of wrong date of commencement of work also resulted in payment of end point bonus of Rs.8.35 crore instead of recovering penalty of Rs.3.89 crore.

(Paragraph 2.2.14)

The decision to pay incentive of Rs.17.60 lakh instead of recovering penalty of Rs.5.20 crore for delay in completion of work was not justified.

(Paragraph 2.2.16)

Failure to lower the riverbed resulted in generation loss of 47.69 million units with consequent revenue loss of Rs.13.02 crore.

(Paragraph 2.2.19)

Failure to synchronise unit–I till February 2001 due to non-availability of transmission lines resulted in loss of revenue of Rs.24.18 crore.

(Paragraph 2.2.20)

Introduction

2.2.1 The river Sharavathy is an important west flowing river in Karnataka. A series of dams were built in its valley for power generation. The Gerusoppa dam is the last in the series of dams built across the river. Dam is located near Gerusoppa village. The detailed project report (DPR) prepared in 1981 envisaged construction of a dam of 56 metre height and 545 metre long. The power house is at the toe of the dam on the right bank of the river with four generating units each of 60 mega watt (MW) totalling to 240 MW.

The project on completion was to serve as a peaking station and was expected to augment 240 MW to the state grid. The annual energy generation was expected to be 622 million units (MU) at an average station load factor of 30 per cent. The zero date of the project was November 1989. The estimated cost was Rs.145.42 crore. The cost of generation estimated was 27 paise and the selling price 31 paise per unit.

2.2.2 The project envisaged clearance of 700 hectares of forest for which environmental clearance was obtained in March 1987. The tenders for major hydraulic and electrical equipment required for the project were invited in January 1989. The work of clearance of forests was stayed (September 1989) by the Honourable High Court of Karnataka on the basis of writ petition filed (June 1988) by the environmentalists. The fresh forest clearance for release of 700 hectares was issued by Ministry of Environment and Forest, Government of India in September 1993.

Scope of Audit

2.2.3 The implementation of the project, since commencement of works from January 1989 to March 1994 and the procurement of major hydraulic and electrical equipments, was reviewed and the findings included in the Report of the Comptroller and Auditor General of India (Commercial) for the year ended 31 March 1994. The Committee on Public Undertakings (COPU) discussed the Report and recommended (69th Report) the following remedial actions:

- to take utmost care while entering into contract for balance works as the implementation of the project had already been delayed and considerable additional expenditure incurred by the Company;
- to firm up the basis of settlement with contractors in writing and to report the progress in settlement of compensation claims; and
- to post efficient officers and hold them responsible for timely completion of the project and guard against any further lapses.

2.2.4 In the present review, resumption of various components of the project, after receipt of fresh environmental clearance from Government of India (September 1993) including commissioning of units have been covered.

Audit findings were reported to the Government/Company on 6 May 2003 with a specific request for attending the meeting of Audit Review Committee for State Public Sector Enterprises (ARCPSE) so that view point of

Government / Company was taken into account before finalising the review. The meeting of ARCPSE was held on 20 May 2003.

Project finance

2.2.5 The techno-economic clearance from Central Electricity Authority (CEA) was obtained in May 1987. The Board accorded its administrative approval in August 1987 for Rs.212 crore. The project was to be completed with World Bank assistance and a loan of US$ 130 million was sanctioned by the World Bank. The World Bank stopped (August 1993) release of loan due to slow progress of work. This aspect has been discussed in paragraph 4A.1.2 of Audit Report (Commercial), Government of Karnataka for the year ending March 1998. Later, the Company availed a loan of Rs.180 crore from Power Finance Corporation Limited to finance the project.

Implementation of the project

2.2.6 Under international competitive bidding, the work for construction of dam was entrusted (November 1989) to Naveen Mechanised Construction Company (Private) Limited, (NMCC), Hubli at the tendered cost of Rs.51.84 crore. The work was to be completed in 60 months, i.e. by November 1994. The construction of power house was awarded (August 1989) to Chinna Nachimuttu Construction Company Limited (CNCC), Bangalore with scheduled completion period of 54 months i.e. April 1994 at tendered cost of Rs.16.36 crore. The work order for purchase of generating unit was placed (February 1990) on Bharat Heavy Electricals Limited (BHEL) at a cost of Rs.28.48 crore. The delivery of unit was to be completed by February 1993.

2.2.7 Though the works were commenced in 1989, their progress was interrupted / retarded between January 1991 and July 1992 due to availability of only 60 hectares of land, non-availability of designated quarry, agitations by environmentalists and stay order of the court. The works were completely stopped from August 1992 due to withdrawal of forest clearance by Government of India and were resumed only after receipt of fresh environmental clearance in September 1993. As the major part of the contract period was lost, the contractors demanded compensation and extension of time for execution of balance works beyond the contract periods.

The Company entrusted the balance works to the same contractors at enhanced rates. The supplementary agreements with revised terms and conditions were entered during August/September 1997. According to the supplementary agreements, dam and power house work was to be completed by May and July 2001 respectively. The issue of claims for compensation for stoppage of works including waiver of interest on advances was de-linked on mutual acceptance.

Time overrun

Even after receipt of fresh environmental clearance, the Company took more than eight years to complete the project.

2.2.8 The project was to be completed by November 1994. However, the work was finally completed and the last unit commissioned in April 2002 only. As against the targeted period of five years, it took 12 ½ years to complete the project. Out of this, about 2 ½ years were lost due to environmental problems, court orders, etc., which were beyond the control of the Company. However, even after receipt of fresh environmental clearances (September 1993), the Company took about 8 ½ years to complete the project.

The slow progress after September 1993 was due to failure of the Company to negotiate an early settlement with the contractors. While restarting the balance works, the Company did not consider the option of re-tendering in order to avoid further loss of time of two seasons and allowed the original contractors to continue the works beyond original agreement period (August/ November 1994), pending final decision on revision of rates, compensation claims, etc., as demanded by them.

Four years were spent in the process of negotiations with the contractors and deliberations within the Company at various levels. The fresh agreements could be signed by August / September 1997.

Primary purpose of avoidance of "re-tendering" to save two years was not achieved and thereby the possibility of generating power to an extent of 1,244 MU was lost.

The Government stated (August/May 2003) that though it had considered option of re-tendering the work it did not proceed with it due to possible litigation it might have to face, which would have further delayed the work by several years. It further stated that only 12 per cent of the work was done up to the date of implementation of the revision of rates, the balance work was done in less than five years.

However, the fact remains that the primary purpose of not re-tendering to save two years was not achieved resulting in loss of potential generation of 1,244 million unit (MU).

2.2.9 Keeping in view the shortage of power in the State, COPU in its report (83rd Report) fixed the target dates for completion of the project and directed the Company to report the progress of work to them. The Company could not adhere to the target dates fixed by COPU, as detailed below:

Units	Date of completion fixed by COPU	Actual date of completion	Delay in Completion (months)
Unit I	15.06.2000	20.02.2001	8
Unit II	31.10.2000	15.05.2001	6
Unit III	28.02.2001	01.11.2001	8
Unit IV	30.06.2001	26.04.2002	9

The Company also did not submit periodical progress report to the COPU as per its directions.

Cost overrun

2.2.10 The cost of the main components of the project at the commencement of works based on estimates/tendered prices and the actual expenditure as at 31 March 2003 was as detailed below:

Sl. No.	Major components of the Project	As per estimates/ tender at commencement of the project	Actual expenditure as at December 2002	Difference	Increase in percentage
		(Rupees in crore)			
1	Dam and spillway works	51.84	245.86	194.02	474.27
2	Power house	16.36	96.33	79.97	588.81
3	Gates	9.78	22.83	13.05	233.43
4	Penstock	2.76	11.80	9.04	427.53
5	Turbine and generator	32.25	77.62	45.37	240.68
	Total	**112.99**	**454.44**	**341.45**	**402.19**

After the resumption of works on receipt of environmental clearance in September 1993, negotiations were carried out in respect of settlement of compensation claims preferred by dam and power house contractors and for revision of rates for the balance works beyond the original agreement period. Revised agreements were drawn in August/September 1997 de-linking the issues of compensation claims. The cost of the balance works worked out to Rs.134.31 crore for dam works and Rs.37.16 crore for power house works. The Company did not prepare revised estimates at any time from DPR to completion stage. The final bills and the compensation claims have not so far been settled (March 2003).

The steep increase in the cost of the project had increased the cost of generation to 269 paise per unit.

The excess over estimates was mainly due to inordinate delay in execution of the project, as there were neither enlargement in the scope of works nor notable increase in quantum of works executed. The steep increase in the cost of the project had an effect of increasing the cost of generation of electricity from 27 paise (estimated at DPR stage) to 269 paise per unit and the selling price from 31 paise to 273 paise per unit.

The Government/Company stated (August 2003) that increase in tariff was due to non-inclusion of interest during construction at DPR stage as per the practice prevalent in those days and subsequent changes in the parameters for calculating tariff.

Civil works

Dam and appurtenant works

2.2.11 The construction of dam and appurtenant works was entrusted (October 1989) to Naveen Mechanised Construction Company (Private)

Limited (NMCC). The works could not be completed within the contract period of 60 months due to environmental problems, litigations, etc. The Company entered into a supplementary agreement (September 1997) with NMCC to avoid further delay in re-tendering the works. The work was scheduled for completion by May 2001.

Undue benefit to the contractor

2.2.12 Audit observed that while entering into supplementary agreement undue benefits of Rs.3.32 crore were given to NMCC. These are discussed below:

Enhancement of the multiplying factor in the supplementary agreement resulted in undue benefit of Rs.1.56 crore.

- The multiplying factor for calculating escalation was revised from 0.75 in the original agreement to 0.85 in the supplementary agreement. This was done despite the fact that the Company had earlier rejected the multiplying factor of 0.85 given by NMCC. This resulted in undue benefit of Rs.1.56 crore. The Government stated (August 2003) that the enhancement in multiplying factor was in accordance with the projects which were under construction at that time. The reply may be seen in the light of the fact that even at the time of the original agreement the factor was restricted to 0.75 and there was no change in the scope of work in the supplementary agreement.

- The Company paid (between May 1994 and September 1995) ad hoc advance of rupees five crore to NMCC, which was not covered under the original agreement. While entering into supplementary agreement, the Company waived interest accrued up to December 1996 on all the advances including ad hoc advance in proportion to the shortfall in the work up to that date. Since the ad hoc advance was not covered under original agreement, the same should not have been considered at the time of interest waiver. This resulted in undue benefit of Rs.1.76 crore.

The Government/Company stated (August / May 2003) that NMCC had sought for total waiver of interest up to the date of settlement of revision of rates as the delay in works was beyond their control. While negotiating revision of rates, waiver of interest on advances was considered as a package deal. The reply is not tenable since the ad hoc advance paid was not covered under the terms of the original agreement, the same should not have been considered at the time of supplementary agreement.

Non restriction of pre-cooled concrete

Allowing rate of pre-cooled concrete to other than main body of the dam resulted in extra payment of Rs.1.32 crore.

2.2.13 As per agreement with NMCC, only 3,92,700 cubic metre of concreting in the main body of the dam was to be pre-cooled. NMCC was to be paid extra for pre-cooling. However, while giving item rates for pre-cooling, the entire quantity of 4,60,000 cubic metre required for the construction of dam was treated for pre-cooling purpose. This resulted in extra-expenditure of Rs.1.32 crore.

The Government/Company stated (May/August 2003) that mass concreting is governed by width and height of the monolith and not by the grade of concrete used. This reply is not tenable since pre-cooling of concrete was required only for the main body of dam and not for the other area.

Payment of end point bonus

2.2.14 As per terms of the supplementary agreement, NMCC was eligible for end point bonus if the work was completed 15 days ahead of scheduled date of completion of the project. The work was completed in December 2000 against scheduled date of May 2001. Audit noticed that:

remature closure of the am contract by iverting the work of all plate concreting to ates contractor resulted NMCC gaining s.2.60 crore.

- The scope of work included concreting of the radial gates wall after all the radial gates were erected and welding completed in all respects. The concreting was programmed between February and March 2001. However, this work was withdrawn from NMCC under clause 6 of the agreement "closure of the contract pending completion of minor items of work" and got executed through gates contractor between February and March 2001. The withdrawal of this work, which had duration of 52 days, resulted in completing the contract 52 days ahead of the scheduled date of completion and gaining bonus of Rs.2.60 crore.

  The Government/Company stated (August/May 2003) that as per the programme given to gates contractor, the erection of radial gates and finishing the wall plates of all the blocks should have been over by 10 June 2000. However, wall plates could be erected only after entire radial gates were erected and welded. Hence, the dam contractor had to wait till the gates contractor finished the work and proceeded with concreting behind the wall plate. As this involved concreting of 50 cubic metre only, the technical committee took a decision to divert the work of concreting behind the wall plate to the gate contractor. The reply is not tenable as both the contractors had agreed for the above time schedule and pre-mature withdrawal of work from NMCC has given them an undue benefit of Rs.2.60 crore without any benefit to the Company.

- As per the agreement, curing of minimum 14 days was required for concrete works depending upon the nature of cement used in concreting. Audit noticed that the date of completion of last batch of concreting done by NMCC on 14 December 2000 was taken as 15 December 2000 without considering the curing period of 14 days required for this work. This resulted in extra payment of end point bonus of Rs.70 lakh. The Government/ Company stated (August 2003) that the Chief Engineer at the site had certified that the dam was fully functional from 15 December 2000 and the management accepted the same. But the fact remains that the Company did not take into account the curing period of 14 days provided in the agreement, which resulted in extra payment of Rs.70 lakh.

- Concreting of power blocks 15 and 16 up to reservoir level (RL) 58 metre was to be completed by April 2000, to facilitate erection of hoist, gantry and for the gates in 16th block to be executed by another agency. There was a provision for penalty/incentive of Rs.20 lakh for belated/early completion.

Based on the request of NMCC to utilise their cableway to its optimum level, the milestone was shifted to 5 May 2000. This milestone was further extended to 31 October 2000 as NMCC pleaded that there was frequent power interruption and if the two blocks (15 and 16) are raised to RL 58 metre by 4 May 2000, they would be denied access to blocks 14 to 1A for placing concrete with reasonable speed. As the work was completed before the extended date, the Company paid lump sum incentive of Rs.20 lakh.

The Government/Company stated (August/May 2003) that this work was rescheduled as per requirements of the Company and NMCC would have completed it but for the request of the Company. The reply is not acceptable as the milestone was extended on the request of NMCC and as such there was no need to pay incentive.

Adoption of wrong date of commencement of work resulted in payment of end point bonus of Rs.8.35 crore instead of recovering of penalty of Rs.3.89 crore.

- The Company, while working out the quantum of work and the time required to complete the work, arrived at a period of 47 months for the completion of balance work. The supplementary agreement also indicated August 1996 as the commencement of the work. Audit noticed that the Company took the date of agreement (September 1997) as the date of commencement of work and accordingly fixed the expected date of completion (taking 44 months required for completion). This resulted in giving 10 months extra to NMCC for completion of work and had a direct impact on the payment of end point bonus. Had the Company fixed the completion date from August 1996 instead of from September 1997, there would not have been payment of end point bonus of Rs.8.35 crore, instead the Company would have recovered penalty of Rs.3.89 crore (maximum 7.5 per cent of the contract value).

The Government / Company stated (August / May 2003) that since the execution of balance quantity was assessed in October 1997 whereas the progress between August 1996 and September 1997 was very small, it was decided to allow 44 months from October 1997. The reply is not tenable as the supplementary agreement indicated the date of commencement of work as August 1996 only and also while making payment of escalation to NMCC, rates prevalent in August 1996 (Schedule of Rates of 1996-97) was taken. The slow progress in the work was not due to any fault of the Company.

Power house

The work of power house was entrusted to Chinna Nachimuthu Construction Company Limited (CNCC), Bangalore in October 1989. The work was to be completed in April 1994. Due to delay in getting environment clearance the works were stopped. A supplementary agreement was entered (August 1997) for resuming the works.

Undue benefit to the contractor

2.2.15 Audit observed that while entering into supplementary agreement, undue benefit of Rs.1.17 crore was given to CNCC, as detailed below:

Revision in multiplying factor resulted in undue benefit of Rs.50 lakh.

- The Company revised the multiplying factor for calculating escalation from 0.75 to 0.85 as was done in case of NMCC (refer paragraph 2.2.12). This resulted in undue benefit of Rs.50 lakh to CNCC. The Government/Company stated (August/May 2003) that the enhancement in the multiplying factor has been considered in view of that (i) the percentage components towards labour, material and diesel, petrol, oil and lubricants provided in the price variation formulae in the contract were inadequate and (ii) as per general practice and World Bank contracts, it is to treat escalation components up to 100 per cent. The reply is not tenable in view of the fact that in the original agreement also the Company had restricted the multiplying factor to 0.75 and there was no change in the scope of work.

- The Company paid (between July 1994 to October 1995) ad hoc advance of Rs.1.5 crore, which was not covered under the original agreement. While entering into the supplementary agreement, the Company agreed to waive interest on outstanding advances in proportion to shortfall in the progress of work. Since, the ad hoc advance was not as per the terms of the original agreement, it should not have been considered at the time of interest waiver. Moreover, while working out the pro rata waiver, the Company granted waiver at 87.36 per cent instead of 75 per cent, being the actual shortfall in the work. This has resulted in undue benefit of Rs.67.11 lakh.

  The Government/Company stated (August / May 2003) that waiver of interest in proportion to balance work of 75 per cent to be executed, when the agency had carried out more work as per the agreement, was not justified and was against the principles of natural justice. The reply is not tenable since CNCC was paid after adjusting the advances proportionate to the progress. Therefore, the waiver should have been proportionate to the actual short fall in execution.

Waiver of penalty

The decision to pay incentive of Rs.17.60 lakh on the achievement of intermediate milestone and waiving of penalty of Rs.5.20 crore for delay in completion of work was not justified.

2.2.16 According to the agreement, work was to be completed by 31 July 2001. The agreement provided for intermediate lump sum incentive at every stage of completion of milestones within the targeted dates for specific critical items. The contract also provided for penalty for delayed completion.

However, during execution there were delays ranging from 14 - 339 days, attributable to the contractor, in achieving the milestones prescribed. The Company granted extension of time up to 31 March 2002 for completion of work subject to the condition that the provisions relating to the payment of milestone incentive and end point bonus were not applicable. The work could be completed only on 25 May 2002 i.e. with a further delay of 55 days. The penalty leviable for the delayed completion worked out to Rs.5.20 crore.

Audit observed that while the Company on one hand waived the penalty leviable on CNCC, on the other hand paid incentive of Rs.17.60 lakh for achievement of four out of 12 milestones, contemplated in the agreement, in time.

The Government/Company stated (August / May 2003) that the logical thing to do in a contract when the entire work is achieved, is not to enforce the intermediate milestone penalties for non-achievement of intermediate milestones. Further, the agency had facilitated the critical milestone of mechanical rotation of unit -I on 14 July 2000 and the incentive was meager in nature.

The reply is not tenable since the intermediate milestones were prescribed to achieve the ultimate target i.e. completion of works in time. As the work was not completed in time due to delays attributable to CNCC, the waiver of penalty of Rs.5.20 crore was not in the interest of the Company and hence not justified.

Mechanical works

Gates

Loss of potential energy

The Company lost potential revenue of Rs.1.08 crore due to fault of the contractor.

2.2.17 The Kerala Electrical and Allied Engineering Company (KEL) was to supply and erect gates at a total cost of Rs.15.65 crore. Audit observed that in order to replace the teflon claded rubber seal by ordinary rubber seal for river sluice gates (service gate), KEL lowered (11 April 2002) the emergency gate and lifted the service gate. As the service gate was lifted without lowering the emergency gate fully; the service gate got stuck and could not be closed fully. Both the emergency and service gates of river sluice remained in open condition and the water oozed out without an arrest. The rectification of the gates and replacement of the teflon rubber seals by ordinary seals could be finished only by 14 April 2002, by which time 6,300 cusecs (1,524 million cubic feet) of water oozed out through the gates resulting in loss of energy valuing Rs.1.08 crore. The Government / Company stated (August / May 2003) that matter was being examined.

However, the Company had already released the bank guarantee of Rs.91 lakh in September 2001 before settlement of final bills, compensation for the loss sustained and even without ensuring due performance of contract.

Performance

Generation details

2.2.18 The generation details of the four units for 2001-03 are given in the Annexe -12. The generation during 2001-02 was 414.347 million unit (MU), (69.06 per cent), against the target of 600 MU. The Company reduced the targeted production to 550 MU for 2002-03. Even with the commissioning of the fourth unit in April 2002, the generation for 2002-03 (up to

December 2002) was 222.441 MU (40.44 per cent) only. The auxiliary consumption also increased from 0.01 per cent in July 2002 to 4.35 per cent in January 2003. The Company stated that the shortfall in generation was due to poor monsoon.

Loss of generation due to higher tailrace water level

2.2.19 In the DPR, lowering of the riverbed level at tailrace was envisaged to obtain an additional head of nearly two metre for power generation and a provision of Rs.50 lakh was made therefor. However, the deepening of the riverbed was not taken up till the commissioning of all the four units. This resulted in higher water level at tail race with consequent loss of generation of electricity.

The Company took (October 2002) action to lower the riverbed only after noticing reduction in generation. The work was completed in December 2002.

Delay in lowering the river bed resulted in revenue loss of Rs.13.02 crore.

Audit observed that the generating capacity was reduced right from the commissioning of Unit-I and the generation loss sustained due to higher level of water at the tail race worked out to 47.69 MU between June 2001 and December 2002. This resulted in revenue loss of Rs.13.02 crore. The Government/ Company stated (August 2003) that during construction of dam and power house the diverted water could only flow in the proposed tailrace area and hence it could not be lowered till the completion of construction. The only possibility of lowering the riverbed was when the unit was shut down during non-peaking hours. As such the process of lowering the riverbed has been taken up during October 2002.

The reply is an afterthought since the work was taken up only after noticing reduction in generation.

Generation loss due to non-availability of transmission lines

Non-availability of transmission lines resulted in loss of revenue of Rs.24.18 crore.

2.2.20 After commissioning of the project, the electricity was to be evacuated through the transmission line to be laid by Karnataka Power Transmission Corporation limited (KPTCL). Though unit- I of the project was ready in July 2000, it could not be synchronized till February 2001 due to non-availability of transmission lines. This resulted in generation loss of 88.56 MU (at 30 per cent availability) and consequent loss of revenue of Rs.24.18 crore.

The Government/Company stated (August / May 2003) that KPTCL could not erect towers due to non-clearance of forest land by the Forest Department. The Company could have saved this loss had it co-ordinated with Karnataka Power Transmission Corporation Limited, for laying the transmission line in time.

Conclusion

The project has not been able to achieve the target of its generation. In addition, the project exhibited huge time and cost overrun with its consequent impact on the cost of generation. Compliance of the recommendations of COPU relating to fiscal prudence, operational efficiency and timely completion of the project was not ensured. Changes in terms and conditions of the contract was against the financial interest of the Company.

2.3 KARNATAKA POWER TRANSMISSION CORPORATION LIMITED

SECTORAL REVIEW ON THE PROCUREMENT, PERFORMANCE AND REPAIR OF ENERGY METERS

Highlights

The Company is required to install and maintain correct energy meters on each point of supply of energy to consumers for measuring the energy sold as per Section 26(2) of the Indian Electricity Act, 1910.

(Paragraph 2.3.2)

The Company submitted (March 2001) an action plan for 100 per cent metering of all un-metered installations by 2003-04. As against 40.82 lakh un-metered installations, the Company proposed to cover, only 37.82 lakh installations by target date.

(Paragraph 2.3.8)

The Company incurred avoidable extra expenditure of Rs.21.41 crore on the purchase of 7.8 lakh meters by placing extension orders at higher rates.

(Paragraph 2.3.12)

The decision to install costly meters for Bhagya Jyothi / Kutir Jyothi installations would result in extra expenditure of Rs.63.62 crore.

(Paragraph 2.3.14)

Condonation of delay in orders placed to meet urgent requirement resulted in undue favour of Rs.64.90 lakh to the suppliers.

(Paragraph 2.3.15)

Test check of seven divisions revealed that 10,664 meters costing rupees one crore failed within guarantee period, were lying in stores/section offices.

(Paragraph 2.3.19)

The Bangalore East and West divisions scrapped 5,882 meters costing Rs.67.98 lakh supplied by Bharat Heavy Electricals Limited even though the meters were within the guarantee period.

(Paragraph 2.3.21)

Introduction

2.3.1 Energy meters are static/electronic/electro-mechanical and high precision electro mechanical equipment installed for recording of the quantum of energy supplied. Energy meters are of five types viz. single phase, three phase, low tension (current transformers operated), high-tension (tri vector) and feeder meters. First four types of meters are installed at the supply points for measuring the energy supplied to consumers, while the feeder meters are installed at the sub-stations for recording the electricity received through incoming feeder meter and electricity supplied from the sub-station through outgoing feeder meter to a number of consumers or single high tension consumer. These are also installed at the generating stations and sub-stations for preparing energy account and determining system losses.

2.3.2 In order to assess the quantum of energy sold, the Company is required to install and maintain correct energy meters on each point of supply of energy to consumers for measuring the energy sold as per Section 26(2) of the Indian Electricity Act, 1910. At the end of March 2002, the Karnataka Power Transmission Corporation Limited (KPTCL) was having 84.14 lakh metered consumers and 40.82 lakh un-metered consumers. The un-metered consumers constituted 32.66 per cent of total consumers.

2.3.3 The distribution function of the Company has been unbundled and four electricity supply companies (ESCOMS) were formed on regional basis to carry on distribution and retail supply business. Four distribution companies viz., Bangalore Electricity Supply Company Limited (BESCOM), Mangalore Electricity Supply Company Limited (MESCOM), Hubli Electricity Supply Company Limited (HESCOM) and Gulbarga Electricity Supply Company Limited (GESCOM) were incorporated on 30 April 2002 under the provisions of the Companies Act, 1956.

Organisational set up

2.3.4 The Chief Engineer (Electrical) Material Management and Purchase Department (MM&P) at Corporate Office is entrusted with the work of procuring energy meters centrally and allocating to various operation and maintenance divisions. The Executive Engineer (Electrical) and Assistant Executive Engineers (Electrical) assist the Chief Engineer (Electrical).

Installation of new or repaired meters and removing of defective meters is carried out by technical staff of sub-divisions and unit section offices working under sub-division offices.

After formation of electricity supply companies (ESCOMS) with effect from April 2002 the procurement has been decentralised with ESCOMS procuring their requirement. The Managing Director of the Company is the Chairman of all ESCOMS.

Scope of Audit

2.3.5 As per the commitment (March 2001) made by the Company to the Government as a part of implementation of power sector reforms, 100 per cent metering was to be achieved by March 2004. The review covers the progress made in metering for the last five years ending 31 March 2003.

During the course of review, files, records, registers and documents of Company and four ESCOMS were test checked and audit conclusions drawn. Audit examination and verifications were restricted to energy metering aspects only. The records at Corporate Office and seven[□] operation and maintenance (O&M) divisions out of total 58 O&M divisions for the period from 1998-99 to 2002-03 were test checked during January to March 2003.

The above selection of units was made to ensure coverage of all four electricity zones, high installation divisions and units in each of the supply companies (ESCOMS).

2.3.6 Audit findings were reported to the Government/Company on 30 May 2003 with a specific request for attending the meeting of Audit Review Committee for State Public Sector Enterprises (ARCPSE) so that view point of Government / Company was taken into account before finalising the review. The meeting of ARCPSE was held on 16 July 2003.

Objective

2.3.7 Audit objective was to see whether :

- the targets were achieved;
- energy meters of good quality and in accordance with the requirement were purchased at the competitive rates;
- their performance was as expected; and
- they were being replaced/repaired expeditiously.

Memorandum of Agreement

2.3.8 A Memorandum of Agreement (MOA) was signed in February 2000 between Government of India and the Government of Karnataka as a joint commitment for implementation of reforms programme in Power Sector.

As per the MOA, the problem of transmission and distribution (T&D) losses including theft could be substantially solved by taking up installation of electronic meters for all consumers linked to high tension (HT) line and domestic consumers, installation of prepaid electronic meters at sub-stations, installation of capacitors, etc.

[□] Mysore,Udupi,Gulbarga,Haveri,Chikkaballapur,Tumkur and Bangalore Rural North.

As against 40.82 lakh un-metered installations, the Company proposed to cover only 37.82 lakh installations by target date of March 2004.

The Government, keeping the above objectives in view, directed the Company to undertake a programme of universal metering of own installations and all categories of electricity consumers. As a part of energy audit programme, this was to be completed within a period of three years. The Company submitted (March 2001) an action plan for 100 per cent metering of all un-metered installations by 2003-04. It was observed that as against 40.82 lakh un-metered installations, the Company proposed to cover only 37.82 lakh (93 per cent) installations by March 2004.

As against the above metering plan, the Company was able to achieve metering of own installations by installing meters in all 11kV feeders during 2000-01. Regarding metering of consumer installations, the planned vis-à-vis actual progress made up to March 2003 are given below:

(in lakh meters)

Category	Planned			Total	Actual progress up to March 2003
	2001-02	2002-03	2003-04		
Irrigation pump sets	2.50	4.61	5.44	12.55	1.32
Bhagya Jyothi / Kutir Jyothi consumers	5.90	8.59	10.17	24.66	8.24
Street lights	0.16	0.22	0.24	0.62	0.02

In view of progress achieved till date, the Company is not likely to achieve the target committed by it to the Government.

As per progress achieved till date, the Company is not likely to achieve target committed by it to the Government. The Company stated (July 2003) that as per MOA the target for completion of metering was up to the year 2005 and it was confident of achieving 100 per cent metering of irrigation pump (IP) sets and Kutir Jyothi (KJ)/ Bhagya Jyothi (BJ) by 2005 and street lights by March 2004. The achievement of the Company up to March 2003 is not in tune with the action plan submitted.

Procurement of meters

2.3.9 The Company procured 32.63 lakh energy meters during 1998-2002. The category-wise procurement of meters made during last four years ending 31 March 2002 are detailed below:

Specification of meter	1998-99	1999-2000	2000-01	2001-02*
Single phase	6,86,000	8,90,000	3,00,475	10,16,000
Three phase	1,43,000	1,35,000	0	70,500
Tri-vector meters	8,807	4,985	7,550	512
Total	**8,37,807**	**10,29,985**	**3,08,025**	**10,87,012**

* No meters were procured by KPTCL during 2002-03. Information in respect of meters procured by ESCOMS was not available.

Purchase procedure

2.3.10 The Company on the basis of estimated number of new connections, number of defective and damaged meters to be replaced and also based on average consumption of meters in the past, assesses the requirement of meters for each year. Material Management and Purchase Department (MM&P) procure energy meters centrally in the Corporate Office with the approval of Central Purchase Committee (CPC).

2.3.11 The Company (including erstwhile KEB) placed 56 purchase orders during 1998-2003 and procured 32.63 lakh meters consisting of single phase, three phase and tri-vector meters. The meters procured included ordinary electro-mechanical, electronic and high precision electro-mechanical meters of various capacities. The value of meters procured aggregated Rs.300 crore (approximately). Audit scrutiny revealed the following:

Extension of purchase orders in violation of Manual provisions

2.3.12 Para 62 of Accounts Manual-Volume-II Part-'A' stipulates inter alia that the Chief Engineer (MM&P) can place an extension order to a purchase order subject to condition that the prices had not fallen during the period.

Company incurred avoidable extra expenditure of Rs.21.41 crore in purchasing 7.80 lakh energy meters by placing extension orders.

The Company had placed purchase order No.11667 dated 19 July 2001 for 2.55 lakh meters and order no.11668 dated 19 July 2001 for 2.53 lakh meters on Siemens and TTL respectively at their quoted rate of Rs.900.74 per meter after inviting tenders. Audit noticed that during November 2001 to May 2002, the Company issued seven extension orders on the same suppliers for supply of 7.80 lakh meters. In the meantime, the Company invited tenders in October 2001 for the purchase of meters. The technical bids for the same were opened in November 2001 but the financial bids were opened only in May 2002. The rate quoted by these parties was Rs.626.30 per meter. Thus delay in opening of the financial bids by seven months resulted in extra expenditure of Rs.21.41 crore on the procurement of 7.80 lakh meters by placing extension orders at the higher rates.

On being pointed out by Audit, the Company issued (June 2003) an office memorandum to restrict the payment to Rs.626.30 per meter only. However, payments have been made to the parties at their previous rate of Rs.900.74 per meter and recoveries are yet to be made (September 2003).

Delay in finalisation of price bids

2.3.13 The Company invited (June 2000) tender enquiry No.2644 for supply of 60,000 pieces of three-phase energy meters and 16 firms participated in the tender.

Failure to persuade the suppliers to consider the lower prices offered in the subsequent tender resulted in excess expenditure of Rs.72.80 lakh.

The technical bids were opened in October 2000 and sample meters were sent (January 2001) to Central Power Research Institute (CPRI) for testing (13 samples of pre-qualified firms). While the Company was yet to receive test reports from CPRI, it placed six extension orders (P.O 11442 and P.O. 11443) between September 2001 and May 2002 on two suppliers (Seahorse Industries and VXL-L&G) who had earlier supplied similar meters. While placing extension orders, it was intimated to the firms that in case their quoted prices against tender enquiry no:2644 was lower than prices at which extension orders were placed, the price benefit was to be passed on to the Company. However, the Company failed to persuade the suppliers to consider the lower price offered in the subsequent tender and this resulted in excess payment of Rs.72.80 lakh

On being pointed out by Audit, the Company issued (June 2003) an office memorandum to restrict the payment as per the prices indicated in tender enquiry. However, payments have already been made to the parties and recoveries are yet to be made (September 2003).

Fixing of electro-mechanical meters at Bhagya Jyothi and Kutir Jyothi installations

2.3.14 To alleviate the conditions of those below the poverty line and to improve their living conditions by providing 'one point' (bulb) installations, the Government of Karnataka and the Central Government formulated Bhagya Jyothi (BJ) and Kutir Jyothi (KJ) schemes. The Government directed (June 2000) the Company to fix meters to all the BJ and KJ installations. As per the operational plan submitted (March 2001) by the Company to the Government, 100 per cent metering of BJ/KJ installations (24.66 lakh meters) at a total cost of Rs.281.25 crore was to be completed during 2001-04.

Karnataka Electricity Regulatory Commission (KERC) in its 3rd Annual Report opined (October 2001) that metering of all BJ and KJ installations have to be justified on cost benefit basis and it was not convinced that metering of all BJ/KJ installations would be practical and economically justifiable programme. The KERC wanted the Company to first examine the options available in order to identify possible alternatives to universal metering of all BJ/KJ installations. The KERC directed that metering of BJ and KJ installations should be taken up on last priority subject to availability of funds. The Company did not agree with the opinion of the KERC and stated (December 2001) that as per the directions of the Government it had already initiated action to procure meters for these installation on turnkey basis. The Company proceeded with procuring high precision electro-mechanical meters and started installing meters at BJ/KJ installations and the work is under progress (July 2003).

Audit observed that installation of high precision electro-mechanical meters was not justified considering that:

- BJ / KJ installations consumed very less energy with only one bulb point and as such revenue generation would be insignificant;
- the installation of ordinary energy meter, which was cheaper by Rs.258 would have been prudent; and
- even domestic consumers having light connections were not considered (November 1998) for installation of high precision electro-mechanical meters.

Installation of costly meters would result in extra expenditure of Rs.63.62 crore.

Thus installation of 24.66 lakh high precision meters at BJ/KJ installations would result in avoidable extra expenditure of Rs.63.62 crore. The Company has already procured 9.32 lakh meters so far (September 2003).

The Company stated (July 2003) that with the objective of energy audit as well as realisation of revenue, installation of high precision meters is a well thought out plan. The reply is not tenable, as even by installing ordinary energy meters, the Company would have achieved these objectives.

Undue benefit due to condoning delays in supplies

2.3.15 Every purchase order placed for supply of energy meters inter alia included a penalty clause for delayed supplies. The penalty levied was half per cent per week or part thereof, subject to a maximum of 10 per cent of the contract value.

Condonation of delay in orders placed to meet urgent requirement defeated the purpose of placement of order.

On a review of extension orders placed to meet immediate requirement, Audit observed that Rs.66.20 lakh was initially withheld as penalty in respect of 10 purchase orders for the delayed supplies (the delay ranged from 12 to 41 days). The CEE (MM&P) condoned delay without levy of penalty in seven cases and ordered recovery of token penalty (Rs.1.30 lakh) in three cases.

The condonation of delay defeated the purpose of placing extension orders (issued for immediate requirement) and resulted in undue favour of Rs.64.90 lakh to the suppliers.

The Company stated (July 2003) that the purchasing authority, after in depth study in each case and using his discretionary powers had condoned the delay on case-to-case basis.

The reply is not tenable, as the decision to condone delays in respect of orders issued to meet the urgent requirements was not justified.

Testing and installation of energy meters

2.3.16 The meters are tested at the manufacturers works by Chief Engineer Electrical (Technical Audit and Quality Control). Based on his report, despatch instructions are issued by CEE (MM&P) to the manufacturers for delivery to the O&M divisional stores or central stores division, Bangalore.

As per the provisions of KEB Supply Regulations as well as KERC (Supply and Distribution) Code 2000-01, the meters are to be tested periodically as follows:

- HT power installations — Every year
- LT power installations — Once in two years
- Other installations — Once in five years

Engineers from meter rating and testing (MRT) division carry out rating of HT meters, whereas rating of LT installations are carried out by LT rating sub division.

The following table indicates the number of installations tested in relation to the number of installations in service during 1998-2003.

Year	High tension power			Low tension power			Others		
	Total No. of installations as at end of	No. of installations checked during the year	Per cent	Total No. of installations as at end of	No. of installations checked during the year	Per cent	Total No. of installations as at end of	No. of installations checked during the year	Per cent
1998-99	3,040	2,148	71	3,09,050	28,434	9	67,09,755	45,177	0.67
1999-00	3,416	1,558	46	2,78,733	33,447	12	70,24,395	86,010	1.22
2000-01	4,002	2,753	69	2,91,599	40,505	14	73,88,602	1,19,976	1.62
2001-02	4,520	3,376	75	3,02,442	34,767	12	81,06,598	1,23,800	1.53
2002-03	5,022	3,688	73	2,42,399	28,602	12	1,12,11,892	1,02,412	0.91

It could be seen from the above that testing of installations is not carried out as per the provisions of KEB Supply Regulations/KERC (Supply and Distribution) Code 2000-01.

In the absence of meter history records or such other related documents, it could not be verified in Audit as to how many installations (particularly with reference to HT and LT power) have remained untested for more than one and two years, respectively.

The Company stated (July 2003) that since there are only 4,400 HT installations, the rating batches were able to carry out periodical rating as prescribed. However, due to the sheer volume of work, it was not possible to adhere to the rating schedule in respect of LT installations. The Company is going in for high precision meters having 10 years warranty and these do not require frequent testing. The fact remains that testing of meters was grossly inadequate in respect of installations other than HT.

Performance of the meters

2.3.17 The Company has been procuring high precision electro-mechanical meters, electronic meters and electronic trivector meters from 1998-99. The performance of these meters are guaranteed for 10 years. The Company has not evolved any mechanism or prescribed any norms for evaluating their performance, unlike in UP Power Corporation Limited where according to the Hydel Manual of Orders, history card of each meter is to be maintained. Further, assignment of watching the performance of these meters and to report thereon has not been entrusted to any particular officer of the Company.

The following table indicates the number of meters found faulty during testing of the meters by MRT division (HT meters) and LT rating sub-division (LT meters).

Year	High tension installations			Low tension installations			Other installations		
	No. of installations checked	No. of faulty meters noticed	Per-cent-age	No. of installations checked	No. of faulty meters noticed	Per-cent-age	No. of installations checked	No. of faulty meters noticed	Perc-entage
1998-99	2,148	193	8.9	28,434	3,332	11.7	45,177	1,066	2.4
1999-00	1,558	134	8.6	33,447	3,186	9.5	86,010	2,039	2.4
2000-01	2,753	261	9.5	40,505	2,707	6.7	1,19,976	1,523	1.3
2001-02	3,376	246	7.3	34,767	2,869	8.3	1,23,800	2,385	1.9
2002-03	3,688	247	6.7	28,602	2,231	7.8	1,02,412	1,741	1.7

It could be seen from the above table that percentage of failure of HT and LT power meters was more than that of other meters. The Board/Company has not analysed the reasons for such high rate of failure of HT and LT power meters.

The Company stated (July 2003) that it has analysed the reasons for failure and will be made known to audit after receipt of information. This information is still awaited (August 2003).

Downloading and analysis of data

2.3.18 The Company has been procuring electronic tri-vector (ETV) meters for installing in HT and also LT power installations with a sanctioned load of 40 HP and above. These tri-vector meters are capable of display and storing around 13-37 parameters depending upon the make.

These data are required to be downloaded through meter reading instruments (MRIs) and used for meaningful management analysis for power data management/commercial decisions with respect to the consumers like back billing for slow recording etc. Though tri-vector meters were installed as early as in 1998-99, the advantage of downloading the parameters periodically was not made use of in most of the divisions except in O&M division, Mysore where MRI were used to some extent as evident from the records maintained in the division. In absence of such down loading and analysing the results, the purpose of installing tri-vector meters was not fully served. At present, the data are downloaded only when O&M units intimate LT rating sub-division about the failure of ETV meters or on receipt of complaint from the consumers. Even during normal routine rating, the data are not downloaded.

Failure of meters within guarantee period

2.3.19 The electro-mechanical meters procured up to 1997-98 were guaranteed for performance for a period of 18 months from the date of supply or 12 months from the date of installation whichever is earlier, under the terms of respective purchase orders. In the absence of history cards, failure of meters within the guarantee period could not be determined. The failed meters are repaired (without incurring any material cost) / cannibalized at departmental laboratories/declared as scrap. The high precision meters procured during 1998-99 and onwards are guaranteed for a performance of 10 years.

10,664 meters costing rupees one crore failed within guarantee period and were lying in stores/section offices.

On a test check in seven divisions, it was observed that 10,664 meters costing rupees one crore failed within guarantee period and were lying in stores/section offices. In three O&M divisions (Gulbarga, Mysore and Haveri), failed meters were not returned to stores but held in the respective O&M divisions itself. These divisions did not have centralised data of meters failed within guarantee period. In other O&M divisions (Chickballapur, Tumkur, Rural North and Udupi) failed meters were returned to stores. Thus, uniform procedure was not followed by the Company with regard to collection of failed meters.

The Company stated (July 2003) that a review by it revealed that divisions had taken action for getting meters repaired/replaced.

Since audit observation is only a test check of few divisions, the Company needs to frame uniform policy to improve the system so that these meters could be repaired / replaced in time.

Failure of electronic meters

2.3.20 During 1999-2000, Udupi division received 4,340 single-phase electronic meters. All these meters were installed in the same year. Out of these, 1,991 meters (46 per cent) failed within one year and were replaced by high precision meters. The main reason for the high rate of failure of electronic meters was that they could not withstand the lightning strikes during the monsoon season. During 2000-01 and 2001-02,the division did not receive electronic meters.

Of 5,171 electronic meters received in the division during 2002-03, 1,319 meters failed. The failure was again attributed to severe lightning strikes during monsoon season. Even though these electronic meters are guaranteed for 10 years, the Company is yet to get replacement resulting in locking up of funds of Rs.10.30 lakh.

The Company stated (July 2003) that failure of meters due to lightning is not confined to electronic meters only. The fact remains that the Company did not take action to get these meters replaced.

Loss due to treating electronic energy meters as scrap

2.3.21 The Company procured (July 1997) 10,000 single phase, 1,000 three phase (5-20 amps) and 1,000 three phase (10-20 amps) electronic meters from Bharat Heavy Electricals Limited. As per the terms and conditions of the purchase order, the meters supplied were guaranteed for 10 years from the date of supplies. The maintenance and repair of the meters was to be carried out at supplier's factory premises free of cost during the guarantee period.

Scrapping of meters within the guarantee period resulted in loss of Rs.67.98 lakh.

Audit observed that out of the above supply, the O&M West and East divisions, Bangalore were holding 4,092 electronic energy meters of single phase and 1,190 three-phase energy meters costing Rs.67.98 lakh. These meters were defective and were held in the divisional stores for more than three years without repair and were scrapped in the annual accounting of stores during 2002-03. These meters were neither got repaired by contacting supplier nor replacements were obtained from it at free of cost as per the terms of the agreement. Thus, the Company lost Rs.67.98 lakh due to not insisting on repair or replacements of defective meters supplied by the supplier.

On being pointed out by Audit, the Company stated (July 2003) that action has been taken to withhold amount equivalent of the total cost involved and is awaiting the details from divisions.

Conclusion

As per progress achieved till date, the Company is not likely to achieve target committed by it to the Government upto 2004. The Company had not rationalised the purchase system. Extension orders were placed at higher rates when prices were falling. The testing of meters after their installation was grossly inadequate in respect of installations other than HT. The meters that failed within the guarantee period were not replaced.

CHAPTER III

3. MISCELLANEOUS TOPICS OF INTEREST RELATING TO GOVERNMENT COMPANIES AND STATUTORY CORPORATIONS

GOVERNMENT COMPANIES

Karnataka Power Transmission Corporation Limited

3.1 Short drawal of allotted power

Short drawal of cheaper power from central generating stations resulted in avoidable payment of Rs.6.90 crore.

The Government of India, Ministry of Power, allocate power from central generating stations (CGS) to regional electricity boards, which in turn specify the monthly allocation to the state electricity boards. The state electricity board enters into power purchase agreements with respective CGS for purchase of allotted share of power. The Government of India also allots any unallotted power from time to time.

Accordingly, the Southern Regional Electricity Board (SREB) made monthly allocation of power to the Company for drawal from the CGS. The bills are raised on the basis of actual drawal.

A scrutiny of allocation vis-à-vis actual drawal from April to October 2000 revealed that while on one hand the Company failed to utilise its share of allotted power, on the other it purchased power from Maharashtra State Electricity Board and private power producers at higher rates incurring extra expenditure of Rs.6.90 crore.

The management stated (July 2003) that for April and May 2000 it became aware of short drawal only when final accounts were given by the CGS; for July and October 2000, short drawal was due to monsoon season when hydel generation was peaking and in August and September 2000, the power was over drawn. Reply is not tenable, as even during monsoon season, the Company should have drawn entire CGS allocation by restricting the drawal from costlier sources. Besides, as per monthly energy drawal statement of SREB, there were short drawal in the month of August and September 2000 also.

The matter was referred to the Government in March 2003. The reply, however, is awaited (September 2003).

3.2 Non-adherence to REC recommendation

Failure to use pre-stressed cement concrete poles according to Rural Electrification Corporation's specifications resulted in extra expenditure of Rs.1.69 crore.

The Company was aware that pre-stressed cement concrete (PCC) poles are economical and have higher working strength than re-inforced cement concrete (RCC) poles. Rural Electrification Corporation (REC), on a reference from the Company, had also expressed the opinion that PCC poles were cost effective and the quality is unquestionable. The Board of Directors of the Company approved (June 2001) the procurement of 97,500 eight metre RCC poles with working load of 115 kilogram and 22,500 nine metre RCC poles with working load of 145 kilogram at a cost of Rs.1,000 and Rs.1,520 per pole respectively.

In spite of the advantages of PCC poles over RCC poles, the Company decided (November 2002) to procure only 25 per cent of the requirement instead of purchasing the total requirement in PCC poles. The cost of PCC pole with 200 kilogram working load was Rs.890 for eight metre and Rs.1,245 for nine metre. This resulted in additional expenditure of Rs.1.69 crore on the purchase of RCC poles.

The management stated (July 2003) that the recommendation of the REC is not fully acceptable to the Company as the type of pole to be used depends on various field parameters. It further stated that limited number of poles were procured and their performance was being observed over a period of time.

The reply of the Company is not tenable since REC had been recommending use of PCC poles from 1979 onwards. Further, other electricity boards in Maharashtra and Andhra Pradesh have already dispensed with the use of RCC poles.

The matter was referred to the Government in March 2003. The reply, however, is awaited (September 2003).

3.3 Procurement of PCC poles at higher rates

Non–revision of purchase price of poles consequent to incorporation of revised base price of steel resulted in extension of undue benefit of Rs.1.04 crore.

The Company invited (March 2001) tenders for procurement of eight metre (2,00,000 nos.) and 7.5 metre (75,000 nos.) pre-stressed cement concrete (PCC) poles. The rates quoted by the tenderers were to be based on a base price of Rs.33,562 per metric tonne (MT) of four millimetre high tension steel wire as delivered at ex-steel manufacturers plant inclusive of handling and cutting charges, duties and taxes, if any. The sales depot of Tata SSL Limited had furnished (March 2001) the above price at the request of the Company.

Lakshmi Concrete Products, Davangere, quoted the lowest rates of Rs.680 and Rs.624 per pole for eight metre and 7.5 metre respectively. The Company offered these lowest rates to all the 46 qualifying firms. As none of the firms accepted the rates offered, the Company after negotiations (4 and 10 October 2001) with the pole manufacturers decided to offer Rs.696 and Rs.650 for eight metre and 7.5 metre poles respectively. Forty two firms accepted (16 October 2001) the revised prices. Purchase orders were placed on them between December 2001 and June 2002. However, no orders were placed on Lakshmi Concrete Products, Davangere, for reasons not on record.

During October 2001 Lakshmi Concrete Products, stated that the price of Rs. 33,562 per MT for four millimetre HT steel wire incorporated in the tender was false and produced invoice copies for purchase (in June 2001) of wire from Tata SSL Limited at the rate of Rs.27,052 per MT, including freight. The Company once again obtained (4 November 2001) the rates of steel wire from sales depot of Tata SSL Limited, which were indicated at Rs.28,953 per MT, excluding freight. As there was a huge difference in the price of steel taken as base price, the Director (Transmission) ordered (20 December 2001) to re-fix the base price of steel wire and inform the firms. But the Company revised the price for the purpose of price variation clause only and did not reduce the purchase price.

Failure to revise the purchase price of poles resulted in extension of undue benefit of Rs.1.04 crore.

The management stated (July 2003) that negotiations were held in December 2001 for reduction of price with the pole manufacturers, who refused on the grounds that the reduced prices were much lower than the negotiated prices (October 2001). As per the records made available to Audit no such negotiations were held. In addition, the Company by reducing the base price of steel without reducing the cost of poles has made itself liable for higher price variation claims also.

The matter was referred to the Government in March 2003. The reply, however, is awaited (September 2003).

3.4 Delay in finalisation of tender

Avoidable expenditure of Rs.37.86 lakh was incurred due to delay in finalisation of tender.

The Company invited (December 1999) tender for purchase of five 12.5 MVA 66/11 kV power transformers. The validity of the offer was up to 9 August 2000. As per financial bids opened in June 2000, Rima Transformers and Conductors Private Limited (RTCPL) was the lowest technically qualified offer at Rs.33.53 lakh per transformer. The Company requested (4 August 2000) all firms to extend the validity up to

30 September 2000. The RTPCL refused to extend the validity of the offer stating that they had quoted very low prices and there was considerable increase in the prices of raw materials. Consequently, the Company placed orders (November 2000) on NGEF Limited (a Government of Karnataka undertaking), for supply of six power transformers at the rate of Rs.39.84 lakh.

Thus, failure of the Company to finalise the tender within the validity period of the offer resulted in procuring the transformers at an additional cost of Rs.37.86 lakh.

The management stated (April 2002) that the offer of the RTCPL was not technically responsive and the delay in finalisation of the tender was due to detailed technical evaluation done by the staff. The reply of the Company is not acceptable as the offer of the RTPCL was treated as technically responsive by the Director (Transmission) in June 2000. The Company had taken 269 days to finalise the tender against 180 days time prescribed for finalisation of tenders and this delay resulted in additional purchase cost of Rs.37.86 lakh.

The matter was referred to the Government in March 2003. The reply, however, is awaited (September 2003).

3.5 Purchase of mounting structures

Purchase of mounting structures ignoring the lowest offer resulted in extra expenditure of Rs.27.90 lakh.

The Company invited (December 2000) tenders for supply of 1,979 Nos. of 33kV class current transformers (CT) alongwith marshalling box and mounting structures. After technical and commercial evaluation, the Company placed (November 2001) orders on three firms for supply of 1,068 nos. each of CTs, marshalling boxes and mounting structures.

Audit observed (July 2002) that while working out the lowest unit price, the Company did not consider the lowest price for mounting structures quoted by Victrans Engineers, Nagpur, as was done in the case of CTs and marshalling boxes. Orders for mounting structures were placed at fourth lowest computed rate of Rs.8,191.54 against the lowest computed rate of Rs.5,578.77. This resulted in extra expenditure of Rs.27.90 lakh.

The management stated (July 2003) that the prices considered for final determination of prices of CTs, mounting structures and marshalling boxes was on a total package basis. Further, the design of mounting structure quoted by Victrans Engineers, Nagpur was not as per the design of the Company. The reply of the Company is after thought because, as per the technical evaluation, Victrans Engineer, Nagpur was technically responsive. Further, the tender was finalised on lowest cost basis rather than design.

The matter was referred to the Government in March 2003. The reply, however, is awaited (September 2003).

Karnataka Neeravari Nigam Limited

3.6 Avoidable expenditure

Non-adoption of the current rate for cement, payment of extra lead charges on cement and non-utilisation of available excavated hard rock in works resulted in avoidable expenditure of Rs.5.97 crore.

The work of construction of dam and allied works of Markandeya Project estimated at Rs.84.70 crore, was entrusted (March 1998) to Karnataka State Construction Corporation Limited (KSCC), at a premium of 12 per cent above the schedule of rates of the year of execution. The KSCC in turn sub-contracted the work to various contractors at rates not exceeding the schedule of rates retaining the premium of 12 per cent to itself.

A review of the work for running account bills paid up to October 2002 (work still in progress) revealed that the Company incurred extra expenditure of Rs.5.97 crore, as detailed below:

3.6.1 As per agreement, the KSCC was to purchase all materials required for the works such as cement, steel, etc. The difference in the cost between prevailing procurement rate of Store Purchase Department (SPD) plus tax and schedule of rates for these items was to be paid to the KSCC. However, the Company paid for cement at Rs.146.25 per bag even though the SPD rate prevailing was Rs.138.87 per bag including taxes. This resulted in avoidable expenditure of Rs.1.82 crore on 21.94 lakh bags of cement consumed in the work.

3.6.2 The SPD rate was inclusive of transportation to any place in the district, loading, unloading and stacking charges. The Company added extra lead, loading and unloading charges of Rs.126.23 per tonne for a distance of 15 kilometres in respect of cement. Since the SPD rate was inclusive of transportation to any place in the district, loading, unloading and stacking charges, the payment of additional lead charges for 15 kilometres resulted in extra expenditure of Rs.1.55 crore.

3.6.3 The total quantity of hard rock of all toughness excavated (and paid for up to October 2002) was 3.60 lakh cubic metre. Out of this only 2.38 lakh cubic metre was utilised for the works. Even though excavated hard rock was available to the extent of 1.22 lakh cubic metre, the work of 1.68 lakh cubic metre of cement concrete items involving 1.43 lakh cubic metre of metal (equivalent to 1.02 lakh cubic metre of hard rock) was executed by bringing metal from burrow areas involving payment at higher rates for the finished concrete item of work. This resulted in avoidable expenditure of Rs.2.60 crore.

The matter was referred to the Government / Company in May /April 2003. The reply, however, is awaited (September 2003).

3.7 Non-recovery of cost of excavated rubble used in the work

Non-recovery of the cost of excavated rubble used in the works resulted in over payment of Rs.83.98 lakh.

The work of construction of dam and allied works of Gandorinala Project costing Rs.34.43 crore, was entrusted (May 1992) to Karnataka State Construction Corporation Limited (KSCC) at 14.4 per cent above the current schedule of rates of the year of execution. This work was initially monitored by the Irrigation Department, which was handed over to the Company on its formation in June 1999.

As per the provisions of the contract, when excavated material suitable for the item of construction is available, the contractor has to make full use of the same for construction works. Since the contractor has been paid fully for the excavation, the cost of the excavated material used for construction becomes recoverable from the contractor at the rate given in the schedule of rates.

However, in the instant case, the Company failed to recover Rs.63.66 lakh, being the cost of 61,832.68 cubic metre of excavated rubble used for construction works. Further, in respect of 42,657 cubic metre excavated rubble, converted into metal and used in work, the Company recovered only Rs.28.48 lakh as against Rs.48.80 lakh recoverable at Rs.114.40 per cubic metre leaving a balance of Rs.20.32 lakh unrecovered.

Thus, failure to recover the cost of excavated materials used in the work resulted in over payment of Rs.83.98 lakh after the work was taken over by the Company. The Company should improve its internal controls to ensure that cost of excavated material used in its works is recovered without fail.

The matter was brought to the notice of Government / Company in July/ June 2003. The reply however, is awaited (September 2003).

3.8 Avoidable interest burden

Issue of bonds at higher coupon rates resulted in avoidable interest burden of Rs.1.95 crore.

With a view to mobilise Rs.100 crore through private placement, the Company short-listed (August 2001) seven leading merchant bankers, based on the competitive offers received. The short-listed merchant bankers had separately indicated in their financial bids the amount that could be mobilised by each of them individually as a sole arranger as well as jointly with other arrangers under different coupon rates. Though Allianze Securities Limited, offered to mobilise jointly with others upto Rs.100 crore at coupon rates ranging from 11.41 to 11.60 per cent within 45 days, the Company selected a combination of three merchant bankers (SBI Capital Markets Limited, DSP Merill Lynch Limited and Allianz Securities Limited), who had quoted a higher coupon rate of 11.60 to 11.80 per cent.

The Company fixed (September 2001) coupon rate of 11.75 per cent with 0.25 per cent mobilisation fee and mobilised Rs.186.18 crore by December 2001. Thus, by ignoring the lower offer with a coupon rate of 11.41 to 11.60 per cent and floating the issue at 11.75 per cent, the Company would be liable to pay extra interest of Rs.1.95 crore during the period of bond.

The Government stated (August 2003) that the Finance sub-committee of the Board of Directors of the Company, after perusal of the bids received and overview of current financial environment, approved the coupon rate for proposed bond issue at 11.75 per cent. The reply is not specific as to why it had decided to go for higher coupon rates when one of the merchant bankers selected by it had indicated lower coupon rate for raising the targeted amount of Rs.100 crore, particularly when the interest rates were falling.

3.9 Defective design and estimation

Defective design of canal and alteration of the design during execution of the work resulted in extra expenditure of Rs.80 lakh.

The construction of Malaprabha Left Bank Canal in the reaches of km 136 and 137 was awarded (October 1996) to two agencies at their agreed rates of Rs.2.28 crore and Rs.2.43 crore respectively, which were 14.2 per cent above the costs put to tender. The total expenditure incurred (April 2002) to complete the said works was Rs.4.03 crore and Rs.5.45 crore respectively which worked out to 77 and 124 per cent increase over the tender amount.

Audit scrutiny revealed that the width and spacing of berms (cutting in the inner side slopes of the canal to prevent the fallen debris from entering the canal) as per original estimate prepared by the division was with smaller width spaced at greater intervals than the standard practice and specifications followed in other projects. The narrow berm-width was causing difficulties in moving heavy machinery and also for boom operations. The specifications were, therefore, changed at the request of the contractor while the work was in progress and the work was executed by providing two metre wide berms at 2.5 metre above canal bed level for the first berm and the remaining at six metre interval with minimum side slope of 2:3 above water prism. These changes effected after the work was entrusted to the contractors, led to increase in quantity of hard rock excavation to 162 and 180 per cent of the estimated quantities respectively.

As per clause 13(b) of the contract, the additional quantities which exceeds 125 per cent of the tendered quantity shall be paid at the rates entered into or derived from the schedule of rates prevalent at the time of executing the additional quantities plus or minus the overall percentage of the original tendered rates over the current schedule of rates of the year in which the tender was accepted. The rates so worked out were higher than the tendered rates for the work resulting in extra expenditure of Rs.80 lakh. This could have been avoided had the designs been prepared taking into consideration the standard practices and specifications in respect of such works and quantities were estimated within 25 per cent tolerance limit.

The matter was referred to the Government / Company in June / May 2003. The reply, however, is awaited. (September 2003).

3.10 Payment for the work not executed

Fictitious measurements facilitated payment of Rs.71 lakh for the work not executed by the contractor.

The work of construction of spillway, non-overflow section and guide walls of Hippargi Barrage was awarded (May 1996) to A. Prabhakar Reddy, the lowest tenderer, at his quoted price of Rs.17.87 crore, which was 5.35 per cent below the cost put to tender. An agreement was entered into with the contractor on 25 June 1996 and the work commenced on 27 June 1996. The work was to be completed in 18 months including the monsoon period. The scope of work, among other things, included the following items:

Item of work and No.	Rates payable Rs. per cubic metres	Estimated quantity in cubic metres	Schedule of completion
Item no. 2. Excavation for foundation of dam in all kinds of soft rock	80	20,089	12,000 cubic metres in first month, balance in two months after rainy season
Item no. 3. Excavation for foundation of dam in hard rock of all toughness which require controlled blasting	280	62,622	35,000 cubic metres in first month, balance in three months after rainy season

As per the measurement taken on 10 July 1996, i.e., just after 13 days from the commencement of work the quantities of work executed were 5,681.10 cubic metre and 46,496 cubic metre in respect of item no.2 and 3 respectively. Similarly, as per the measurements taken in June 1997, the cumulative quantities were 12,394.60 cubic metre and 80,493.37 cubic metre for item No. 2 and 3 respectively and the same were paid for in February 1998. The Company failed to take note of the variations in quantities with respect to the estimated quantities as well as the schedule of execution of the work. Even though the recorded quantities were in excess of 125 per cent of the estimated quantities, no extra item rate in accordance with clause 13 of the contract was worked out and approved. The contractor was paid for at his quoted rates. There was no further progress in the work and the contract was rescinded (May 2000) for non-completion of the work and balance work was awarded to another agency. However, as per the final measurements taken (June 2000) the actual quantities of work executed were 10,989.075 cubic metre in respect of item No 2 and 55,584.709 cubic metre in respect of item No. 3. Thus, the contractor was paid Rs.71 lakh for work not executed by him.

The Company has not fixed responsibility for the fictitious measurements that facilitated the excess payment. This case of recording fictitious measurement could be detected only since the original contractor did not complete the work. In normal circumstances, it is not possible to verify the measurements of excavation after completion of the construction. Therefore, the Company has to revamp its system of recording and verifying measurements of work done in order to avoid such cases of excess payments in future.

The matter was referred to the Government / Company in May / March 2003. The reply, however, is awaited (September 2003).

Krishna Bhagya Jala Nigam Limited

3.11 Refilling of over excavated portion of foundation

Defective survey and consequent refilling of over excavated portion of the foundation of barrage-cum-bridge resulted in extra expenditure of Rs.56.27 lakh.

The work of survey and preparation of estimate for bridge-cum.-barrage project on river Bhima at Joladagi-Guddur, Gulbarga district, was awarded (June 2001) to R.K Consultants (consultant) at Rs.13.86 lakh. The work of construction of the bridge-cum-barrage was awarded (January 2002) to Sri A.Krishna Reddy at quoted price of Rs.17.88 crore.

As per the drawings furnished by the consultant, the riverbed level (scour level) was reference level (RL) plus 338.12 metre and accordingly the sill/crest level of the barrage was fixed at RL 339 metre. During execution, the scour level was found (April 2002) to be RL 339.770 metre. Therefore, the sill / crest level of the barrage also was re-fixed (May 2002) at RL 340.20 metre. Consequently, the foundation level was also re-fixed at 338.50 metre as against the original level of RL 337.50 metre. As the excavation was underway and the foundation level of RL 337.50 metre was reached in chainage 418-510 (92 metre out of the total length of 550 metre), it was decided to refill the over-excavated portion of 3,179.52 cubic metre with cement concrete.

Since scour level of the river was crucial in deciding the sill/crest level of the barrage, the same should have been decided with accuracy by appropriate survey/sounding methods and verified before actual commencement of the work. Failure to do so had resulted in avoidable expenditure of Rs.56.27 lakh (Rs.3.81 lakh on excavation and Rs.52.46 lakh for refilling with cement concrete). Even though the Company decided (May 2002) to penalise the consultant for the omissions and commissions made by them and to fix responsibility on the field engineers for their lapses, no action has been taken in this regard so far (September 2003).

The Government stated (August 2003) that the consultant had not done survey on the water pool portion of the river as the river was flowing in full when the survey was carried out during the peak monsoon period (August 2001), which may not be construed a serious lapse on the part of the consultant. It was further stated that no departmental field staff could be made responsible for not verifying the actual level due to existence of high flow in the river at the stage of commencing the work. The reply is not tenable since determining the bed level of the river was crucial and there were various sounding methods to do so even when the river is flowing. This reply also contradicts the

Company's decision to penalise the consultant and to fix responsibility on the field staff.

3.12 Non-regulation of payment as per contract conditions

Non-deduction of tender discount while making payment for controlled blasting resulted in undue favour to the contractor of Rs.33.71 lakh.

The construction of Almatti Left Bank Canal (ALBC) from km 40-50 was awarded (August 2000) to the lowest bidder (M D Waddar) at Rs.5.75 crore, which was 39.19 per cent below the estimated cost.

The tender documents did not specify any requirement of controlled blasting in any chainage of the canal. While the work was in progress the contractor was instructed to carry out the excavation with controlled blasting to safeguard life of the villagers of near by Kolur Tanda. The Company also sanctioned an extra item rate of Rs.120 per cubic metre for controlled blasting in addition to the quoted rate of Rs.100 per cubic metre for excavation of hard rock for km 40-42 of the canal, which runs near the village. Audit observed that the rate payable for the extra item of controlled blasting was only Rs.72.98 per cubic metre as per clause 13(c) of the contract (Rs.120 minus tender discount of 39.19 per cent). However, the Company paid Rs.120 per cubic metre for controlled blasting. This resulted in extra expenditure of Rs.33.71 lakh on the excavation of 71,678.50 cubic metre.

The Company in its reply (April 2003) has agreed to recover the extra expenditure.

The matter was reported to the Government in March 2003. The reply, however, is awaited (September 2003).

3.13 Defective estimation

Defective estimation resulted in extra expenditure of Rs.29.25 lakh.

The works relating to construction of Indi Lift Canal from km 0.225 to km 6.00 and from km 6.00 to km 10.00 was entrusted (August 2001) to two different agencies at their bid price of Rs.8.96 crore and Rs.6.60 crore which was 10.46 and 14.19 per cent below the estimated cost. The survey and preparation of estimates for these reaches was entrusted to a private consultant at a cost of Rs.1.83 crore. The consultant was asked to prepare estimates after taking trial pits at 100 metre intervals instead of norm of 30 meter. The consultant prepared the estimates after taking trial pits at 100 metre intervals. The estimates so prepared for the work included excavation of 3,50,701 cubic metre of hard rock of all toughness including removal of boulders.

During execution, the actual quantity of hard rock excavated increased to 5,58,947 cubic metre representing 59.38 per cent increase over the estimated quantity. The increase in quantity was due to:

- the ground levels considered for estimation not tallying with the actuals in few reaches;
- presence of surface boulders and out crops of hard rock in several reaches not considered for estimation; and
- presence of hard rock pockets in other soil classifications.

The consultant stated that the variation in the soil classification could have been avoided had trial pits been taken at 20 metre or 30 metre. However, no reasons for deviations in the ground level and presence of boulders or outcrops of rock not considered for estimation were given. The Company had not fixed any norms of accuracy of the estimate in the scope of work of the consultant and therefore no responsibility could be fixed on the consultant for his failures.

As per clause 13(b) of the contract, the additional quantities which exceed 125 per cent of the tendered quantity were to be paid at the rates entered in or derived from the schedule of rates prevalent at the time of executing additions and alterations plus or minus the overall percentage of the original tendered rates over the current schedule of rates of the year in which the tender is accepted. The rates so worked out were higher than the quoted rate for excavation in hard rock. This resulted in extra expenditure of Rs.29.25 lakh on account of the increased rates.

The matter was referred to the Government/ Company in May / March 2003. The reply, however, is awaited (September 2003).

3.14 Defective design and poor construction

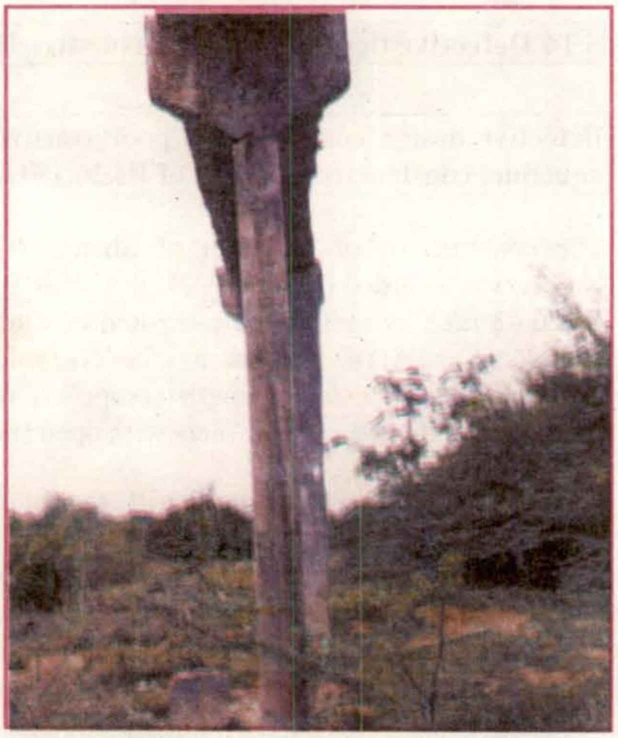
Defective design coupled with poor construction resulted in collapse of aqueduct constructed at a cost of Rs.26.18 lakh.

The construction of aqueduct of Shahapur Branch Canal in Distributory No.8A was awarded (March 1994) to C.V.K.R.R.Reddy at his quoted price of Rs.26.43 lakh as against the estimated cost of Rs.34.33 lakh. The work was completed in April 1999 at a total cost of Rs.26.18 lakh. The aqueduct measuring 730 metre in length comprised of re-inforced cement concrete trough supported on circular piers with open foundation resting on hard soil.

While letting out water for khariff season of 2001, the trough collapsed (July 2001) for a length of 87 metre. The investigation done by Torsteel Research Foundation in India (TRFI) on behalf of the Company revealed (July 2001) that the collapse of the aqueduct was primarily due to extremely poor quality of construction, which was compounded by highly economical structural design. TRFI observed :

- deficiency in structural design with respect to wind load;
- presence of poor quality of concrete-honeycombs/voids in structure;
- non-verticality of the piers and pier heads; and
- improper disposition of reinforcements.

Two photographs showing the extremely poor quality of construction is shown below :



Severe honey combed concrete and non verticality of piers

TRFI recommended that on account of the flaw in design and poor quality of construction the safety of the un-collapsed region of the aqueduct was also suspect and hence it needed to be demolished and reconstructed from beginning to end. Accordingly, the Company decided (August 2002) to construct a new aqueduct at an estimated cost of Rs.59 lakh.

Audit observed that as per records of the Company, the material used for construction were tested for quality and the construction itself was certified to have been completed in all respects as per specifications and carried out to the complete satisfaction of the engineers-in-charge of the work. The extent of defects/deviations from specifications in the construction as revealed by the investigation illustrates the gross negligence of the engineers-in-charge of the work to ensure quality construction. The Company has to improve its internal control mechanism to ensure that there is no compromise on quality of construction undertaken by it and the work is done as per specifications.

The Company has confirmed the facts and stated (August 2003) that the Government has initiated disciplinary proceedings and issued (May 2003) show cause notices to the officers responsible. These actions were initiated only on being pointed out by Audit (April 2003). The Company has not initiated any action against the contractor for poor construction work. In any case the Company cannot recover the amount.

The matter was referred to the Government in May 2003. The reply, however, is awaited (September 2003).

Karnataka Power Corporation Limited

3.15 Theft of generator stator coils

Non-compliance to internal control procedures resulted in theft of coils worth Rs.1.10 crore.

Sharavathy Generating Station at Jog of the Company sent (February-March 1999) eight wooden cases containing 573 generator stator coils for storage purpose in the hot air godown at Ambewadi stores since such a facility was not available at Jog. The cases were accepted at Ambewadi stores without verifying the contents in contravention of the provisions of the Accounts Manual of the Company.

Since there was no space in the hot air godown, three out of eight cases containing 199 coils were initially kept in the open shed near railway platform and later (May 1999) shifted to another godown. While insuring the coils, only the coils kept in the hot air godown were covered and not those kept outside. The wooden cases that were kept outside were opened by the stores staff in September 2000 and 174 coils valued at Rs.1.10 crore were found missing.

Thus, negligence on the part of the officers concerned to comply with important internal control procedures involving inspection of the materials upon receipt as well as while handing over the charge of the stores, proper storage of costly materials which were to be stored in specific temperature controlled godowns and ensuring adequate insurance against loss resulted in an avoidable loss of Rs.1.10 crore.

The management stated (May 2002/April 2003) that based on a police complaint lodged (October 2000) by it, the Government ordered a Corps of Detectives (COD) investigation in July 2001. Based on the COD report, charge sheet has been filed against one official and disciplinary action initiated against three officials. In any case the Company cannot recover the amount lost.

The matter was referred to the Government in March 2003. The reply, however, is awaited (September 2003).

Karnataka State Agro Corn Products Limited

3.16 Undue favour to a private party

Appointment of distributor/ reseller for maize flakes resulted in avoidable extra expenditure of Rs.31.64 lakh.

Pending approval of the Board, the Company entered into an agreement (June 2001) with Colnac International Private Limited, Chennai as distributor for sale of maize flakes and grits, which was being earlier handled by the Company. Agreement provided for minimum off-take of 600 tonne per month of maize flakes and grits at Rs.9 and Rs.7 per kg respectively on 90 days credit against post-dated cheques. After the approval of the appointment of the agent by the Board (September 2001), one more agreement was entered (October 2001) into with the agent. In the second agreement the Company agreed to pay the commission of 10-12 per cent to the distributor. The agreement also restricted the distributor from soliciting the parties which have been dealing directly with the Company.

The Company in all supplied 2,038.025 tonne of maize flakes and 210.91 tonne of maize grits valued Rs.2.04 crore to the firm from June 2001 to June 2002 and paid total commission of Rs.17.61 lakh. Audit observed (March 2002) that the distributor had also sold maize flake (1871.20 tonne) to the breweries at the rate of Rs.9.75 per kilogram, to which the Company was earlier selling directly. There has been no addition to business of the Company by the distributor as envisaged at the time of agreement. Consequently, it was decided (August 2002) to discontinue the business with the distributor.

Injudicious decision to appoint a distributor resulted in avoidable expenditure of Rs.17.61 lakh as commission besides losing revenue of Rs.14.03 lakh due to short realisation on sale of flakes done by the distributor to the breweries.

The management stated (May 2003), that even though Company was selling directly to the breweries the payments were not forthcoming and hence the

Company decided to appoint an agent. The Company justified the appointment stating that there was increase in turnover from Rs.1.93 crore in 1999-2000 to Rs.2.42 crore in 2000-01 to Rs.4.21 crore in 2002-03.

The reply is not correct as the turnover of Rs.2.04 crore given by the distributor during June 2001 to June 2002 included Rs.1.68 crore in respect of breweries to which the Company was earlier selling directly. In the year 2002-03, the turnover contributed by the distributor was Rs.33.20 lakh only. Moreover, the business with the agent was discontinued as there was no benefit to the Company.

The matter was referred to the Government in May 2003. The reply, however, is awaited (September 2003).

Mysore Minerals Limited

3.17 Export of Chromite ore through MMTC

Delay in transporting chromite ore to port resulted in loss of Rs.82.56 lakh.

The Company mines chromite ore at Byrapura. As there was a ban on export, the officials of the Company were in constant contact with Minerals and Metals Trading Corporation (MMTC), the canalising agency for export of minerals and Government of India (GOI) for permission to export the ore.

After receipt (March 2000) of the special permission from the GOI for one time export of 10,000 metric tonne (MT) of chromite ore, the Company requested (March 2000) the MMTC to locate the buyer and indicated a price of US$70 per MT. MMTC forwarded orders with copy of sale contract on 5 May 2000 indicating the shipment date as 25 June 2000.

Since the Company could not adhere to the shipment date, the MMTC agreed to the request of the Company for extending the date of shipment to September 2000. As the Company failed to converge ore at the port, the MMTC informed (15 September 2000) the Company that the buyer had cancelled the order.

MMTC asked (October 2000) the Company to reduce the agreed price by US$ 6 per MT due to delay caused in shipment. But, the Company rejected (October 2000) the offer. The Board of Directors in November 2000 authorised its Chairman and Managing Director to negotiate with the MMTC and fix the price for export of the ore. However, no decision was taken. Subsequently in June 2001, the Company made a fresh purchase contract with MMTC for a total quantity of 10,500 MT at a rate of US$ 54 per MT, free on board (FOB), Mangalore against which 14,500 MT of ore was transported in October 2001.

Audit observed (May 2003) that even though the transportation of ore began on 17 May 2000 for the June 2000 shipment, this process was discontinued and fresh tenders were called for. The new transportation contract was finalised on 27 June 2000 and the transporter commenced transportation on 1 July 2000 i.e. after expiry of shipping date. Further, by not taking a timely decision to reduce the price by US$ 6 per MT, the Company was subsequently forced to accept a price that was lower by US$ 16 per MT, apart from incurring expenditure on holding the stock till October 2001. Failure to transport ore within the stipulated time resulted in loss of Rs.76.56 lakh besides incurring plot rent of Rs.6 lakh.

The Government stated (September 2003) that workers in the mine went on strike from 15 July 2000 and they restrained the Company from transportation of the ore till September 2000. The reply of the Government is factually incorrect as the earlier contract provided for shipment by end June 2000, which was earlier than the strike period. Further as per the records of the Company, the transportation of ore was also done during July to September 2000.

3.18 Loss of revenue

Non-conducting of land survey before entering into raising-cum-sale agreement resulted in avoidable loss of revenue of Rs.58.65 lakh per annum.

The Company entered into (August 1999) an agreement with Sathya Granites, Dharmapuri for raising-cum-marketing of granite blocks in 30 acres of Ilkal quarry. The agreement was valid up to 7 April 2007. The Company received (August 1999) an advance of Rs.2.20 crore from the contractor.

As the demarcated land for quarry was only 25 acre as against the tendered area of 30 acre, the request of the contractor for additional five acre of land was turned down as the same was mined departmentally. The contractor filed (July 2000) a case in the Honourable High Court praying direction to give 30 acre of land or to refund Rs.2.20 crore paid as advance. The Court dismissed (August 2000) the writ petition directing the parties to settle the matter by means of arbitration in terms of clause 22 of the agreement.

Apprehending adverse judgement in arbitration and also in view of its inability to refund the advance, the Company decided (29 March 2001) to settle the issue out of court and entered into a supplementary agreement.

The supplementary agreement entered (29 March 2001) into with the contractor was detrimental to the Company's interest. The rates for recovery of revenue was reduced by 54 per cent over the rates of original agreement.

The reduction in the rates would result in a recurring loss of Rs.58.65 lakh per annum on revised estimated annual production of 2,040 cubic metre.

The Government stated (August 2003) that even though the Company had 10 acre of land, the same was not handed over as the same was being mined departmentally and was profitable operation. The reduction in premium was due to slight variation in the colour of granite.

The reply of the Government is not tenable. The Company should have surveyed the land before tendering and the contractor took advantage of the adverse financial position of the Company. The colour of the granite is only an after thought as the contractor did not raise the same and it was also expected of him to inspect the site and material before bidding.

Karnataka Road Development Corporation Limited

3.19 Non-utilisation of the services of the consultants as per terms of reference

Avoidable expenditure of Rs.54 lakh was incurred due to utilisation of the services of the consultants for works which were beyond the scope of terms of reference.

Larsen & Toubro Ramboll Consulting Engineers, Chennai were appointed as consultants for a period of one year from April 2000. The scope of work as per the terms of reference (TOR) included providing management consulting services for Bangalore–Mandya-Mysore Road, Mysore-Bantwal, Belur-Bilikere, Jewargi-Bijapur, Ring Road around Bellary and Gulbarga city at a fee of Rs.54 lakh.

The agreement clause 5 (Termination) sub-para 5.1(e) & (f)) read with clause 5.2 stated that the Company can terminate the agreement for any reason as may be decided upon by the Company. The consultants shall be entitled to receive payment for all services satisfactorily performed till the effective date of termination plus any reasonable cost incurred as a result of such termination.

Audit observed (July 2002) that since the above projects were pending on account of various reasons, the Company instead of terminating the services of the consultant as per the agreement, utilised the services of the consultants for other works. The contract for the services was not extended after one year and the Company took up these works during June 2002 through different consultants.

Since the works as per terms of reference could not be commenced within the agreement period, the Company should have terminated the contract. The failure on the part of the Company to take the decision to terminate the services of the consultants resulted in injudicious expenditure on consultancy charges of Rs.54 lakh.

The Government stated (June 2003) that management consultant had been associated with the works mentioned in TOR. They had no role to play in the actual implementation of the project and his role was to advise management in technical aspects different from that of project consultants. The reply of the

Government is not correct since their services have been utilised for other works not envisaged in terms of reference (TOR).

The Mysore Paper Mills Limited

3.20 Extra expenditure on sieve analysis

Conducting sieve analysis after finalisation of purchase order was not need based and resulted in extra expenditure of Rs.33.08 lakh.

The Company was using imported coal since 1996 by procuring it through Karnataka State Small Industries Development Corporation Limited (KSSIDC - a nodal agency for supply of materials). During July /August1999, it placed an order for 2.4 lakh metric tonne (MT) of imported coal of size between 0-50 millimetre (mm). The inspection of batch quantity/lots approved by Company for quality was to be carried out by the supplier through SGS India Limited and reports sent to Company and KSSIDC. A Memorandum of Understanding (MOU) was entered into (October 1999) incorporating the purchase order as part of this agreement and it was valid for two years.

While the supply was in progress, the Company requested (June 2000), KSSIDC to furnish sieve analysis (break up of coal of sizes of less than 1 mm, less than 3mm and above 3mm). It was found essential (according to the Company) to avoid fines, which would result in handling losses and also carry over in boilers, damaging the super heater parts. As this sieve analysis was outside the scope of the purchase order/MOU, the Company agreed to pay additional amount of Rs.20 per MT for sieve analysis. Accordingly, sieve analysis was carried out through SGS on 1.654 lakh MT of coal and Rs.33.08 lakh was paid to KSSIDC towards sieve analysis.

Audit observed (April 2003) that, as the size specified in the purchase order was between zero and 50 mm, the decision of the Company to conduct sieve analysis at an additional cost was not justified as primarily the Company had to accept supplies of coal of all sizes in that range and moreover there was no penalty on the supplier for supply of fines. Further, the Company did not have the clear idea about the exact size of the coal required as per the requirement of boilers at the time of finalisation of purchase orders. The total amount of Rs.33.08 lakh paid towards sieve analysis was thus avoidable.

The management stated (July 2003) that the results of sieve analysis was helpful in decisions regarding blending of imported coal with indigenous coal to have less carry over of un-burnt carbon and improving overall boiler performance. The reply is not tenable on the grounds that the Company failed to produce any technical analysis in support of its reply for verification and no value addition was gained by the expenditure and hence proved unfruitful.

The matter was referred to the Government in July 2003. The reply, however, is awaited (September 2003).

STATUTORY CORPORATIONS

Karnataka State Financial Corporation

3.21 Financial assistance to a defaulter

Extending working capital loan in spite of adverse reports from the branch office resulted in loss of Rs.39.48 lakh.

The Corporation sanctioned (November 2000) a working capital loan of Rs.30 lakh to Tungabhadra Conductors, Bellary (unit). The loan was sanctioned against a collateral security of land valued (October 2000) at Rs.44 lakh by the Manager (Technical) of the Corporation apart from further mortgage of the properties already secured to the Corporation in another loan and personal guarantee of all the partners. The loan was disbursed in December 2000. The unit stopped functioning from April 2001 and defaulted in repayment of the loan.

Audit observed that this loan was sanctioned despite the fact that Deputy General Manager of Bellary branch had suo-moto informed (September 2000) that the unit had defaulted in the repayment of earlier loan (two loans of Rs.15 lakh out of which Rs.3.15 lakh was overdue as on September 2000) granted to it and considering the then condition of oil industry, further funding would not be in the interest of the Corporation.

Thus the decision to grant the loan to a unit, which was in default for earlier loans and considering the industry condition prevalent at that time (the unit closed within four months from the drawal of advance), was not justified particularly when an officer of the Corporation had also informed about these facts. Further, valuation of Rs.44 lakh for land taken as collateral security proved inflative since the subsequent valuation (July 2001) by the internal audit was only Rs.3.53 lakh.

The primary assets of the unit were sold (December 2002) for Rs. 16.75 lakh, and an amount of Rs.39.48 lakh (principal : Rs.17.84 lakh, interest and other debits : Rs.22.64 lakh) remained un-recovered (July 2003). The Corporation could not sell the collateral property, as it did not receive suitable offers from the public. The Corporation has exonerated the officers responsible for sanction of loan violating the norms and wrong appraisal of land.

The Corporation stated (April 2003) that different persons have followed different methods for valuation of the land assuming agricultural, industrial or residential property, resulting in variation in value of the land. But the fact remains that the loan was granted to a party which had defaulted in earlier loan and also against the advice of Deputy General Manager of the branch.

The matter was referred to the Government in March 2003. The reply, however, is awaited (September 2003).

3.22 Deferred Payment Guarantee

Failure of the Corporation in monitoring the payment of instalments by the assisted party has resulted in devolving the entire guaranteed amount on the Corporation, the recovery of which is doubtful as even the one time settlement offered by the Company was not honoured/adhered to by the assisted party.

Assistance by way of Deferred Payment Guarantee (DPG) of Rs.36.24 lakh was sanctioned (March 1998) to Shri. S Ankireddy, a Class I PWD contractor, for purchase of a Tata Hitachi Excavator from Telco Construction Equipment Company Limited. The guarantee was secured by hypothecation of excavator to be purchased and fixed deposit with the Corporation for 10 per cent of the guarantee amount, besides personal guarantee of the proprietor and second charge on all assets of another firm already secured to the Corporation in another loan.

As per the scheme, the seller draws bills of exchange for the amount of instalments on the purchaser which are co-accepted by the Corporation. The guaranteed amount was payable to the discounting banker in 10 quarterly instalments starting from January 1999 and ending with April 2001. The Corporation had co-accepted (April 1998) all the bills of exchange. The equipment was delivered by the supplier in March 1998.

It was noticed in Audit that although the loanee had to pay the instalments from January 1999 and finish by April 2001, not even a single instalment was paid by him. The Corporation failed to monitor the payment of instalments on due dates. Even though the Corporation was empowered to take recovery measures in case of default exceeding three months, no such action was taken. Finally, in June 2001, the discounting banker claimed the entire devolved amount of Rs.36.23 lakh together with over due interest of Rs.0.93 lakh in one instalment, which was paid by the Corporation (June 2001).

Even after adjusting (August 2001) the fixed deposit of Rs.5.13 lakh by the Corporation, an amount of Rs.32.04 lakh was recoverable from the party as on 31 August 2001. The seizure of the equipment ordered by the Managing Director in December 2001 was also not executed as the machinery was reported to be located in a remote place. In June 2003, the Corporation accepted one-time settlement (OTS) for Rs.32.42 lakh to be paid by 20 July 2003. The party paid (June 2003) Rs.9.50 lakh as initial payment, but has not made any further payment towards the OTS. A sum of Rs.22.92 lakh is due under the OTS and recovery of even this amount is doubtful, as the loanee has not adhered to the schedule of payment.

The Government stated (September 2003) that the Corporation never failed to monitor the account, in spite of that the loanee continued to default and failed to exhibit the equipment for inspection and hence the equipment could not be seized. Further, it stated that the machine had now been located and the loanee had been offered OTS. The reply is not acceptable as no action was taken on default of instalments till the entire guaranteed amount devolved on the

Corporation. It is not reasonable to expect a wilful defaulter to exhibit the equipment for inspection/seizure and lethargic action of Corporation in realising the dues cannot be ruled out.

Karnataka State Road Transport Corporation

3.23 Misappropriation at Bangalore Central Division

Inadequate internal control led to misappropriation of Rs.83.91 lakh at Bangalore central division.

As per Accounts manual, the Divisional Office arranges for payment of salaries to depots / divisional workshop on the basis of previous month's salary. Depots have to prepare the bills and produce the same to Divisional Office for verification and audit. After the receipt of acquittances rolls, salary bills are to be reconciled with the actual funds received and the difference representing the excess or shortage of funds, had to be remitted back or drawn from Divisional Office alongwith the acquittance roll. The reconciliation of advance amount is to be done before 10^{th} of every month. Accounts Manual also provided for maintenance of a control register for monitoring the settlement of advances.

During the audit (April 2001) of Bangalore Central Division, it was observed that the trail balances were not drawn up by drawing the balances as per cashbook and instead a separate head of account was maintained to record cash transactions. The general ledger did not contain the actual cash payments made. It was specifically pointed out to the Corporation that this system would lead to misappropriation of funds. It was also suggested to split the functions of the staff of the division (as the same staff was carrying out scrutiny, passing of bills, payment, and accounting the transaction) and nominate a class I officer of the Corporation to verify the records kept at the depot and report thereupon.

The Corporation formed a special team for inspection of Bangalore Central Division and found (August 2002) that the clerks in the Depot No.1 of Bangalore Central Division in collusion with staff at Divisional Office (Bangalore Central Division and Divisional Workshop) had drawn Rs.83.91 lakh in excess of the actual salary bills and misappropriated this amount.

The Corporation stated (August 2003) that it has been following the procedures laid down in the manual. The fraud has been committed by unscrupulous officials of the depot and division office due to lack of supervision.

The matter was referred to the Government in June 2003. The reply, however, is awaited (September 2003).

3.24 Avoidable expenditure on purchase of flats

Avoidable loss of Rs.14.87 lakh was suffered on purchase of flats at National Games Complex, Koramangala.

The Corporation deposited Rs.47.55 lakh (January and April 1997) being 40 per cent cost as initial deposit for purchase of five flats constructed by Karnataka Housing Board (KHB) at National Games Complex, Bangalore. The balance was payable in 16 quarterly instalments of Rs.8.70 lakh each.

The KHB cancelled (February 2001) the allotments of the above flats after forfeiting the initial deposit of Rs.47.55 lakh as the Corporation failed to pay any of the instalments.

The Corporation, after correspondence with KHB, surrendered three flats in July 2002 and transferred two flats to Bangalore Metropolitan Transport Corporation. The KHB adjusted Rs.14.87 lakh as rent for these five flats surrendered after six years and released the balance amount to the Corporation.

Audit observed (December 2001) that the Chief Accounts officer of the Corporation had expressed his apprehension on the purchase of flats in September 1996 as the Corporation was facing financial crisis. However, the Board overruled this and the purchase was perceived as an investment opportunity.

Failure to assess financial position and ability to pay for the purchase, in spite of the advice of the Chief Accounts Officer, resulted in loss of Rs.14.87 lakh in addition to blocking of funds of Rs.47.55 lakh for more than six years.

The matter was referred to the Government in May 2003. The reply, however, is awaited (September 2003).

Bangalore Metropolitan Transport Corporation

3.25 Avoidable payment of penalty

Non-compliance of order of the Commercial Tax Authorities resulted in payment of penalty of Rs.2.55 crore.

As per section 3(1) of Karnataka Tax on Entry of Goods Act, 1979, the dealer who causes the entry of goods for consumption, use or sale is liable to pay entry tax. However, in the case of petroleum products, even though the Corporation was causing the entry, the Government was collecting tax from oil companies.

The Government by a notification (14 May 1998) exempted the oil companies from payment of entry tax. With this notification the onus of payment of entry tax for petroleum products was now on the Corporation. The

Commercial Tax authorities (October 1999) brought to the notice of the Corporation the change of law and directed the Company to pay entry tax on petroleum products. The above notification was cancelled with effect from April 2000 restoring the status-quo-ante.

Audit observed that during the intervening period from May 1998 to March 2000, the Corporation did not pay any entry tax on the use of petroleum products in its operations. Besides, the Corporation failed to disclose the purchase of petroleum products in their monthly return to Commercial Tax authorities. The failure of the Corporation to disclose the turnover of petroleum products in entry tax returns for the period 1998-2000 was construed by the Department as wilful non-disclosure and a penalty of Rs.2.55 crore was levied. This amount was deducted by the Government from the subsidy payable to the Corporation.

The Corporation stated (May 2003) that objections were filed with tax authorities but the tax authorities did not accept the same. The reply is not tenable as the change in the position of law was known to the Corporation in October 1999.

The matter was referred to the Government in May 2003. The reply, however, is awaited (September 2003).

K.P. Lakshmana. Rao

BANGALORE
The 12 FEB 2004

(K.P.Lakshmana. Rao)
Principal Accountant General (Audit) I
Karnataka

COUNTERSIGNED

NEW DELHI
The 24 FEB 2004

(Vijayendra N. Kaul)
Comptroller and Auditor General of India

ANNEXES

ANNEXE 1

Statement showing particulars of up-to-date paid-up capital, equity/loans received out of budget and loans outstanding as on 31 March 2003 in respect of Government companies and Statutory corporations.
(Referred to in Paragraphs 1.3,1.4,1.5 and 1.17)

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

Sl No	Sector and name of company/corporation	Paid-up capital as at the end of the current year (Figures in bracket indicate share application money)					Equity/loans received out of Budget during the year		Other loans received during the year	Loans * outstanding at the close of 2002-03			Debt equity ratio for 2002-03 (Previous year) 4(f)/ 3(e)
		State Govern-ment	Central Govern-ment	Holding Compan-ies	Others	Total	Equity	Loans		Govern-ment	Others	Total	
(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
A	**WORKING GOVERNMENT COMPANIES**												
	AGRICULTURE AND ALLIED SECTOR												
1.	Karnataka Agro Industries Corporation Limited	754.09 (4836.32)	-	-	-	754.09 (4836.32)	-	-	-	2044.00	90.89	2134.89	0.38:1 (0.38:1)
2.	Karnataka State Agro Corn Products Limited	223.37	-	-	50.00	273.37	-	-	-	-	-	-	-
3	Karnataka State Agricultural Produce Processing and Export Corporation Limited	50.00	-	-	-	50.00	-	-	-	-	-	-	-
4	Karnataka Togari Abhivridhi Mandali Limited	500.00	-	-	-	500.00	500.00	-	-	-	-	-	-
5	Karnataka Meat and Poultry Marketing Corporation Limited	44.00	96.00	-	13.50	153.50	-	-	-	-	-	-	-
6	The Karnataka Fisheries Development Corporation Limited	453.64	-	-	-	453.64	-	-	-	75.00	-	75.00	0.17:1 (0.17:1)
	SUBSIDIARIES												
7.	Karnataka Compost Development Corporation Limited	-	-	26.00	24.00	50.00	-	-	60.00	-	331.95	331.95	6.64:1 (5.48:1)
	Sectorwise Total	**2025.10 (4836.32)**	**96.00**	**26.00**	**87.50**	**2234.60 (4836.32)**	**500.00**	**0.00**	**60.00**	**2119.00**	**422.84**	**2541.84**	

Sl No	Sector and name of company/corporation	Paid-up capital as at the end of the current year (Figures in bracket indicate share application money)					Equity/loans received out of Budget during the year		Other loans received during the year	Loans * outstanding at the close of 2002-03			Debt equity ratio for 2002-03 (Previous year) 4(f)/ 3(e)
		State Govern-ment	Central Govern-ment	Holding Compan-ies	Others	Total	Equity	Loans		Govern-ment	Others	Total	
(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
	INDUSTRY SECTOR												
8.	Karnataka Leather Industries Development Corporation Limited	334.67	-	-	-	334.67	-	-	-	304.56	17.57	322.13	0.96:1 (1.10:1)
9	Karnataka Soaps and Detergents Limited	3182.21	-	-	-	3182.21	-	-	-	3226.61	-	3226.61	1.01:1 (1.05:1)
10	Karnataka State Coir Development Corporation Limited	277.40	-	-	-	277.40	-	-	-	41.25	-	41.25	0.15:1 (0.19:1)
11	Karnataka State Small Industries Development Corporation Limited	2441.36 (25.00)	-	-	-	2441.36 (25.00)	-	-	-	1501.76	25.08	1526.84	0.62:1 (0.62:1)
12	The Mysore Paper Mills Limited	7706.46 (155.75)	-	-	4178.02	11884.48 (155.75)	-	-	700.00	9100.01	7671.73	16771.74	1.39:1 (1.37:1)
	Sectorwise Total	**13942.10 (180.75)**	**0.00**	**0.00**	**4178.02**	**18120.12 (180.75)**	**0.00**	**0.00**	**700.00**	**14174.19**	**7714.38**	**21888.57**	
	ENGINEERING SECTOR												
13	Karnataka Vidyuth Karkhane Limited	561.92	-	-	-	561.92	-	-	-	183.13	-	183.13	0.33:1 (0.35:1)
14	The Mysore Electrical Industries Limited	766.51	-	-	175.96	942.47	-	1152.50	-	2854.00	50.80	2904.80	3.08:1 (1.86:1)
	SUBSIDIARIES												
15	NGEF (Hubli) Limited	-	-	320.00	-	320.00	-	-	-	-	271.01	271.01	0.85:1 (1.01:1)
	Sectorwise Total	**1328.43**	**0.00**	**320.00**	**175.96**	**1824.39**	**0.00**	**1152.50**	**0.00**	**3037.13**	**321.81**	**3358.94**	
	ELECTRONICS SECTOR												
16	Karnataka State Electronics Development Corporation Limited	787.20	-	-	-	787.20	-	-	-	735.00	6000.00	6735.00	8.56:1 (0.93:1)
	Sectorwise Total	**787.20**	**0.00**	**0.00**	**0.00**	**787.20**	**0.00**	**0.00**	**0.00**	**735.00**	**6000.00**	**6735.00**	

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		State Govern-ment	Central Govern-ment	Holding Compan-ies	Others	Total	Equity	Loans		Govern-ment	Others	Total	
(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
	TEXTILES SECTOR												
17	Karnataka Silk Industries Corporation Limited	1309.47 (2291.00)	-	-	-	1309.47 (2291.00)	402.00	-	-	-	-	-	- (0.12:1)
18	Karnataka Silk Marketing Board Limited	3145.00	-	-	-	3145.00	-	-	-	-	-	-	
19	Karnataka State Power loom Development Corporation Limited	151.00	-	-	-	151.00	6.00	-	-	-	-	-	- (0.17:1)
	Sectorwise Total	**4605.47 (2291.00)**	**0.00**	**0.00**	**0.00**	**4605.47 (2291.00)**	**408.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	
	HANDLOOM AND HANDICRAFTS SECTOR												
20	The Karnataka Handloom Development Corporation Limited	1052.46	519.75	-	-	1572.21	-	-	-	749.24	709.88	1459.12.	0.93:1 (0.94:1)
21	Karnataka State Handicrafts Development Corporation Limited	280.00 (3.81)	121.50	-	-	401.50 (3.81)	20.00	-	-	68.12	98.88	167.00	0.41:1 (0.44:1)
	Sectorwise Total	**1332.46 (3.81)**	**641.25**	**0.00**	**0.00**	**1973.71 (3.81)**	**20.00**	**0.00**	**0.00**	**817.36**	**808.76**	**1626.12**	
	FOREST SECTOR												
22	Karnataka Cashew Development Corporation Limited	415.03	44.00	-	-	459.03	5.00	-	-	-	152.67	152.67	0.33:1 (1.11:1)
23	Karnataka Forest Development Corporation Limited	931.41	-	-	-	931.41	-	-	-	-	1060.76	1060.76	1.14:1 (1.27:1)
24	The Karnatak State Forest Industries Corporation Limited	266.58	-	-	-	266.58	-	-	-	-	-	-	- (0.03:1)
	Sectorwise Total	**1613.02**	**44.00**	**0.00**	**0.00**	**1657.02**	**5.00**	**0.00**	**0.00**	**0.00**	**1213.43**	**1213.43**	
	MINING SECTOR												
25	Mysore Minerals Limited	296.62	-	-	3.38	300.00	-	-	-	1598.77	334.33	1933.10	6.44:1 (9.55:1)

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		State Govern-ment	Central Govern-ment	Holding Compan-ies	Others	Total	Equity	Loans		Govern-ment	Others	Total	
(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
26	The Hutti Gold Mines Company Limited	220.19	-	-	76.01	296.20	-	83.39	-	827.32	3000.37	3827.69	12.92:1 (19.44:1)
	Sectorwise Total	**516.81**	**0.00**	**0.00**	**79.39**	**596.20**	**0.00**	**83.39**	**0.00**	**2426.09**	**3334.70**	**5760.79**	
	CONSTRUCTION SECTOR												
27	Karnataka State Construction Corporation Limited	205.00	-	-	-	205.00	-	-	-	553.11	-	553.11	2.70:1 (2.70:1)
28	Karnataka Land Army Corporation Limited	25.00 (1200.00)	-	-	-	25.00 (1200.00)	1200.00	-	8000.00	-	14000.00	14000.00	11.43:1 (240.00:1)
29	Karnataka State Police Housing Corporation Limited	12.00	-	-	-	12.00	-	-	7827.00	-	19741.02	19741.02	1645.09:1 (1104.51:1)
30	Rajiv Gandhi Rural Housing Corporation Limited	300.00	-	-	-	300.00	-	-	19290.11	-	39463.34	39463.34	131.54:1 (71.83:1)
	Sectorwise Total	**542.00 (1200.00)**	**0.00**	**0.00**	**0.00**	**542.00 (1200.00)**	**1200.00**	**0.00**	**35117.11**	**553.11**	**73204.36**	**73757.47**	
	AREA DEVELOPMENT SECTOR												
31	Krishna Bhagya Jala Nigam Limited	292155.93 (215784.98)	-	-	-	292155.93 (215784.98)	135688.00	-	66922.65	-	434277.14	434277.14	0.85:1 (1.16:1)
32	Karnataka Neeravari Nigam Limited	128573.16 (17223.56)	-	-	-	128573.16 (17223.56)	25271.88	-	22110.00	-	107205.00	107205.00	0.74:1 (0.71:1)
33	Karnataka Road Development Corporation Limited	1873.00 (4846.00)	-	-	-	1873.00 (4846.00)	3636.00	-	10000.00	-	28214.00	28214.00	4.20:1 (4.63:1)
	Sector wise Total	**422602.09 (237854.54)**	**0.00**	**0.00**	**0.00**	**422602.09 (237854.54)**	**164595.88**	**0.00**	**99032.65**	**0.00**	**569696.14**	**569696.14**	
	DEVELOPMENT OF ECONOMICALLY WEAKER SECTION SECTOR												
34	The Karnataka Backward Classes Development Corporation Limited	6138.91 (500.00)	-	-	-	6138.91 (500.00)	500.00	-	992.73	-	2848.23	2848.23	0.43:1 (0.39:1)
35	Karnataka State Women's Development Corporation	701.00 (79.00)	297.84	-	-	998.84 (79.00)	75.00	-	-	-	-	-	--

Sl No	Sector and name of company/corporation	Paid-up capital as at the end of the current year (Figures in bracket indicate share application money)					Equity/loans received out of Budget during the year		Other loans received during the year	Loans * outstanding at the close of 2002-03			Debt equity ratio for 2002-03 (Previous year) 4(f)/ 3(e)
		State Govern-ment	Central Govern-ment	Holding Compan-ies	Others	Total	Equity	Loans		Govern-ment	Others	Total	
(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
36	Karnataka Scheduled Castes and Scheduled Tribes Development Corporation Limited	5550.56 (560.55)	5215.08 (200.50)	-	-	10765.64 (761.05)	761.05	-	1737.24	-	6289.18	6289.18	0.55:1 (0.59:1)
37	The Karnataka Minorities Development Corporation Limited	3691.45 (35.00)	-	-	-	3691.45 (35.00)	367.25	-	240.12	-	1832.75	1832.75	0.49:1 (0.57:1)
	Sectorwise Total	**16081.92 (1174.55)**	**5512.92 (200.50)**	**0.00**	**0.00**	**21594.84 (1375.05)**	**1703.30**	**0.00**	**2970.09**	**0.00**	**10970.16**	**10970.16**	
	PUBLIC DISTRIBUTION SECTOR												
38	Karnataka Food and Civil Supplies Corporation Limited	225.00	-	-	-	225.00	-	-	-	-	990.81	990.81	4.40:1
	Sectorwise Total	**225.00**	**0.00**	**0.00**	**0.00**	**225.00**	**0.00**	**0.00**	**0.00**	**0.00**	**990.81**	**990.81**	
	SUGAR SECTOR												
39	The Mysore Sugar Company Limited	580.75	-	-	92.68	673.43	-	-	779.52	-	1592.28	1592.28	2.36:1 (1.30:1)
	Sectorwise Total	**580.75**	**0.00**	**0.00**	**92.68**	**673.43**	**0.00**	**0.00**	**779.52**	**0.00**	**1592.28**	**1592.28**	
	TOURISM SECTOR												
40	The Karnataka State Tourism Development Corporation Limited	500.00 (141.36)	-	-	-	500.00 (141.36)	-	-	-	-	154.97	154.97	0.24:1 (0.60:1)
41	Jungle Lodges and Resorts Limited	49.69	-	-	42.06	91.75	-	-	3.15	4.00	11.65	15.65	0.17:1 (0.26:1)
	Sectorwise Total	**549.69 (141.36)**	**0.00**	**0.00**	**42.06**	**591.75 (141.36)**	**0.00**	**0.00**	**3.15**	**4.00**	**166.62**	**170.62**	
	CHEMICALS SECTOR												
42	The Mysore Paints and Varnish Limited	94.73	-	-	8.92	103.65	-	-	-	-	-	-	--
	Sectorwise Total	**94.73**	**0.00**	**0.00**	**8.92**	**103.65**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	

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		State Govern-ment	Central Govern-ment	Holding Compan-ies	Others	Total	Equity	Loans		Govern-ment	Others	Total	
(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
	POWER SECTOR												
43	Karnataka Power Corporation Limited	66298.15	-	-	-	66298.15	-	-	172883.50	1150.00	235989.64	237139.64	3.58:1 (3.44:1)
44	Visveswaraya Vidyuth Nigam Limited	8028.75 (234.49)	-	0.07	-	8028.82 (234.49)	-	-	1224.45	-	10140.16	10140.16	1.23:1 (0.85:1)
45	Karnataka Power Transmission Corporation Limited	107.00 (57699.30)	-	-	-	107.00 (57699.30)	57806.23	-	118303.94	2863.00	249966.88	252829.88	4.37:1 (542.9:1)
46	Karnataka Renewable Energy Development Limited	50.00	-	-	-	50.00	-	-	-	-	13580.00	13580.00	271.60:1 (310.40:1)
47	Bangalore Electricity Supply Company Limited	5.00 (20500.00)	-	-	-	5.00 (20500.00)	20505.00	-	10749.00	-	27564.00	27564.00	1.34:1
48	Hubli Electricity Supply Company Limited	5.00 (23200.00)	-	-	-	5.00 (23200.00)	23205.00	-	-	-	15400.00	15400.00	0.66:1
49	Mangalore Electricity Supply Company Limited	5.00 (12600.00)	-	-	-	5.00 (12600.00)	12605.00	-	9639.00	-	22414.00	22414.00	1.78:1
50	Gulbarga Electicity Supply Company Limited	5.00 (13400.00)	-	-	-	5.00 (13400.00)	13405.00	-	9800.00	-	9800.00	9800.00	0.73:1
	SUBSIDIARIES												
51	KPC Bidadi Power Corporation Private Limited	-	-	5.00	-	5.00	-	-	112.17	-	2329.96	2329.96	465.93:1
	Sectorwise Total	**74503.90 (127633.79)**	**0.00**	**5.07**	**0.00**	**74508.97 (127633.79)**	**127526.23**	**0.00**	**322712.06**	**4013.00**	**587184.64**	**591197.64**	
	FINANCING SECTOR												
52	Karnataka State Industrial Investment and Development Corporation Limited	15084.88 (6847.63)	-	-	-	15084.88 (6847.63)	36.20	-	-	106.50	103374.28	103480.78	4.72:1 (6.19:1)
53	Karnataka Urban Infrastructure Development and Finance Corporation Limited	806.48	-	-	-	806.48	9.99	-	-	-	-	-	-

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		State Govern-ment	Central Govern-ment	Holding Compan-ies	Others	Total	Equity	Loans		Govern-ment	Others	Total	
(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
	SUBSIDIARIES												
54	Marketing Consultants and Agencies Limited	-	-	357.25 (152.74)	-	357.25 (152.74)	-	-	-	-	-	-	-
55	Mysore Sales International Limited	-	-	366.23 (2397.76)	-	366.23 (2397.76)	-	-	200.00	500.00	1520.41	2020.41	0.73:1 (0.81:1)
	Sectorwise Total	**15891.36 (6847.63)**	**0.00**	**723.48 (2550.50)**	**0.00**	**16614.84 (9398.13)**	**46.19**	**0.00**	**200.00**	**606.50**	**104894.69**	**105501.19**	
	MISCELLANEOUS SECTOR												
56	Bangalore Mass Rapid Transit Limited	5.00	-	-	-	5.00	5.00	200.00	-	14484.00	-	14484.00	2896.8:1
57	Karnataka Film Industries Development Corporation Limited	90.00	-	-	12.38	102.38	-	-	-	52.00	-	52.00	0.51:1 (0.51:1)
58	Sree Kanteerava Studios Limited	82.08	-	-	5.90	87.98	-	-	-	31.51	-	31.51	0.36:1 (0.36:1)
	Sectorwise Total	**177.08**	**0.00**	**0.00**	**18.28**	**195.36**	**5.00**	**200.00**	**0.00**	**14567.51**	**0.00**	**14567.51**	
	TOTAL A (All sector wise Government companies)	**557399.11 (382163.75)**	**6294.17 (200.50)**	**1074.55 (2550.50)**	**4682.81**	**569450.64 (384914.75)**	**296009.60**	**1435.89**	**461574.58**	**43052.89**	**1368515.62**	**1411568.51**	**1.48:1 (1.79:1)**
B	**WORKING STATUTORY CORPORATIONS**												
	TRANSPORT SECTOR												
1	Karnataka State Road Transport Corporation	15928.94	4909.76	-	-	20838.70	-	-	992.36	236.29	17737.47	17973.76	0.86:1 (0.86:1)
2.	Bangalore Metropolitan Transport Corporation	6471.73	-	-	-	6471.73	-	-	837.08	-	4006.70	4006.70	0.62:1 (0.68:1)
3.	North Western Karnataka Road Transport Corporation	9363.67	-	-	-	9363.67	-	-	5037.08	-	10593.65	10593.65	1.13:1 (1.05:1)

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		State Govern-ment	Central Govern-ment	Holding Compan-ies	Others	Total	Equity	Loans		Govern-ment	Others	Total	
(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
4.	North Eastern Karnataka Road Transport Corporation	8320.19 (29.86)	-	-	-	8320.19 (29.86)	-	-	1700.00	29.86	5535.53	5565.39	0.67:1 (0.64:1)
	Sectorwise Total	**40084.53 (29.86)**	**4909.76**	**0.00**	**0.00**	**44994.29 (29.86)**	**0.00**	**0.00**	**8566.52**	**266.15**	**37873.35**	**38139.50**	
	FINANCING SECTOR												
5.	Karnataka State Financial Corporation	6837.88 (2683.00)	-	-	2946.66 (917.69)	9784.54 (3600.69)	-	638.00	33155.49	1853.01	187723.09	189576.10	14.16:1 (14.41:1)
	Sectorwise Total	**6837.88 (2683.00)**	**0.00**	**0.00**	**2946.66 (917.69)**	**9784.54 (3600.69)**	**-**	**638.00**	**33155.49**	**1853.01**	**187723.09**	**189576.10**	
	AGRICULTURE AND ALLIED												
6.	Karnataka State Warehousing Corporation	410.00 (240.00)	340.00	-	-	750.00 (240.00)	-	-	46.63	1280.00	184.13	1464.13	1.48:1 (1.48:1)
	Sectorwise Total	**410.00 (240.00)**	**340.00**	**0.00**	**0.00**	**750.00 (240.00)**	**0.00**	**0.00**	**46.63**	**1280.00**	**184.13**	**1464.13**	
	TOTAL B (all sector wise Statutory corporations)	**47332.41 (2952.86)**	**5249.76**	**0.00**	**2946.66 (917.69)**	**55528.83 (3870.55)**	**0.00**	**638.00**	**41768.64**	**3399.16**	**225780.57**	**229179.73**	**3.86:1 (3.92:1)**
	Grand total (A + B)	**604731.52 (385116.61)**	**11543.93 (200.50)**	**1074.55 (2550.50)**	**7629.47 (917.69)**	**624979.47 (388785.30)**	**296009.60**	**2073.89**	**503343.22**	**46452.05**	**1594296.19**	**1640748.24**	**1.62:1 (1.95:1)**
C	**NON WORKING GOVERNMENT COMPANIES**												
I	**AGRICULTURE AND ALLIED SECTOR**												
1	Karnataka Agro Proteins Limited	33.54	-		33.23	66.77	-	-	-	-	-	-	- (1.34:1)
	SUBSIDIARIES												
2	The Mysore Tobacco Company Limited	2.00 (58.52)	-	11.05	5.81	18.86 (58.52)	-	-	-	-	-	-	-
	Sectorwise Total	**35.54 (58.52)**	**0.00**	**11.05**	**39.04**	**85.63 (58.52)**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	

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		State Govern-ment	Central Govern-ment	Holding Compan-ies	Others	Total	Equity	Loans		Govern-ment	Others	Total	
(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
	INDUSTRY SECTOR												
3	Karnataka Small Industries Marketing Corporation Limited	136.00	-	35.00	-	171.00	-	-	-	-	-	-	- (0.07:1)
4	The Mysore Lamp Works Limited	1075.58	-	-	105.44	1181.02	-	4015.01	-	6477.00	2078.78	8555.78	7.24:1 (3.89:1)
5	Vijayanagar Steel Limited	1290.58	-	-	-	1290.58	-	-	-	58.35	3.00	61.35	0.05:1 (0.05:1)
	SUBSIDIARIES												
6	The Mysore Cosmetics Limited	- (1.14)	-	15.00	-	15.00 (1.14)	-	-	-	-	-	-	- (9.18:1)
7	Karnataka Telecom Limited	78.00	-	222.00	-	300.00	-	10.14	-	421.59	394.69	816.28	2.72:1 (2.69:1)
8	The Mysore Chrome Tanning Company Limited	-	-	72.09	3.65	75.74	-	-	-	12.03	40.62	52.65	0.70:1 (0.70:1)
9	Karnataka Tungsten Moly Limited	-	-	-	0.01	0.01	-	-	-	-	-	-	- (1921.00:1)
	Sectorwise Total	**2580.16 (1.14)**	**0.00**	**344.09**	**109.10**	**3033.35 (1.14)**	**0.00**	**4025.15**	**0.00**	**6968.97**	**2517.09**	**9486.06**	
	ENGINEERING SECTOR												
10	NGEF Limited	4198.70	-	-	452.00	4650.70	-	11281.47	-	19416.03	-	19416.03	4.17:1 (1.75:1)
11	Chamundi Machine Tools Limited	63.50	-	-	-	63.50	-	10.13	-	254.01	69.33	323.34	5.09:1 (4.93:1)
	Sectorwise Total	**4262.20**	**0.00**	**0.00**	**452.00**	**4714.20**	**0.00**	**11291.60**	**0.00**	**19670.04**	**69.33**	**19739.37**	
	TEXTILES SECTOR												
12	Karnataka State Textiles Limited	50.00	-	-	-	50.00	-	530.00	-	1493.59	-	1493.59	29.87:1 (17.27:1)
	Sectorwise Total	**50.00**	**0.00**	**0.00**	**0.00**	**50.00**	**0.00**	**530.00**	**0.00**	**1493.59**	**0.00**	**1493.59**	

Sl No	Sector and name of company/corporation	Paid-up capital as at the end of the current year (Figures in bracket indicate share application money)					Equity/loans received out of Budget during the year		Other loans received during the year	Loans * outstanding at the close of 2002-03			Debt equity ratio for 2002-03 (Previous year) 4(f)/ 3(e)
		State Govern-ment	Central Govern-ment	Holding Compan-ies	Others	Total	Equity	Loans		Govern-ment	Others	Total	
(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
	FOREST SECTOR (SUBSIDIARIES)												
13	Karnataka Pulpwood Limited	-	-	125.00	-	125.00	-	-	-	-	-	-	-
14	The Karnatak State Veeners Limited	-	-	51.00	49.00	100.00	-	-	-	-	289.67	289.67	2.90:1 (2.39:1)
15	The Mysore Match Company Limited	0.50	-	2.95	1.55	5.00	-	-	-	-	-	-	-
	Sectorwise Total	**0.50**	**0.00**	**178.95**	**50.55**	**230.00**	**0.00**	**0.00**	**0.00**	**0.00**	**289.67**	**289.67**	
	CHEMICALS SECTOR												
16	The Mysore Acetate and Chemicals Company Limited	995.70	-	-	221.82	1217.52	-	236.00	-	1311.00	-	1311.00	1.08:1
	Sectorwise Total	**995.70**	**0.00**	**0.00**	**221.82**	**1217.52**	**0.00**	**236.00**	**0.00**	**1311.00**	**0.00**	**1311.00**	
	TOTAL C (All sectorwise Government companies)	**7924.10 (59.66)**	**0.00**	**534.09**	**872.51**	**9330.70 (59.66)**	**0.00**	**16082.75**	**0.00**	**29443.60**	**2876.09**	**32319.69**	**3.44:1 (0.62:1)**
	Grand Total (A + B + C)	**612655.62 (385176.27)**	**11543.93 (200.50)**	**1608.64 (2550.50)**	**8501.98 (917.69)**	**634310.17 (388844.96)**	**296009.60**	**18156.64**	**503343.22**	**75895.65**	**1597172.28**	**1673067.93**	**1.64:1 (1.95:1)**

Note:

Except in respect of companies, which finalised their accounts for 2002-2003 (Sl.no. A- 2,3,7,9,10,14,15,19,20,22,23,26,29 to 33,35 to 38,41,42,43,51 to 58 C- 5,6,9,10,16) figures are provisional and as given by the companies.

* **Loans outstanding at the close of 2002-2003 represents long term loans only**

ANNEXE 2

Summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalised
(Referred to in Paragraphs 1.6,1.7,1.8,1.10,1.13,1.19,1.20 and 1.25)

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

Sl No	Sector and name of company/ corporation	Name of department	Date of incorp-oration	Period of accounts	Year in which accounts were finalised	Net Profit (+) or Loss (-)	Net impact of Audit comment	Paid-up capital	Accumula-ted profit (+)/ loss (-)	Capital employed (a)	Total Return on capital employed	Percentage of total return on capital employed (12/11)	Arrears of accounts in terms of years	Turn-over	Num-ber of emp-loyees
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
A	WORKING GOVERNMENT COMPANIES														
I	AGRICULTURE AND ALLIED SECTOR														
1	Karnataka Agro Industries Corporation Limited	Agriculture & Horticulture	Sep. 67	2001-02	2002-03	-1118.06	-	5590.41	-11525.49	-1371.48	-867.90	-	1	11481.34	656
2	Karnataka State Agro Corn Products Limited	Agriculture & Horticulture	Apr. 73	2002-03	2003-04	1001.21	-	273.37	1272.24	2452.41	831.72	33.91	-	6792.66	412
3	Karnataka State Agricultural Produce Processing and Export Corporation Limited	Agriculture & Horticulture	Apr. 96	2002-03	2003-04	105.37	-	50.00	456.12	531.44	69.29	13.04	-	891.15	9
4	Karnataka Togari Abhivridhi Mandali Limited	Agriculture & Horticulture	May 02	First accounts	-	-	-	500.00	-	-	-	-	1	-	-
5	Karnataka Meat and Poultry Marketing Corporation Limited	Animal Husbandry and Fisheries	Jan .74	2001-02	2002-03	-5.21	-	153.50	5.08	167.37	-3.92	-	1	60.57	45
6	The Karnataka Fisheries Development Corporation Limited	Animal Husbandry and Fisheries	Oct .70	2001-02	2002-03	-29.26	-	453.64	-707.70	153.52	-95.68	-	1	915.44	228

Sl No	Sector and name of company/ corporation	Name of department	Date of incorp-oration	Period of accounts	Year in which accounts were finalised	Net Profit (+) or Loss (-)	Net impact of Audit comment	Paid-up capital	Accumula-ted profit (+)/ loss (-)	Capital employed (a)	Total Return on capital employed	Percentage of total return on capital employed (12/11)	Arrears of accounts in terms of years	Turn-over	Num-ber of emp-loyees
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	SUBSIDIARIES														
7	Karnataka Compost Development Corporation Limited	Agriculture & Horticulture	Aug .75	2002-03	2003-04	6.05	-	50.00	-80.80	451.62	15.04	3.33	-	247.77	47
	Sectorwise Total					**-39.90**	-	**7070.92**	**-10580.55**	**2384.88**	**-51.45**	-			
	INDUSTRY SECTOR														
8	Karnataka Leather Industries Development Corporation Limited	Commerce & Industries	Oct. 76	1999-00	2002-03	-30.64	-	334.67	-798.47	-109.62	-32.78	-	3	699.65	285
9	Karnataka Soaps and Detergents Limited	Commerce & Industries	July 80	2002-03	2003-04	165.84	-	3182.21	9.91	6859.64	195.37	2.85	-	10848.37	1075
10	Karnataka State Coir Development Corporation Limited	Commerce & Industries	Feb. 85	2002-03	2003-04	-90.74	-	277.40	-120.42	501.47	-51.81	-	-	233.46	48
11	Karnataka State Small Industries Development Corporation Limited	Commerce & Industries	June 64	2001-02	2002-03	121.15	-	2441.36	887.04	5092.93	65.55	1.29	1	6394.75	487
12	The Mysore Paper Mills Limited	Commerce & Industries	May 36	2001-02	2002-03	-3040.75	-	11884.48	552.41	25841.37	-194.30	-	1	27988.17	2976
	Sectorwise Total					**-2875.14**		**18120.12**	**530.47**	**38185.79**	**-17.97**				
	ENGINEERING SECTOR														
13	Karnataka Vidyuth Karkhane Limited	Commerce & Industries	Oct. 76	2001-02	2002-03	3.19	-	561.92	260.31	1812.33	156.92	8.66	1	2848.24	336
14	The Mysore Electrical Industries Limited	Commerce & Industries	Feb.45	2002-03	2003-04	-576.57		942.47	-2698.53	4843.24	-395.53	-	-	2360.91	380

Sl No	Sector and name of company/ corporation	Name of department	Date of incorp-oration	Period of accounts	Year in which accounts were finalised	Net Profit (+) or Loss (-)	Net impact of Audit comment	Paid-up capital	Accumula-ted profit (+)/ loss (-)	Capital employed (a)	Total Return on capital employed	Percentage of total return on capital employed (12/11)	Arrears of accounts in terms of years	Turn-over	Num-ber of emp-loyees
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	SUBSIDIARY														
15	NGEF (Hubli) Limited	Commerce & Industries	Dec. 88	2002-03	2003-04	5.43		320.00	133.41	859.82	56.71	6.6	-	1018.39	168
	Sectorwise Total					**-567.95**	**-**	**1824.39**	**-2304.81**	**7515.39**	**-181.90**				
	ELECTRONICS SECTOR														
16	Karnataka State Electronics Development Corporation Limited	Commerce & Industries	Sep. 76	2001-02	2002-03	89.11	-	787.20	-1714.53	6089.20	286.15	4.70	1	6642.37	195
	Sectorwise Total					**89.11**	**-**	**787.20**	**-1714.53**	**6089.20**	**286.15**				
	TEXTILES SECTOR														
17	Karnataka Silk Industries Corporation Limited	Commerce & Industries	Apr. 80	2001-02	2002-03	-645.59	-	2690.47	-2485.75	2085.83	-552.17	-	1	2331.33	2003
18	Karnataka Silk Marketing Board Limited	Commerce & Industries	Nov. 79	2001-02	2002-03	-26.57	-	3145.00	96.55	3241.55	-26.85		1	3262.14	171
19	Karnataka State Power loom Development Corporation Limited	Commerce & Industries	Feb. 94	2002-03	2003-04	70.61	-	151.00	244.33	397.44	48.61	12.23	-	1397.25	11
	Sectorwise Total					**-601.55**		**5986.47**	**-2144.87**	**5724.82**	**-530.41**	**-**			
	HANDLOOM AND HANDICRAFTS SECTOR														
20	Karnataka Handloom Development Corporation Limited	Commerce & Industries	Oct. 75	2002-03	2003-04	-1472.84	-	1572.21	-4382.00	4022.06	-954.56	-	-	6994.23	1268
21	Karnataka State Handicrafts Development Corporation Limited	Commerce & Industries	Mar .64	2001-02	2002-03	1.03	-	385.31	-129.60	621.86	16.71	2.69	1	2340.68	265
	Sectorwise Total					**-1471.81**		**1957.52**	**-4511.60**	**4643.92**	**-937.85**				

Sl No	Sector and name of company/ corporation	Name of department	Date of incorp-oration	Period of accounts	Year in which accounts were finalised	Net Profit (+) or Loss (-)	Net impact of Audit comment	Paid-up capital	Accumula-ted profit (+)/ loss (-)	Capital employed (a)	Total Return on capital employed	Percentage of total return on capital employed (12/11)	Arrears of accounts in terms of years	Turn-over	Num-ber of emp-loyees
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	FOREST SECTOR														
22	Karnataka Cashew Development Corporation Limited	Forest ecology and Environment	Feb. 78	2002-03	2003-04	5.39	-	459.03	-128.14	477.91	430.69	90.12	-	283.60	123
23	Karnataka Forest Development Corporation Limited	Forest ecology and Environment	Jan. 71	2002-03	2003-04	58.18	-	931.41	647.07	8102.18	189.87	2.34	-	2355.44	2025
24	The Karnatak State Forest Industries Corporation Limited	Forest ecology and Environment	Mar .73	2001-02	2002-03	11.84	-	266.58	-311.80	-0.19	17.83	-	1	1168.95	336
	Sectorwise Total					**75.41**		**1657.02**	**207.13**	**8579.90**	**638.39**				
	MINING SECTOR														
25	Mysore Minerals Limited	Commerce & Industries	May 66	2001-02	2002-03	146.49	-	300.00	-3547.60	331.22	-122.40	-	1	3491.04	2418
26	The Hutti Gold Mines Company Limited	Commerce & Industries	July 47	2002-03	2003-04	2288.07	-	296.20	394.21	5280.98	1905.63	36.08	-	14332.75	4113
	Sectorwise Total					**2434.56**		**596.20**	**-3153.39**	**5612.20**	**1783.23**				
	CONSTRUCTION SECTOR														
27	Karnataka State Construction Corporation Limited	Public works & command area development	Sep. 68	2001-02	2002-03	381.07	-	205.00	2139.50	3180.14	270.64	8.51	1	9345.50	229
28	Karnataka Land Army Corporation Limited	Rural development & Panchayat Raj	Aug. 74	2001-02	2003-04	1011.78	-	1225.00	1022.31	8506.33	667.77	7.85	1	29037.23	1180

Sl No	Sector and name of company/ corporation	Name of department	Date of incorp-oration	Period of accounts	Year in which accounts were finalised	Net Profit (+) or Loss (-)	Net impact of Audit comment	Paid-up capital	Accumula-ted profit (+)/ loss (-)	Capital employed (a)	Total Return on capital employed	Percentage of total return on capital employed (12/11)	Arrears of accounts in terms of years	Turn-over	Num-ber of emp-loyees
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
29	Karnataka State Police Housing Corporation Limited	Home	June 85	2002-03	2003-04	£	-	12.00	-	19866.07	-	-	-	#	201
30	Rajiv Gandhi Rural Housing Corporation Limited	Rural development & Panchayat Raj	April 2000	2002-03	2003-04	£	-	300.00	-	21886.83	-	-	-	#	25
	Sectorwise Total					**1392.85**		**1742.00**	**3161.81**	**53439.37**	**938.41**				
	AREA DEVELOPMENT SECTOR														
31	Krishna Bhagya Jala Nigam Limited	Irrigation	Aug. 94	2002-03	2003-04	$	-	507940.91	-	710577.00	-	-	-	-	4044
32	Karnataka Neeravari Nigam Limited	Irrigation	Nov..98	2002-03	2003-04	$	-	145976.72	-	197556.33	-	-	-	-	17
33	Karnataka Road Development Corporation Limited.	Public works	July.99	2002-03	2003-04	-1501.21	-	6719.00	-1766.54	32737.89	-253.03	-	-	187.17	26
	Sectorwise Total					**-1501.21**		**660636.63**	**-1766.54**	**940871.22**	**-253.03**	**-**	**-**	**-**	**-**
	DEVELOPMENT OF ECONOMICALLY WEAKER SECTIONS SECTOR														
34	The Karnataka Backward Classes Development Corporation Limited	Social welfare	Oct. 77	2001-02	2002-03	-156.49	-	6138.91	-922.77	9292.39	-30.75	-	1	401.64	70
35	Karnataka State Women's Development Corporation	Social welfare	Sep. 87	2002-03	2003-04	-1.84	-	1077.84	272.21	2728.14	-1.84	-	-	153.78	46

Sl No	Sector and name of company/ corporation	Name of department	Date of incorp-oration	Period of accounts	Year in which accounts were finalised	Net Profit (+) or Loss (-)	Net impact of Audit comment	Paid-up capital	Accumula-ted profit (+)/ loss (-)	Capital employed (a)	Total Return on capital employed	Percentage of total return on capital employed (12/11)	Arrears of accounts in terms of years	Turn-over	Num-ber of emp-loyees
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
36	Karnataka Scheduled Castes and Scheduled Tribes Development Corporation Limited	Social welfare	Mar. 75	2002-03	2003-04	104.70	-	11526.69	257.11	17603.64	454.53	2.58	-	1090.89	292
37	The Karnataka Minorities Development Corporation Limited	Social welfare	Feb. 86	2002-03	2003-04	-183.09	-	3726.46	-907.03	6025.77	-84.08	-	-	107.68	17
	Sectorwise Total					**-236.72**		**22469.90**	**-1300.48**	**35649.94**	**337.86**				
	PUBLIC DISTRIBUTION SECTOR														
38	Karnataka Food and Civil Supplies Corporation Limited	Food & Civil Supplies	Sep. 73	2002-03	2003-04	1247.15	-	225.00	277.87	5767.53	1601.72	27.77	-	85555.48	1648
	Sectorwise Total					**1247.15**		**225.00**	**277.87**	**5767.53**	**1601.72**				
	SUGAR SECTOR														
39	The Mysore Sugar Company Limited	Commerce & Industries	Jan. 33	2001-02	2002-03	-67.54	-	673.43	204.21	8688.95	1022.71	11.77	1	16750.71	1208
	Sectorwise Total					**-67.54**	**-**	**673.43**	**204.21**	**8688.95**	**1022.71**	**-**			
	TOURISM SECTOR														
40	The Karnataka State Tourism Development Corporation Limited	Information, Tourism & Youth	Feb. 71	2001-02	2002-03	-101.78	-	641.36	-621.56	768.53	-85.46	-	1	1242.73	425
41	Jungle Lodges and Resorts Limited	Information, Tourism & Youth	Mar .80	2002-03	2003-04	24.00	-	91.75	82.18	643.57	23.71	3.68	-	579.99	174
	Sectorwise Total					**-77.78**		**733.11**	**-539.38**	**1412.10**	**-61.75**				

Sl No	Sector and name of company/ corporation	Name of department	Date of incorp-oration	Period of accounts	Year in which accounts were finalised	Net Profit (+) or Loss (-)	Net impact of Audit comment	Paid-up capital	Accumula-ted profit (+)/ loss (-)	Capital employed (a)	Total Return on capital employed	Percentage of total return on capital employed (12/11)	Arrears of accounts in terms of years	Turn-over	Num-ber of emp-loyees
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	CHEMICALS SECTOR														
42	The Mysore Paints and Varnish Limited	Commerce & Industries	Nov .47	2002-03	2003-04	212.78	-	103.65	648.74	778.43	130.17	16.72	-	863.57	83
	Sectorwise Total					**212.78**	-	**103.65**	**648.74**	**778.43**	**130.17**	-	-	-	-
	POWER SECTOR														
43	Karnataka Power Corporation Limited	Energy	July 70	2002-03	2003-04	24792.50	-	66298.15	130816.03	477156.72	46747.34	9.8	-	216404.05	7330
44	Visveswaraya Vidyuth Nigam Limited	Energy	July 99	2001-02	2002-03	1175.30	-	8535.96	1860.27	21099.99	1655.84	7.85	1	23901.63	608
45	Karnataka Power Transmission Corporation Limited	Energy	July 99	2001-02	2002-03	2477.47	-	43074.07	45463.57	552424.21	69281.59	12.54	1	681865.21	36080
46	Karnataka Renewable Energy Development Limited	Energy	Mar.96	2000-01	2002-03	66.66	-	50.00	61.20	17693.99	28.91	0.16	2	140.77	22
47	Bangalore Electricity Supply Company Limited	Energy	Apr. 02	First Accounts	-	-	-	20505.00	-	-	-	-	1	-	11445
48	Gulbarga Electicity Supply Company Limited	Energy	Apr. 02	First Accounts	-	-	-	13405.00	-	-	-	-	1	-	8153
49	Hubli Electricity Supply Company Limited	Energy	Apr. 02	First Accounts	-	-	-	23205.00	-	-	-	-	1	-	7483
50	Mangalore Electicity Supply Company Limited	Energy	Apr. 02	First Accounts	-	-	-	12605.00	-	-	-	-	1	-	8153

Sl No	Sector and name of company/ corporation	Name of department	Date of incorp-oration	Period of accounts	Year in which accounts were finalised	Net Profit (+) or Loss (-)	Net impact of Audit comment	Paid-up capital	Accumula-ted profit (+)/ loss (-)	Capital employed (a)	Total Return on capital employed	Percentage of total return on capital employed (12/11)	Arrears of accounts in terms of years	Turn-over	Num-ber of emp-loyees
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	SUBSIDIARY														
51	KPC Bidadi Power Corporation Private Limited	Energy	Apr. 96	2002-03	2003-04	$	-	5.00	-	1802.46	-	-	-	-	Nil
	Sectorwise Total					**28511.93**	**-**	**187683.18**	**178201.07**	**1070177.37**	**117713.68**	**-**	**-**	**-**	**-**
	FINANCING SECTOR														
52	Karnataka State Industrial Investment and Development Corporation Limited	Commerce & Industries	July 64	2002-03	2003-04	-8551.06	-	21932.51	-31813.16	129620.51	3452.25	2.66	-	6957.80	535
53	Karnataka Urban Infrastructure Development and Finance Corporation Limited	Housing & Urban Development	Nov. 93	2002-03	2003-04	578.83	-	806.48	2704.65	25128.93	454.01	1.81	-	598.91	112
	SUBSIDIARY														
54	Marketing Consultants and Agencies Limited	Commerce & Industries	Sep. 72	2002-03	2003-04	96.64	-	509.99	324.12	1495.02	56.15	3.76	-	575.74	56
55	Mysore Sales International Limited	Commerce & Industries	Mar. 66	2002-03	2003-04	731.87	-	2763.99	6523.35	11388.15	813.35	7.14	-	35445.77	682
	Sectorwise Total					**-7143.72**	**-**	**26012.97**	**-22261.04**	**167632.61**	**4775.76**	**-**	**-**	**-**	**-**
	MISCELLANEOUS SECTORS														
56	Bangalore Mass Rapid Transit Limited	Housing & Urban Development	Sep. 94	2002-03	2003-04	$	-	5.00	-	4731.76	-	-	-	-	19
57	Karnataka Film Industries Development Corporation Limited	Information, Tourism & Youth	Feb. 68	2002-03	2003-04	1.65	-	102.38	-273.99	36.02	-2.11	-	-	84.27	34

Sl No	Sector and name of company/ corporation	Name of department	Date of incorp-oration	Period of accounts	Year in which accounts were finalised	Net Profit (+) or Loss (-)	Net impact of Audit comment	Paid-up capital	Accumula-ted profit (+)/ loss (-)	Capital employed (a)	Total Return on capital employed	Percentage of total return on capital employed (12/11)	Arrears of accounts in terms of years	Turn-over	Num-ber of emp-loyees
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
58	Sree Kanteerava Studios Limited	Information, Tourism & Youth	Mar. 66	2002-03	2003-04	-2.58	-	87.98	-109.47	8.32	-3.29	-	-	41.41	31
	Sectorwise Total					**-0.93**	**-**	**195.36**	**-383.46**	**4776.10**	**-5.40**	**-**	**-**	**-**	**-**
	TOTAL A (All sector wise Government companies)					**19379.54**	**-**	**938475.07**	**132570.65**	**2367929.72**	**127188.32**	**5.37**	**-**	**-**	**-**
B	**WORKING STATUTORY CORPORATIONS**														
	TRANSPORT SECTOR														
1	Karnataka State Road Transport Corporation	Transport	Aug.61	2001-02	2002-03	2359.00	-1100	20857.00	-31192.00	14382.00	4494.00	31.25	1	68560	23655
2	Bangalore Metropolitan Transport corporation	Transport	Aug.97	2001-02	2002-03	2670.26	-66.00	6453.00	-1298.00	10276.00	3155.00	30.7	1	32233	14367
3	North Western Karnataka Road Transport Corporation	Transport	Nov.97	2001-02	2002-03	1171.54	-379.00	9392.00	-11765.00	10116.00	2679.00	26.48	1	53735	20812
4	North Eastern Karnataka Road Transport Corporation	Transport	August 2000	2001-02	2002-03	-1429.00	-	8350.00	-12288.00	3189.00	-863.00	-	1	25842	11343
	Sectorwise Total					**4771.80**	**-1545.00**	**45052.00**	**-56543.00**	**37963.00**	**9465.00**	**-**	**-**	**-**	**-**
	FINANCING SECTOR														
5	Karnataka State Financial Corporation	Financing	Mar.59	2001-02	2002-03	-13942.00	-	13386.00	-46903.00	229774.00	9986.00	4.35	1	23605	1372
	Sectorwise Total					**-13942.00**	**-**	**13386.00**	**-46903.00**	**229774.00**	**9986.00**	**-**	**-**	**-**	**-**

Sl No	Sector and name of company/ corporation	Name of department	Date of incorp-oration	Period of accounts	Year in which accounts were finalised	Net Profit (+) or Loss (-)	Net impact of Audit comment	Paid-up capital	Accumula-ted profit (+)/ loss (-)	Capital employed (a)	Total Return on capital employed	Percentage of total return on capital employed (12/11)	Arrears of accounts in terms of years	Turn-over	Num-ber of emp-loyees
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	AGRICULTURE AND ALLIED SECTOR														
6	Karnataka State Warehousing Corporation	Agriculture	Nov.57	2001-02	2002-03	890.68	-	990.00	3034.12	5735.00	1086.84	18.95	1	2443.89	473
	Sectorwise Total					**890.68**	**-**	**990.00**	**3034.12**	**5735.00**	**1086.84**	**-**	**-**	**-**	**-**
	TOTAL B (all sector wise Statutory Corporations)					**-8279.52**	**-1545.00**	**59428.00**	**-100411.88**	**273472.00**	**20537.84**	**7.51**	**-**	**-**	**-**
	Grand total (A+B)					**11100.02**	**-1545.00**	**997903.07**	**32158.77**	**2641401.72**	**147726.16**	**5.59**	**-**	**-**	**-**
C	**NON WORKING GOVERNMENT COMPANIES**														
I	**AGRICULTURE AND ALLIED SECTOR**														
1	Karnataka Agro Proteins Limited	Agriculture & Horticulture	Apr .75	2001-02	2002-03	51.64	-	60.93	-438.54	-43.79	67.19	-	1	67.97	NIL
2	The Mysore Tobacco Company Limited	Agriculture & Horticulture	Apr .37	2001-02	2002-03	-37.60	-	77.38	-1034.38	51.76	11.42	22.06	1	30.05	NIL
	Sector wise total					**14.04**	**-**	**138.31**	**-1472.92**	**7.97**	**78.61**	**-**	**-**	**-**	**-**
	INDUSTRY SECTOR														
3	Karnataka Small Industries Marketing Corporation Limited	Commerce & Industries	Sep. 84	2000-01	2003-04	-17.19	-	171.00	372.30	615.77	-3.58	-	1	306.95	49
4	The Mysore Lamp Works Limited	Commerce & Industries	Aug.36	2001-02	2003-04	-2366.99	-	1181.02	-9577.98	-2496.65	-1507.58	-	1	2951.33	1569
5	Vijayanagar Steel Limited	Commerce & Industries	Dec. 82	2002-03	2003-04	19.32	-	1290.58	-4.62	1361.34	17.30	1.27	-	23.90	8
	SUBSIDIARIES														
6	The Mysore Cosmetics Limited	Commerce & Industries	Mar .66	2002-03	2003-04	-45.98	-	16.14	-215.94	-10.96	23.13	-	-	-	NIL
7	Karnataka Telecom Limited	Commerce & Industries	July 85	2001-02	2002-03	-753.15	-	300.00	-4534.90	-829.63	-650.13	-	1	34.82	NIL

Sl No	Sector and name of company/ corporation	Name of department	Date of incorp-oration	Period of accounts	Year in which accounts were finalised	Net Profit (+) or Loss (-)	Net impact of Audit comment	Paid-up capital	Accumula-ted profit (+)/ loss (-)	Capital employed (a)	Total Return on capital employed	Percentage of total return on capital employed (12/11)	Arrears of accounts in terms of years	Turn-over	Num-ber of emp-loyees
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
8	Karnataka Tungsten Moly Limited	Commerce & Industries	Dec .86	2001-02	2003-04	-	-	0.01	-	-	-	-	1	NIL	NIL
9	The Mysore Chrome Tanning Company Limited	Commerce & Industries	Mar .40	2002-03	2003-04	267.52	-	75.74	-995.49	-446.73	216.10	-	-	282.53	50
	Sectorwise Total					**-2896.47**	**-**	**3034.49**	**-14956.63**	**-1806.86**	**-1904.76**	-	-	-	
	ENGINEERING SECTOR														
10	NGEF Limited	Commerce & Industries	Apr. 65	2002-03	2003-04	-15747.89	-	4650.70	-40885.00	9820.81	-15769.57	-	-	-	50
11	Chamundi Machine Tools Limited	Commerce & Industries	Oct. 75	2001-02	2002-03	-35.76	-	63.50	-803.44	-160.75	-4.7	-	1	5.39	NIL
	Sectorwise Total					**-15783.65**	**-**	**4714.20**	**-41688.44**	**9660.06**	**-15774.27**	**-**	**-**	**-**	
	TEXTILES SECTOR														
12	Karnataka State Textiles Limited	Commerce & Industries	Dec. 84	1998-99	1999-00	-87.78	-	50.00	-891.46	431.91	-47.09	-	4	NIL	NIL
	Sectorwise Total					**-87.78**	**-**	**50.00**	**-891.46**	**431.91**	**-47.09**	**-**	**-**	**-**	
	FOREST SECTOR (SUBSIDIARIES)														
13	Karnataka Pulpwood Limited	Forest ecology and Environment	Feb. 85	2001-02	2003-04	222.92	-	125.00	-2131.16	-176.01	859.20	-	1	1072.84	190
14	The Mysore Match Company Limited	Forest ecology and Environment	May 40	2001-02	2003-04	-4.27	-	5.00	-24.86	-18.27	-4.27	-	1	5.88	NIL
15	The Karnataka State Veeners Limited	Forest ecology and Environment	Aug. 74	2001-02	2002-03	-144.60	-	100.00	-565.08	-145.65	-95.60	-	1	2.52	167
	Sectorwise Total					**74.05**	**-**	**230.00**	**-2721.10**	**-339.93**	**759.33**	**-**	-	-	

Sl No	Sector and name of company/ corporation	Name of department	Date of incorp-oration	Period of accounts	Year in which accounts were finalised	Net Profit (+) or Loss (-)	Net impact of Audit comment	Paid-up capital	Accumula-ted profit (+)/ loss (-)	Capital employed (a)	Total Return on capital employed	Percentage of total return on capital employed (12/11)	Arrears of accounts in terms of years	Turn-over	Num-ber of emp-loyees
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	CHEMICAL SECTOR														
16	The Mysore Acetate and Chemicals Company Limited	Commerce & Industries	Dec .63	2002-03	2003-04	-45.90	-	1217.52	-2532.70	8.69	-85.94	-	-	44.31	78
	Sectorwise Total					**-45.90**	**-**	**1217.52**	**-2532.70**	**8.69**	**-85.94**	**-**	**-**	**-**	
	TOTAL C (Non working Government companies)					**-18725.71**		**9384.52**	**-64263.25**	**7961.84**	**-16974.12**	**-**	**-**	**-**	
	Grand Total (A+B+C)					**-7625.69**	**-1545.00**	**1007287.59**	**-32104.48**	**2649363.56**	**130752.04**	**4.94**	**-**	**-**	

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

$ No profit and loss account prepared, only pre-operative expenditure.

£ Excess of expenditure over income capitalised. No profit and loss account prepared.

No turnovers as the companies are engaged in development or social work.

ANNEXE – 3

Statement showing subsidy/grants received, guarantees received, waiver of dues, loans on which moratorium allowed and loans converted into equity during the year and subsidy receivable and guarantees outstanding at the end of March 2003

(Referred to in paragraphs 1.5 and 1.17)

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

Sl. No	Name of Public Sector undertakings	Subsidy /grant received during the year				Guarantees received during the year and outstanding at the end of the year **					Waiver of dues during the year					
		Central Govern-ment	State Govern-ment	Others	Total	Cash credit from banks	Loans from other sources	Letters of credit opened by banks in respect of imports	Payment obligation under agreement with foreign consultants or contracts	Total	Loans repay-ment written off	Inte-rest waived	Penal inte-rest waived	Total	Loans on which Morot-orium allowed	Loans convert-ed into equity during the year
1	2	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	6	7
A	**WORKING GOVERNMENT COMPANIES**															
	AGRICULTURE AND ALLIED SECTOR															
1.	Karnataka Agro Industries Corporation Limited	-	78.00 (Grants) 335.00 (Subsidy)	-	78.00 (Grants) 335.00 (Subsidy)	-	- (90.89)	-	-	- (90.89)	-	-	-	-	-	-
2.	Karnataka Meat and Poultry Marketing Corporation Limited	-	47.50 (Grants)-	-	47.50 (Grants)	-	-	-	-	-	-	-	-	-	-	-
3.	Karnataka State Agricultural Produce Processing and Export Corporation Limited	-	67.00 (Grants)	-	67.00 (Grants)	-	-	-	-	-	-	-	-	-	-	-
	INDUSTRY SECTOR															
4.	Karnataka Soaps and Detergents Limited	-	-	-	-	95.97 (95.97)	-	-	-	95.97 (95.97)	-	-	-	-	-	-
5.	The Mysore Paper Mills Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	155.75

Sl. No	Name of Public Sector undertakings	Subsidy /grant received during the year				Guarantees received during the year and outstanding at the end of the year **					Waiver of dues during the year					
		Central Govern-ment	State Govern-ment	Others	Total	Cash credit from banks	Loans from other sources	Letters of credit opened by banks in respect of imports	Payment obligation under agreement with foreign consultants or contracts	Total	Loans repay-ment written off	Inte-rest waived	Penal inte-rest waived	Total	Loans on which Morat-orium allowed	Loans convert-ed into equity during the year
1	2	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	6	7
	ENGINEERING SECTOR															
6.	The Mysore Electrical Industries Limited	-	-	-	-	730.00 (730.00)	-	-	-	730.00 (730.00)	-	-	-	-	-	-
	ELECTRONIC SECTOR															
7.	Karnataka State Electronics Development Corporation Limited	-	765.00 (Subsidy)	-	765.00 (Subsidy)	-	- (6000.00)	-	-	- (6000.00)	-	-	-	-	-	-
	TEXTILE SECTOR															
8.	Karnataka Silk Industries Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	508.00
	HANDLOOM AND HANDICRAFTS SECTOR															
9.	The Karnataka Handloom Development Corporation Limited	-	237.46 (Project subsidy)	-	237.46 (Project subsidy)	3100.00 (3821.00)	237.34 (221.72)	-	-	3337.34 (4042.72)	-	-	-	-	-	-
	FOREST SECTOR															
10.	Karnataka Forest Development Corporation Limited	-	-	-	-	492.70 (492.70)	-	-	-	492.70 (492.70)	-	-	-	-	-	-
11	Karnataka Cashew Development Corporation Limited	-	20.00 (Grants)	-	20.00 (Grants)	-	- (156.12)	-	-	- (156.12)	--	-	-		-	-

Sl. No	Name of Public Sector undertakings	Subsidy /grant received during the year				Guarantees received during the year and outstanding at the end of the year **					Waiver of dues during the year					
		Central Govern-ment	State Govern-ment	Others	Total	Cash credit from banks	Loans from other sources	Letters of credit opened by banks in respect of imports	Payment obligation under agreement with foreign consultants or contracts	Total	Loans repay-ment written off	Inte-rest waived	Penal inte-rest waived	Total	Loans on which Morat-orium allowed	Loans convert-ed into equity during the year
1	2	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	6	7
	MINING SECTOR															
12	Mysore Minerals Limited	-	-	-	-	15.00 (15.00)	-	-	-	15.00 (15.00)	-	-	-	-	-	-
13	The Hutti Gold Mines Company Limited	-	140.19 (Project subsidy)	-	140.19 (Project subsidy)	-	3000.00 (3000.00)	-	-	3000.00 (3000.00)	-	-	-	-	-	-
	CONSTRUCTION SECTOR															
14	Karnataka State Police Housing Corporation Limited	-	21.80 (Grants)	-	21.80 (Grants)	-	- (19741.02)	-	-	- (19741.02)	-	-	-	-	-	-
15	Rajiv Gandhi Rural Housing Corporation Limited	-	19313.96 (Programme subsidy)	-	19313.96 (Programme subsidy)	-	11950.00 (29236.68)	-	-	11950.00 (29236.68)	-	-	-	-	-	-
16	Karnataka Land Army Corporation Limited	-	-	-	-	-	8000.00 (14000.00)	-	-	8000.00 (14000.00)	-	-	-	-	-	
	AREA DEVELOPMENT SECTOR															
17	Krishna Bhagya Jala Nigam Limited	-	-	-	-	15800.00 (27800.00)	-	-	-	15800.00 (27800.00)	-	-	-	-	-	-
18	Karnataka Neeravari Nigam Limited	-	-	-	-	-	25000.00 (115705.00)	-	-	25000.00 (115705.00)	-	-	-	-	-	-

Sl. No	Name of Public Sector undertakings	Subsidy /grant received during the year				Guarantees received during the year and outstanding at the end of the year **					Waiver of dues during the year					
		Central Govern-ment	State Govern-ment	Others	Total	Cash credit from banks	Loans from other sources	Letters of credit opened by banks in respect of imports	Payment obligation under agreement with foreign consultants or contracts	Total	Loans repay-ment written off	Inte-rest waived	Penal inte-rest waived	Total	Loans on which Morot-orium allowed	Loans convert-ed into equity during the year
1	2	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	6	7
19	Karnataka Road Development Corporation Limited	-	-	-	-	-	15000.00 (28214.00)	-	-	15000.00 (28214.00)	-	-	-	-	-	-
	DEVELOPMENT OF ECONOMICALLY WEAKER SECTIONS SECTOR															
20	Karnataka Backward Classes Development Corporation Limited	-	493.18 (Grants) 275.00 (Subsidy)	-	493.18 (Grants) 275.00 (Subsidy)	-	- (2848.23)	-	-	- (2848.23)		-	-	-	-	-
21	Karnataka Scheduled Castes and Scheduled Tribes development Corporation Limited	-	4328.83 (Grants)	-	4328.83 (Grants)	-	3934.00 (7414.00)	-	-	3934.00 (7414.00)	-	-	-	-	-	-
22	Karnataka State Women's Development Corporation	-	25.00 (Grants)	-	25.00 (Grants)	-	-	-	-	-	-	-	-	-	-	-
23	The Karnataka Minorities Development Corporation Limited	-	-	-	-	-	- (1832.75)	-	-	- (1832.75)	-	-	-	-	-	-
	PUBLIC DISTRIBUTION SECTOR															
24	Karnataka Food and Civil Supplies Corporation Limited	-	-	-	-	2915.00 (990.81)	-	-	-	2915.00 (990.81)	-	-	-	-	-	-

Sl. No	Name of Public Sector undertakings	Subsidy /grant received during the year				Guarantees received during the year and outstanding at the end of the year **					Waiver of dues during the year					
		Central Govern-ment	State Govern-ment	Others	Total	Cash credit from banks	Loans from other sources	Letters of credit opened by banks in respect of imports	Payment obligation under agreement with foreign consultants or contracts	Total	Loans repay-ment written off	Inte-rest waived	Penal inte-rest waived	Total	Loans on which Morot-orium allowed	Loans convert-ed into equity during the year
1	2	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	6	7
	SUGAR SECTOR															
25	The Mysore Sugar Company Limited	-	-	-	-	-	1500.00 (1500.00)	-	-	1500.00 (1500.00)	-	-	-	-	-	-
	CHEMICALS SECTOR															
26	The Mysore Paints and Varnish Limited	-	-	-	-	10.75 (10.75)	-	-	-	10.75 (10.75)	-	-	-	-	-	-
	POWER SECTOR															
27	Karnataka Power Corporation Limited	-	-	-	-	- (9513.26)	2100.00 (107859.97)	-	-	2100.00 (117373.23)	-	-	-	-	-	-
28	Karnataka Power Transmission Corporation Limited	-	9674.00 (Subsidy)	-	9674.00 (Subsidy)	-	- (165213.46)	-	-	- (165213.46)	-	-	-	-	-	-
29	Gulbarga Electricity Supply Company Limited	-	33853.95 (Subsidy)	-	33853.95 (Subsidy)	-	9800.00 (7465.00)	-	-	9800.00 (7465.00)	-	-	-	-	-	-
30	Mangalore Electricity Supply Company Limited	-	10188.00 (Subsidy)	-	10188.00 (Subsidy)	-	9639.00 (22414.00)	-	-	9639.00 (22414.00)	-	-	-	-	-	-
31	Bangalore Electricity Supply Company Limited		18401.00 (Subsidy)		18401.00 (Subsidy)	-	-	-	-	-	-	-	-	-	-	-
32	Karnataka Renewable Energy Development Corporation limited	-	65.00 (Grants) 293.75 (Subsidy)	-	65.00 (Grants) 293.75 (Subsidy)	-	-	-	-	-	-	-	-	-	-	-

Sl. No	Name of Public Sector undertakings	Subsidy /grant received during the year				Guarantees received during the year and outstanding at the end of the year **					Waiver of dues during the year					
		Central Govern-ment	State Govern-ment	Others	Total	Cash credit from banks	Loans from other sources	Letters of credit opened by banks in respect of imports	Payment obligation under agreement with foreign consultants or contracts	Total	Loans repay-ment written off	Inte-rest waived	Penal inte-rest waived	Total	Loans on which Morat-orium allowed	Loans convert-ed into equity during the year
1	2	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	6	7
33	Visveswaraya Vidhyuth Nigam Limited	-	-	-	-	-	1224.45 (10049.15)	-	-	1224.45 (10049.15)	-	-	-	-	-	-
	TOURISM SECTOR															
34	Jungle Lodges and Resorts Limited	-	36.58 (Grants)	-	36.58 (Grants)	-	-	-	-	-	-	-	-	-	-	
	FINANCING SECTOR															
35	Karnataka State Industrial Investment and Development Corporation Limited		0.60 (Projects subsidy)		0.60 (Projects subisdy)	- (20000.00)	- (15000.00)			- (35000.00)						
	TOTAL A (All sector wise Government companies)	**0.00**	**5182.89 (Grants) 93477.91 (Subsidy)**	**0.00**	**5182.89 (Grants) 93477.91 (Subsidy)**	**23159.42 (63469.49)**	**91384.79 (557961.99)**	**0.00**	**0.00**	**114544.21 (621431.48)**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**663.75**
B.	**WORKING STATUTORY CORPORATIONS**															
	TRANSPORT SECTOR															
1.	Karnataka State Road Transport Corporation	-	2100.00 (Subsidy)	-	2100.00 (Subsidy)	-	- (3584.31)	-	-	- (3584.31)	-	-	-	-	-	-

Sl. No	Name of Public Sector undertakings	Subsidy /grant received during the year				Guarantees received during the year and outstanding at the end of the year **					Waiver of dues during the year						
		Central Government	State Government	Others	Total	Cash credit from banks	Loans from other sources	Letters of credit opened by banks in respect of imports	Payment obligation under agreement with foreign consultants or contracts	Total	Loans repayment written off	Interest waived	Penal interest waived	Total	Loans on which Moratorium allowed	Loans converted into equity during the year
1	2	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	6	7
2.	Bangalore Metropolitan Transport Corporation	-	2645.00 (Subsidy)	-	2645.00 (Subsidy)	-	-	-	-	-	-	-	-	-	-	-
3	North Western Karnataka Road Transport Corporation	-	2517.11 (subsidy)	-	2517.11 (subsidy)	-	396.60 (316.80)	-	-	396.60 (316.80)	-	-	-	-	-	-
4	North Eastern Karnataka Road Transport Corporation	-	1283.00 (Subsidy)	-	1283.00 (Subsidy)	-	- (758.73)	-	-	- (758.73)	-	-	-	-	-	-
	FINANCING SECTOR															
5	Karnataka State Financial Corporation	-	-	-	-	-	11339.00 (62632.21)	-	-	11339.00 (62632.21)	-	-	-	-	-	-
	TOTAL B (all sector wise Statutory Corporations)	**0.00**	**8545.11 (Subsidy)**	**0.00**	**8545.11 (Subsidy)**	**0.00**	**11735.60 (67292.05)**	**0.00**	**0.00**	**11735.60 (67292.05)**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	Grand Total (A + B)	**0.00**	**5182.89 (Grants) 102023.02 (Subsidy)**	**0.00**	**5182.89 (Grants) 102023.02 (Subsidy)**	**23159.42 (63469.49)**	**103120.39 (625254.04)**	**0.00**	**0.00**	**126279.81 (688723.53)**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**663.75**

Sl. No	Name of Public Sector undertakings	Subsidy /grant received during the year				Guarantees received during the year and outstanding at the end of the year **					Waiver of dues during the year					
		Central Govern-ment	State Govern-ment	Others	Total	Cash credit from banks	Loans from other sources	Letters of credit opened by banks in respect of imports	Payment obligation under agreement with foreign consultants or contracts	Total	Loans repay-ment written off	Inte-rest waived	Penal inte-rest waived	Total	Loans on which Morot-orium allowed	Loans convert-ed into equity during the year
1	2	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	6	7
C.	**NON WORKING GOVERNMENT COMPANIES**															
	AGRICULTURE AND ALLIED SECTOR															
1	Karnataka Agro Proteins Limited	-	176.50 (Subsidy)	-	176.50 (Subsidy)	-	-	-	-	-	78.00	283.87	26.17	388.04	-	-
	ENGINEERING SECTOR															
2	NGEF Limited	-	-	-	-	5800.00 (5825.43)	1840.00	353.06 (352.06)	-	7993.06 (6177.49)	-	-	-	-	-	-
	INDUSTRY SECTOR															
3	The Mysore Lamp Works Limited	-	-	-	-	1400.00 (1102.26)	-	-	-	1400.00 (1102.26)		14.00 ($)	-	14.00 ($)	-	-
	Grand Total C	**0.00**	**176.50**	**0.00**	**176.50**	**7200.00 (6927.69)**	**1840.00**	**353.06 (352.06)**	**0.00**	**9393.06 (7279.75)**	**78.00**	**297.87**	**26.17**	**402.04**	**0.00**	**0.00**
	Grand Total of (A+B+C)	**0.00**	**5182.89 (Grants) 102199.52 (Subsidy)**	**0.00**	**5182.89 (Grants) 102199.52 (Subsidy)**	**30359.42 (70397.18)**	**104960.39 (625254.04)**	**353.06 (352.06)**	**0.00**	**135672.87 (696003.28)**	**78.00**	**297.87**	**26.17**	**402.04**	**0.00**	**663.75**

** **Guarantees outstanding at the end of the year is shown in brackets**

$ **Guarantee Commission waived**

ANNEXE - 4

(Referred to in paragraph No.1.7)

Statement showing financial position of Statutory corporations

Working Statutory corporations

1. Karnataka State Road Transport Corporation, Bangalore

(Rupees in crore)

Sl. No.	Particulars	2000-2001	2001-02	2002-03 (Provisional)
A.	**Liabilities**			
	Capital (including capital loan and equity capital)	208.57	208.57	208.39
	Borrowings (Government):-	2.36	2.36	2.36
	(Others):-	183.57	197.57	177.37
	Funds*	23.40	26.23	29.62
	Trade dues and other current liabilities (including provisions)	220.93	174.86	173.47
	Total	**638.83**	**609.59**	**591.21**
B.	**Assets**			
	Gross Block	432.43	474.07	498.20
	Less : Depreciation	247.16	275.66	293.42
	Net fixed assets	185.27	198.41	204.78
	Capital works-in-progress (including cost of chassis)	20.85	15.58	15.07
	Investments	0.15	0.15	0.09
	Current assets, loans and advances	103.98	82.58	91.08
	Deferred Cost	0.86	0.95	1.01
	Accumulated losses	327.72	311.92	279.18
	Total	**638.83**	**609.59**	**591.21**
C.	**Capital employed #**	**89.17**	**121.71**	**137.46**

* Excluding depreciation fund.

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

2. Bangalore Metropolitan Transport Corporation, Bangalore

(Rupees in crore)

Sl. No.	Particulars	1999-00	2000-2001	2001-02
A.	**Liabilities**			
	Capital (including capital loan and equity capital)	64.53	64.53	64.53
	Borrowings (Government): -	0.72	0.72	0.72
	(Others):-	25.53	39.33	43.96
	Funds*	6.08	6.06	6.83
	Trade dues and other current liabilities (including provisions)	54.28	43.18	50.25
	Total	**151.14**	**153.82**	**166.29**
B.	**Assets**			
	Gross Block	152.07	179.10	206.17
	Less : Depreciation	79.99	86.00	96.94
	Net fixed assets	72.08	93.10	109.23
	Capital works-in-progress (including cost of chassis)	2.98	3.28	2.25
	Investments	--	2.58	--
	Current assets, loans and advances	19.97	16.26	41.53
	Deferred Cost	0.24	0.17	0.30
	Excess of liabilities over assets transferred	54.14	--	--
	Accumulated losses	1.73	38.43	12.98
	Total	**151.14**	**153.82**	**166.29**
C.	**Capital employed #**	**40.75**	**69.46**	**102.76**

* Excluding depreciation fund.

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

3. North Western Karnataka Road Transport Corporation, Hubli

(Rupees in crore)

Sl. No.	Particulars	1999-2000	2000-2001	2001-02
A.	**Liabilities**			
	Capital (including capital loan and equity capital)	93.64	93.64	93.92
	Borrowings (Government.):-	1.05	1.05	1.05
	(Others):-	94.27	98.38	106.83
	Funds*	12.82	15.28	17.51
	Trade dues and other current liabilities (including provisions)	110.57	135.49	107.17
	Total	**312.35**	**343.84**	**326.48**
B.	**Assets**			
	Gross Block	261.35	287.13	317.13
	Less: Depreciation	157.86	169.36	192.77
	Net fixed assets (Goodwill)	103.49	117.77	124.36
	Capital works-in-progress (including cost of chassis)	3.48	7.57	5.82
	Current assets, loans and advances	63.25	88.49	78.15
	Deferred revenue expenditure	0.47	0.54	0.50
	Accumulated losses	141.66	129.47	117.65
	Total	**312.35**	**343.84**	**326.48**
C.	**Capital employed #**	**59.65**	**78.34**	**101.16**

* Excluding depreciation fund.

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

4. North Eastern Karnataka Road Transport Corporation, Gulbarga

(Rupees in crore)

Sl. No.	Particulars	1.10.2000 to 31.3.2001	2001-02	2002-03 (Provisional)
A.	**Liabilities**			
	Capital (including capital loan and equity capital)	83.50	83.50	83.50
	Borrowings (Government.):-	0.87	0.87	0.87
	(Others):-	66.25	53.52	60.48
	Funds*	8.72	12.46	14.43
	Trade dues and other current liabilities (including provisions)	56.53	58.97	79.26
	Total	**215.87**	**209.32**	**238.54**
B.	**Assets**			
	Gross Block	177.59	180.52	189.09
	Less: Depreciation	107.65	127.41	135.64
	Net fixed assets	69.94	53.11	53.45
	Capital works-in-progress (including cost of chassis)	3.38	7.18	7.23
	Investments	--	--	0.05
	Current assets, loans and advances	37.18	25.85	39.60
	Deferred revenue expenditure	0.36	0.30	0.35
	Accumulated losses	105.01	122.88	137.86
	Total	**215.87**	**209.32**	**238.54**
C.	**Capital employed #**	**53.97**	**27.17**	**21.02**

* Excluding depreciation fund.

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

5. Karnataka State Financial Corporation

(Rupees in crore)

Sl No	Particulars	2000-01	2001-02	2002-03 (Provisional)
A.	**Liabilities**			
	Paid up capital	98.28	97.85	97.85
	Share application money	26.60	26.83	26.83
	Reserve fund and other reserves and surplus	4.25	4.25	4.25
	Borrowings			
	i) Bonds and Debentures	756.16	811.93	743.84
	ii) Fixed Deposits	24.82	16.55	14.51
	iii) Industrial Development Bank of India & Small Industries Development Bank of India	1077.88	1067.02	1088.82
	iv) Reserve Bank of India	--	--	30.05
	v) Loan towards Share Capital- Industrial Development Bank of India	9.18	9.18	9.18
	(vi) Others (including State Government)	321.18	252.02	159.77
	Other liabilities and Provisions	362.10	458.91	479.13
	Total	**2680.45**	**2744.54**	**2654.23**
B.	**Assets**			
	Cash and Bank balances	124.87	144.56	61.69
	Investments	90.50	88.16	83.98
	Loans and Advances	2035.18	1952.68	1831.62
	Net fixed Assets	14.95	12.65	11.20
	Other assets	79.10	71.21	51.23
	Miscellaneous expenditure	335.85	475.28	614.51
	Total	**2680.45**	**2744.54**	**2654.23**
C.	**Capital Employed***	**2225.50**	**2297.74**	**2226.11**

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

6. Karnataka State Warehousing Corporation

(Rupees in crore)

Sl. No.	Particulars	1999-2000	2000-01	2001-02
A.	**Liabilities**			
	Paid-up capital	7.30	7.50	9.90
	Reserves and Surplus	16.22	22.88	31.70
	Borrowings (Government.):-	--	5.00	12.80
	(Others):-	3.12	3.62	3.20
	Trade dues and Current liabilities (including provision)	9.13	8.93	16.03
	Total	**35.77**	**47.93**	**73.63**
B.	**Assets**			
	Gross block	24.12	32.10	36.74
	Less: Depreciation	3.72	4.29	4.92
	Net fixed assets	20.40	27.81	31.82
	Capital work-in-progress	7.14	1.41	21.40
	Investment	0.12	0.12	0.12
	Current assets, loans and advances	8.11	18.59	20.16
	Miscellaneous	-	-	0.13
	Total	**35.77**	**47.93**	**73.63**
C.	**Capital employed** **	**26.52**	**38.88**	**57.35**

** Capital employed represents net fixed assets, (including capital work-in-progress) plus working capital.

ANNEXE - 5

(Referred to in paragraph No.1.7)

Statement showing working results of Statutory corporations

1. Karnataka State Road Transport Corporation, Bangalore

(Rupees in crore)

Sl No	Particulars	2000-01	2001-02	2002-03 (Provisional)
1	**Operating:**			
	a) Revenue	669.64	621.48	680.63
	b) Expenditure	673.08	614.81	651.91
	c) Surplus (+) / Deficit (-)	(-)3.44	6.67	28.72
2	**Non-operating:**			
	a) Revenue	38.98	64.17	47.18
	b) Expenditure	49.82	47.25	45.92
	c) Surplus (+)/Deficit (-)	(-) 10.84	16.92	1.26
3	**Total**			
	a) Revenue	708.62	685.65	727.81
	b) Expenditure	722.90	662.06	697.83
	c) Net prior period Expenses/credits(-)	2.51	7.07	(-)2.76
	d) Net profit (+)/ Loss (-)	(-) 16.79	16.52	32.74
4	Interest on capital and loans	32.81	28.95	25.83
5	Total return on capital employed*	16.02	45.47	58.57
6	Percentage of return on capital employed	17.97	37.36	42.61

* Return on capital employed represents net surplus/deficit plus total interest charged to profit & loss account (less interest capitalised)

2. Bangalore Metropolitan Transport Corporation, Bangalore

(Rupees in crore)

Sl No	Particulars	1999-2000	2000-01	2001-02
1	**Operating:**			
	a) Revenue	211.01	256.78	301.20
	b) Expenditure	223.10	257.51	289.17
	c) Surplus (+)/Deficit (-)	(-)12.09	(-)0.73	(+)12.03
2	**Non-operating:**			
	a) Revenue	22.72	19.35	21.13
	b) Expenditure	8.53	5.51	6.46
	c) Surplus (+)/Deficit (-)	(+)14.19	(+)13.84	(+)14.67
3	**Total**			
	a) Revenue	233.73	276.13	322.33
	b) Expenditure	231.63	263.02	295.63
	c) Net prior period Expenditure	-	-	1.25
	d) Net profit (+)/loss (-)	(+)2.10	(+)13.11	(+)25.45
4	Interest on capital and loans	4.31	5.27	6.10
5	Total return on Capital employed*	6.41	18.38	31.55
6	Percentage of return on capital employed	15.73	26.46	30.70

* Return on capital employed represents net surplus/deficit plus total interest charged to profit & loss account (less interest capitalised)

3. North Western Karnataka Road Transport Corporation, Hubli

(Rupees in crore)

Sl No	Particulars	1999-2000	2000-2001	2001-02
1	**Operating :**			
	a) Revenue	396.31	441.02	476.86
	b) Expenditure	362.48	444.72	499.83
	c) Surplus (+)/deficit (-)	(+)33.83	(-) 3.70	(-)22.97
2	**Non-operating :**			
	a) Revenue	29.30	30.08	60.49
	b) Expenditure	60.37	21.18	25.80
	c) Surplus (+)/deficit (-)	(-)31.07	(+) 8.90	(+)34.69
3	**Total**			
	a) Revenue	425.61	471.10	537.35
	b) Expenditure	422.85	465.90	525.63
	c) Net profit (+)/loss (-)	(+)2.76	(+)5.20	(+)11.72
4	Interest on capital and loans	15.61	14.30	15.07
5	Total return on Capital employed*	18.37	19.50	26.79
6	Percentage of return on capital employed	30.80	24.89	26.48

* Return on capital employed represents net surplus/deficit plus total interest charged to profit & loss account (less interest capitalised)

4. North Eastern Karnataka Road Transport Corporation, Gulbarga

(Rupees in crore)

Sl No	**Particulars**	**1.10.2000 to 31.3.2001**	**2001-02**	**2002-03 (Provisional)**
1	**Operating :**			
	a) Revenue	112.38	233.37	264.33
	b) Expenditure	122.49	257.24	283.92
	c) Surplus (+)/deficit (-)	(-)10.11	(-)23.87	(-)19.59
2	**Non-operating :**			
	a) Revenue	4.25	25.05	19.25
	b) Expenditure	7.13	14.46	13.95
	c) Surplus (+)/deficit (-)	(-) 2.88	(+)10.59	(+)5.30
3	**Total**			
	a) Revenue	116.63	258.42	283.58
	b) Expenditure	129.62	271.70	297.87
	c) Net prior period Expenditure	8.19	4.91	0.69
	c) Net profit (+)/loss (-)	(-)21.18	(-)18.19	(-)14.98
4	Interest on capital and loans	5.08	9.56	7.51
5	Total return on Capital employed*	(-)16.10	(-)8.63	(-)7.47
6	Percentage of return on capital employed			

* Return on capital employed represents net surplus/deficit plus total interest charged to profit & loss account (less interest capitalised)

5. Karnataka State Financial Corporation

(Rupees in crore)

Sl No	Particulars	2000-01	2001-02	2002-03 (Provisional)
1	**Income**			
	a) Interest on Loans	205.25	198.20	180.73
	b) Other Income	41.96	37.85	18.65
	Total (1)	**247.21**	**236.05**	**199.38**
2	**Expenses**			
	a) Interest on long term and short term loans	247.47	239.29	238.38
	b) Other Expenses	58.48	51.42	53.97
	c) Provision for non performing assets	44.67	84.77	44.77
	Total (2)	**350.62**	**375.68**	**337.12**
3	Profit (+)/Loss (-) before tax (1-2)	(-) 103.41	(-)139.43	(-)137.74
4	Provision for tax	--	--	-
5	Other appropriations	--	--	-
6	Amount available for dividend	--	--	-
7	Dividend	--	--	-
8	Total return on Capital Employed	144.06	99.86	100.64
9	Percentage of return on Capital employed	6.47	4.35	4.52

6. Karnataka State Warehousing Corporation

(Rupees in crore)

Sl No	Particulars	1999-2000	2000-01	2001-02
1	Income:			
	a) Warehousing charges	11.61	16.03	21.42
	b) Other income	1.91	1.97	3.46
	Total (1)	**13.52**	**18.00**	**24.88**
2	Expenses:			
	a) Establishment charges	5.50	5.30	5.75
	b) Other expenses	3.68	5.60	9.72
	Total (2)	**9.18**	**10.90**	**15.47**
3	Profit before tax	4.34	7.10	9.41
4	Provision for tax	0.01	-	0.06
5	Amount available for dividend	4.33	7.10	9.35
6	Dividend for the year	4.42	0.44	0.45
7	Total return on Capital employed	4.43	7.35	10.87
8	Percentage of return on Capital employed	16.70	18.90	18.95

ANNEXE - 6

(Referred to in paragraph No.1.12)

Statement showing operational performance of Statutory corporations

Working Statutory corporations

1. Karnataka State Road Transport Corporation, Bangalore

Particulars	2000-2001	2001-02	2002-03 (Provisional
Average number of vehicles held	6128	4191	4259
Average number of vehicles on road	5739	3963	4053
Percentage of utilisation of vehicles	93.6	94.5	95.2
Number of employees	24117	23158	23655
Employees vehicle ratio	5.86	5.53	5.84
Number of routes operated at the end of the year	4415	4558	4876
Route kilometres	370989	394224	432618
Kilometres covered (in lakh)			
a) Gross	6168.18	5377.23	5466.41
b) Effective	5971.44	5205.18	5366.23
c) Dead	196.74	172.05	171.12
Percentage of dead kms. to gross kilometres	3.20	3.20	3.13
Average kilometres covered per bus per day	341	360	362
Average operating revenue per kilometer (in paise)	1186.48	1317.30	1361.40
Increase in operating revenue per kilometer over previous year's income	74.28	130.82	44.10
(per cent)	(6.70)	(11.02)	(3.35)
Average expenditure per kilometre (paise)	1208.80	1285.50	1300.40
Increase in operating expenditure per kilometre over previous years expenditure	66.90	76.70	14.90
(per cent)	(5.80)	(6.35)	(1.16)
Profit/Loss per kilometre (paise)	(-) 24.12	31.80	61.00
Number of operating depots	43	46	48
Average number of breakdowns per lakh kilometres	1.16	1.20	0.9
Average number of accidents per lakh kilometres	0.16	0.17	0.17
Passenger kilometres operated (in crore)	2249.68	2100.18	2089.75
Occupancy ratio	58.50	73.10	68.40
Kilometres obtained per litre of :	-	.	-
Diesel oil	4.67	4.88	5.02
Engine oil	2074	2276	N/A

2. Bangalore Metropolitan Transport Corporation, Bangalore

Particulars	1999-2000	2000-01	2001-02
Average number of vehicles held	2119	2264	2304
Average number of vehicles on road	2005	2140	2206
Percentage of utilisation of vehicles	94.6	94.5	95.7
Number of employees	12984	13594	13878
Employees vehicle ratio	6.40	6.35	6.02
Number of routes operated at the end of the year	1063	1147	1212
Route Kilometers	21021	22656	24000
Kilometers operated (in lakh)			
a) Gross	1765	1815	1890
b) Effective	1690	1720	1829
c) Dead	75	96	61
Percentage of dead kms. to gross Kilometers	4.5	5.2	3.2
Average Kilometers covered per bus per day	203	220	227
Average operating revenue per kilometer (in paise)	1383.3	1529.4	1469.4
Increase in operating revenue per kilometer over previous year's income	83.33	146.10	-60.0
(per cent)	(6.41)	(10.56)	(-3.92)
Average expenditure per kilometer (paise)	1370.8	1450.9	1433.10
Increase in operating expenditure per kilometer over previous year's expenditure	96.80	80.10	-17.80
(per cent)	(7.6)	(5.8)	(-1.2)
Profit/Loss per kilometer (paise)	(+)12.45	(+)78.50	(+)36.3
Number of operating depots	16	17	19
Average number of breakdowns per lakh kilometers	4.00	3.60	1.90
Average number of accidents per lakh kilometers	0.26	0.26	0.22
Passenger kilometers operated (in crore)	714	1121	812
Occupancy ratio	68.20	63.40	71.6
Kilometers obtained per liter of:			
Diesel oil	4.26	4.32	4.47
Engine oil	N.A	N.A	N.A

3. North Western Karnataka Road Transport Corporation, Hubli

Particulars	1999-2000	2000-2001	2001-02
Average number of vehicles held	3414	3480	3520
Average number of vehicles on road	3239	3302	3371
Percentage of utilisation of vehicles	94.88	94.89	95.76
Number of employees	19682	20812	20999
Employees vehicle ratio	5.76	6.30	5.97
Number of routes operated at the end of the year	5167	5396	5446
Route kilometres	403114	418190	422065
Kilometres operated (in lakh)			
a) Gross	4058.14	4159.52	4344.83
b) Effective	3992.98	4096.30	4278.69
c) Dead	65.16	63.22	66.14
Percentage of dead kms. to gross kilometres	1.60	1.52	1.5
Average kilometres covered per bus per day	343.20	339.80	347.80
Average operating revenue per kilometer (in paise)	1065.90	1150.10	1111.10
Increase in operating revenue per kilometer over previous year's income	78.90	84.20	-39.00
(per cent)	(7.99)	(7.90)	(- 3.4)
Average expenditure per kilometre (paise)	1059.00	1042.60	1177.60
Increase in operating expenditure per kilometer over previous year's expenditure	72.60	(-)16.40	135.00
(per cent)	(7.40)	(- 1.50)	(12.95)
Profit/Loss per kilometer	6.90	107.50	(-) 66.50
Number of operating depots	40	41	46
Average number of breakdowns per lakh kilometres	1.90	1.90	1.44
Average number of accidents per lakh kilometres	0.16	0.16	0.15
Passenger kilometres operated (in crore)	1564.45	1587.73	1833.85
Occupancy ratio	64.70	67.20	71.20
Kilometres obtained per litre of:			
Diesel oil	4.92	4.80	5.02
Engine oil	1352.60	1320.10	756.45

4. North Eastern Karnataka Road Transport Corporation, Gulbarga

Particulars	2000-2001	2001-02	2002-03 (provisional)
Average number of vehicles held	1932	1990	2276
Average number of vehicles on road	1826	1838	2122
Percentage of utilisation of vehicles	94.5	92.4	92.4
Number of employees	10005	11177	11343
Employees vehicle ratio	5.18	5.62	5.43
Number of routes operated at the end of the year	1936	1936	2088
Route Kilometres	NA	NA	232000
Kilometres operated (in lakh)			
a) Gross	1087	2184	1898
b) Effective	1055	2182	1852
c) Dead	32	2	46
Percentage of dead kms. to gross kilometres	2.94	0.08	2.2
Average kilometres covered per bus per day	317.36	320.00	309
Average operating revenue per kilometer (in paise) / Increase in operating revenue per kilometer over previous year's income (per cent)	1050.60 - -	1075.60 25.00 (2.38)	1134.60 59.00 (5.49)
Average expenditure per kilometre (paise) Increase in operating expenditure per kilometer over previous year's expenditure (per cent)	1182.00 - -	1222.80 40.80 (3.45)	1249.60 26.80 (2.19)
Profit/Loss per kilometer	(-)131.40	(-)147.20	(-)115.00
Number of operating depots	26	27	27
Average number of breakdowns per lakh kilometres	2.3	3.10	3.3
Average number of accidents per lakh kilometres	0.11	0.14	0.13
Passenger kilometres operated (in crore)	335.79	711.21	719.77
Occupancy ratio	69	69.7	71.5
Kilometres obtained per litre of:			
Diesel oil	4.83	4.85	4.97
Engine oil	NA	NA	NA

5. Karnataka State Warehousing Corporation

Particulars	1999-2000	2000-2001	2001-02
Number of stations covered	107	107	107
Storage capacity created upto the end of the year (tonne in lakh)			
a) Owned	2.88	3.24	3.29
b) Hired	2.56	5.53	3.73
Total :	**5.44**	**8.77**	**7.02**
Average capacity utilised during the year (tonne in lakh)	4.35	5.78	6.40
Percentage of utilisation	79.96	65.91	91.16
Average revenue per tonne per year (Rupees)	309.98	378.02	281.25
Average expenses per tonne per year (Rupees)	158.81	238.75	170.31

6. Karnataka State Financial Corporation

(Rupees in crore)

Particulars	2000-2001		2001-02		2002-03 (Provisional)	
	Number	Amount	Number	Amount	Number	Amount
Applications pending at the Beginning of the year	113	22.12	90	41.39	80	27.11
Applications received	2805	532.02	1728	430.06	1397	433.59
Total	**2918**	**554.14**	**1818**	**471.45**	**1477**	**460.70**
Applications sanctioned	2662	422.92	1621	302.56	1345	333.03
Applications cancelled/ withdrawn/rejected/reduced	166	89.83	117	141.78	85	112.28
Applications pending at the Close of the year	90	41.39	80	27.11	47	15.39
Loans disbursed	--	297.38	-	283.40	-	268.28
Loan outstanding at the close of the year	--	1720.93	-	1711.85	-	2617.18
Amount overdue for recovery at the close of the year :						
a) Principal	-	364.27	-	415.72	-	675.34
b) Interest		459.77	-	650.64	-	1664.15
Total		**824.04**	-	**1066.36**	-	**2339.49**
Amount involved in Recovery certificate cases	-	594.18	---	626.97	--	1121.86
Percentage of overdue to the Total loans outstanding	--	47.88	--	62.29	--	89.38

ANNEXE - 7

(Referred to in Para No.1.27)

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

Sl. No	Name of the Department	No. of PSUs	No. of outstanding I.Rs.	No. of outstanding paragraphs	Year from which Outstanding
1	Agriculture and Horticulture Department	5	7	38	1998-99
2	Animal Husbandry, Fisheries and Forest Department	6	19	103	1989-90
3	Commerce and Industries Department	34	95	661	1991-92
4	Co-operation Department	1	4	38	1993-94
5	Energy and Labour Department	3	292	1541	1986-87
6	Finance Department	3	16	212	1989-90
7	Food and Civil Supplies, Institutional Finance and Statistical Department	1	3	6	1997-98
8	Home and Transport Department	5	48	169	1996-97
9	Housing and Urban Development Department	3	4	27	1998-99
10	Information, Tourism and Youth Service Department	4	11	39	1993-94
11	Irrigation Department	2	282	1015	1982-83
12	Public Works Department	1	2	31	1990-91
13	Rural Development and Panchayat Raj Department	1	6	42	1993-94
14	Social Welfare Department	4	17	96	1986-87
	TOTAL	**73**	**806**	**4018**	

ANNEXE - 8
(Referred to in Paragraph No.1.27)

Statement showing the department wise draft paragraph/reviews reply to which are awaited.

Sl. No.	Name of the Department	No. of Draft Paragraphs	No. of Reviews	Period of issue
1	Energy Department	7	-	March 2003 to June 2003
2	Water Resources Department	8	-	March 2003 to July 2003
3	Finance Department	2	--	March 2003 to June 2003
4	Transport Department	3	-	May 2003 to June 2003
5	Commerce & Industries Department	1	-	July 2003
6	Agriculture Department	1	-	June 2003
	Total	**22**		

ANNEXE – 9

(Referred to in Paragraph 1.29)

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

(Rupees in crore)

Sl No	Name of the Company	Status (working/ non-working)	Year of accounts	Paid-up capital	Equity by			Loans by			Grants by			Total investment by way of equity, loans and grants			Profit (+)/loss (-)	Accumulated profit (+)/accumulated loss (-)
					State Govt.	State Govt. companies	Central Govt. and their companies	State Govt.	State Govt. companies	Central Govt. and their companies	State Govt.	State Govt. companies	Central Govt. and their companies	State Govt.	State Govt. companies	Central Govt. and their companies		
1	Karnataka State Seeds Corporation Limited	Working	2001-02	3.10	1.45 (46.77 per cent)	--	0.62 (20 per cent)	0.68	--	--	--	--	1.40	2.13	--	2.02	(+) 0.33	(+) 5.44
2	Karnataka Asset Management Company Private Limited	Working	2002-03	0.50	--	0.50 (100 per cent)	--	--	--	--	--	--	--	--	0.50	--	(+) 0.29	(+) 0.22
3	Karnataka Trustee Company Private limited	Working	2001-02	0.01	--	0.01 (100 per cent)	--	--	--	--	--	--	--	--	0.01	--	[a]	[b]

[a] Profit for the year Rs.30,799.
[b] Accumulated profit – Rs.1,334

ANNEXE-10

(Referred to in paragraph 2.1.6)

Statement showing the financial position of Karnataka Handloom Development Corporation Limited.

(Rupees in crore)

Liabilities	1998-99	1999-00	2000-01	2001-02	2002-03
Paid up capital	15.72	15.72	15.72	15.72	15.72
Reserves and surplus	4.40	4.54	4.52	4.62	4.60
Borrowings from					
I Govt. of India	2.32	2.32	2.32	2.32	2.32
II Dutch loan from Govt.of India	2.88	2.80	2.73	2.63	2.56
III Govt. of Karnataka	7.85	7.74	7.64	7.56	7.49
IV Banks & Institutions	29.66	32.96	28.85	41.89	40.43
Trade dues and other liabilities and provisions	47.02	58.23	73.22	67.71	81.55
Total	**109.80**	**124.32**	**135.00**	**142.47**	**154.67**
Assets					
Gross fixed assets	12.77	13.51	13.94	14.31	15.55
Less depreciation	4.63	5.04	5.52	5.94	6.38
Net fixed assets	8.14	8.47	8.42	8.38	8.18
Capital work-in-progress	0.10	0.07	0.05	0.07	0.14
Investment	0.06	0.06	0.06	0.06	0.06
Current assets, loans and advances	95.59	106.87	108.08	103.76	101.28
Miscellaneous expenditure.	1.20	1.20	1.20	1.20	1.20
Accumulated losses	4.75	7.65	17.19	29.00	43.82
Total	**109.85**	**124.32**	**135.00**	**142.47**	**154.67**
Capital Employed[1]	**61.98**	**63.17**	**51.41**	**54.08**	**40.25**
Net Worth[2]	**14.18**	**11.42**	**1.85**	**(-) 9.85**	**(-) 24.70**

[1] Capital employed represents net fixed assets plus capital work in progress plus working capital.
[2] Net worth represents paid up capital plus reserves and surplus less intangible assets.

ANNEXE-11

(Referred to in Paragraph 2.1.6)

Statement showing the working results of Karnataka Handloom Development Corporation Limited.

(Rupees in crore)

Particulars	1998-99	1999-00	2000-01	2001-02	2002-03
Income					
Sales including janatha subsidy	79.44	77.05	60.18	96.89	59.06
Other income	6.24	4.01	3.71	3.88	4.58
Variation in stocks	13.23	6.76	9.48	-25.74	-15.46
Total	**98.91**	**87.82**	**73.37**	**75.03**	**69.94**
Expenditure					
Cost of production	58.40	53.61	46.02	45.05	48.16
Purchase of Clothes.	0.17	0.06	0.01	1.28	0.44
Administration expenses	18.97	19.08	18.76	19.86	22.55
Selling and distribution expenses (net)	13.78	12.16	10.57	13.44	7.26
Finance charges	6.10	5.35	5.54	5.85	5.78
Depreciation & others	0.48	0.48	0.48	0.44	0.45
Total	**97.9**	**90.74**	**81.38**	**85.92**	**84.64**
Profit (+)/loss (-) as per accounts	1.01	-2.91	-8.01	-10.89	-14.73
Prior period adjustments (net)	-0.94	0.01	-0.02	-0.10	0.09
Profit (+)/loss (-) for the year	0.07	-2.90	-8.03	-11.81	-14.82

ANNEXE-12
(Referred to in Paragraph 2.2.18)

The statement showing Generation details of Karnataka Power Corporation Limited

GENERATION DETAILS OF GERUSOPPA PROJECT FOR 2001-02 (in million units)

Month & No of Units run.	Peak Load (MW)	Plant load factor (per cent)	Generation during the month	Target for month	Cumulative	Target for Year	Balance for the year	Auxiliary. Consmpt-ion	Per cent of auxiliary to generation
APRIL (1/1)	56	90.49	37.91	48	37.905	600	562.095	0.0358	0.09
MAY- (2/1)	111	49.72	30.72	40	68.625	600	531.375	0.0214	0.07
JUNE-(1/2)	61	34.72	40.12	38	108.742	600	491.258	0.0122	0.03
JULY-(2/2)	104	60.9	54	70	162.743	600	437.257	0.0078	0.01
AUG.-(2/2)	113	63.89	40.58	70	203.321	600	396.679	0.0156	0.04
SEPT.-(2/2)	115	11.77	35.57	65	238.89	600	361.11	0.5144	1.43
OCT.-(2/2)	56	25.83	22.72	40	261.605	600	338.395	0.6722	2.95
NOV.-(3/3)	172	35.83	29.97	45	291.57	600	308.43	0.7439	2.5
DEC.-(3/3)	55	18.16	30.18	48	321.754	600	278.246	0.6707	2.24
JAN.-(3/3)	156	36.04	30.7	45	352.452	600	247.548	0.6717	2.19
FEB.-(3/3)	111	41.18	21.74	45	374.192	600	225.808	0.571	2.63
MAR.-(3/3)	111	42.4	40.16	48	414.347	600	185.653	0.5518	1.37

GENERATION DETAILS OF GERUSOPPA PROJECT FOR 2002-03 (in million units)

Month & No of Units run.	Peak Load (MW)	Plant load factor (per cent)	Generation during the month	Target for month	Cumulative	Target for Year	Balance for the year	Auxiliary. Consmpt-ion	Per cent of auxiliary to generation
APRIL- (4/4)	231	23.73	21.9	30	21.9	550	528.102	0.6386	2.92
MAY- (4/4)	53	3.91	18.62	30	40.52	550	509.478	0.6521	3.5
JUNE-(4/4)	107	13.39	15.17	30	55.69	550	494.311	0.5739	3.79
JULY-(4/4)	102	19.15	34.321	60	90.01	550	459.99	0.7057	2.06
AUG.-(4/4)	118	16.01	37.879	60	127.889	550	422.111	0.658	1.74
SEPT.-(4/4)	174	18.66	30.858	50	158.747	550	391.253	0.62	2.01
OCT.-(4/4)	104	5.85	20.745	50	179.492	550	370.508	0.6185	3
NOV.-(4/4)	175	13.42	19.968	50	199.46	550	350.54	0.5721	2.87
DEC.-(4/4)	174	18.4	22.98	50	222.95	550	327.05	0.6347	2.76
JAN.-(4/4)								0.9711	4.35