

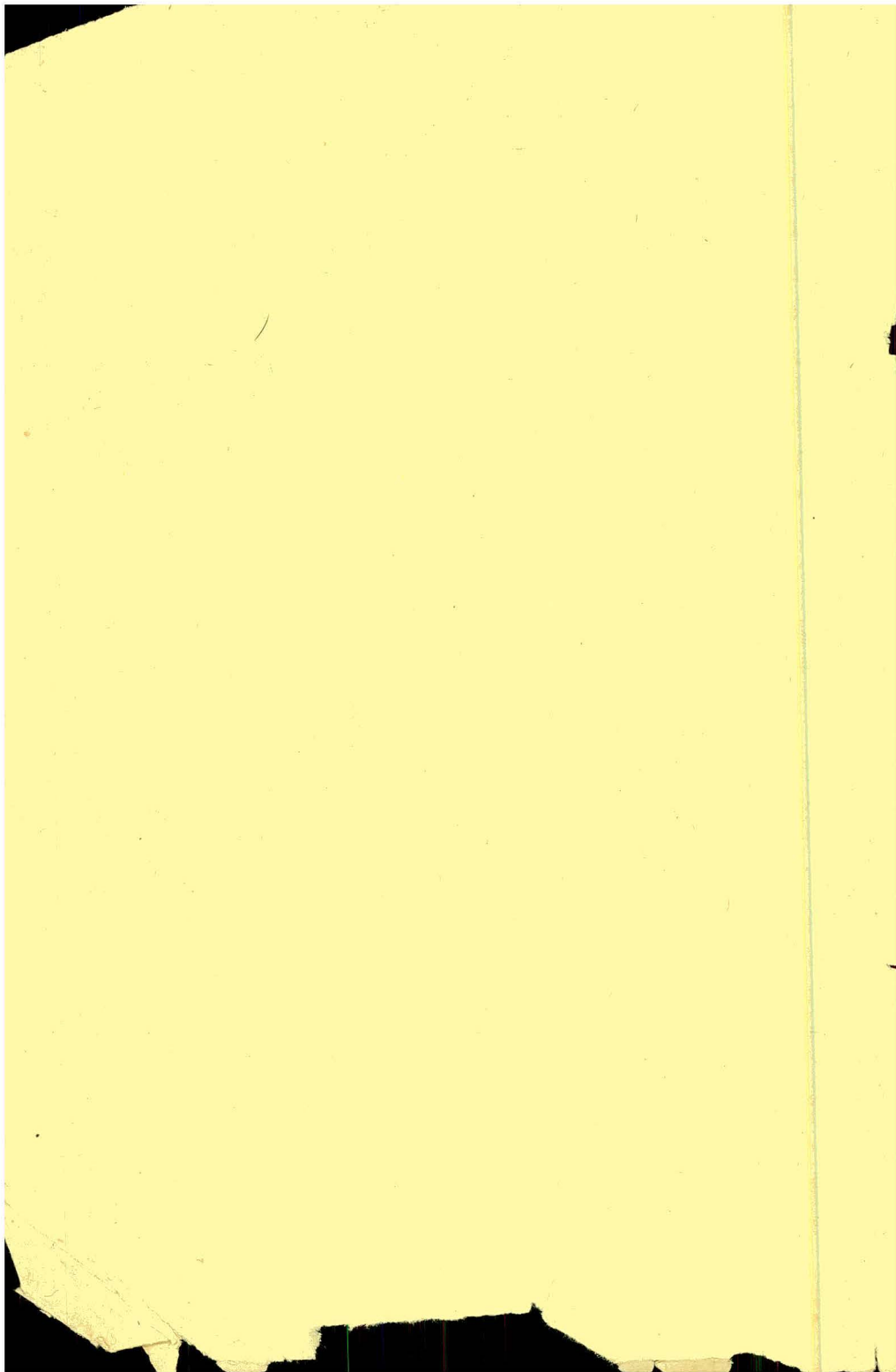
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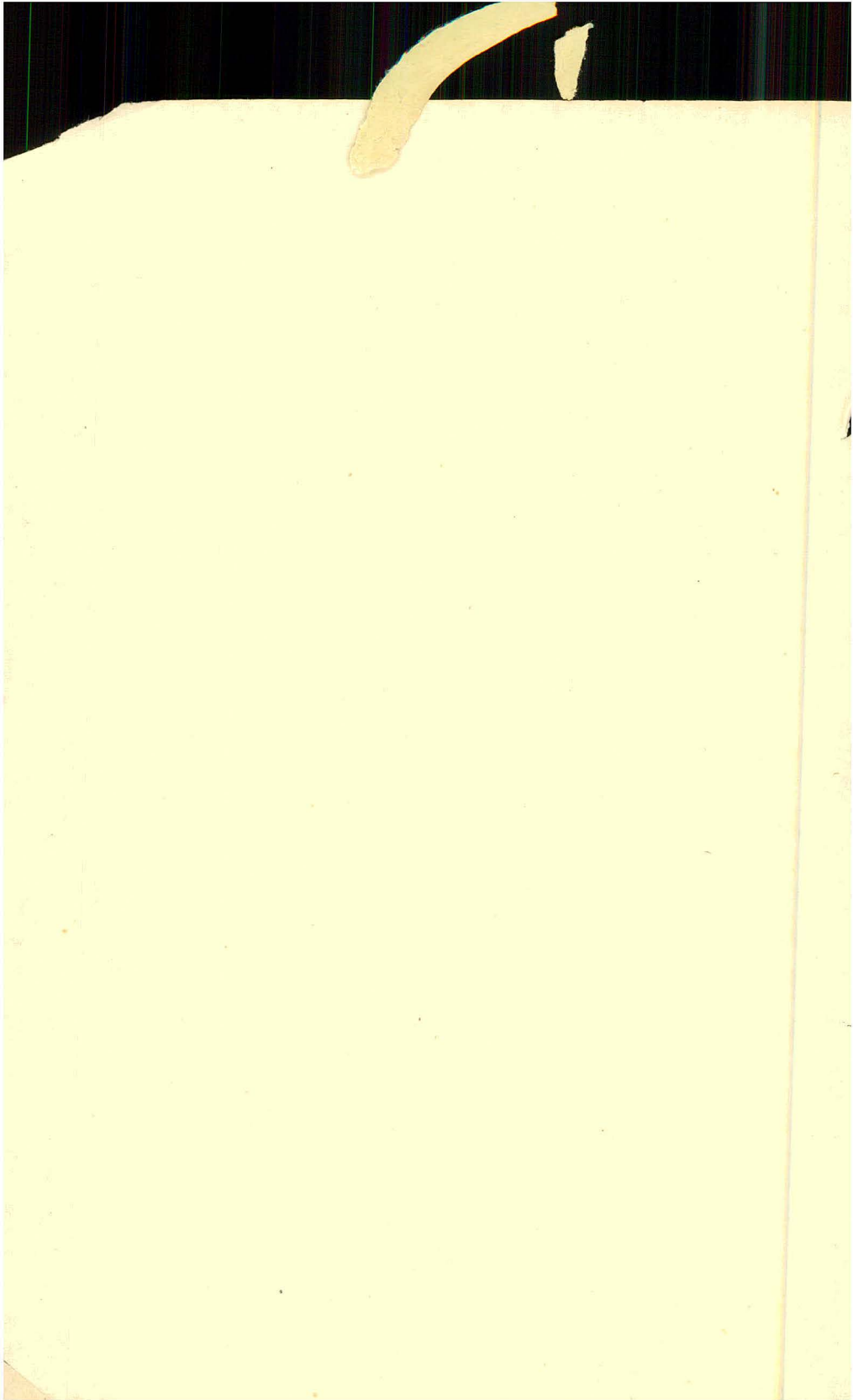
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GOVERNMENT OF GUJARAT

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



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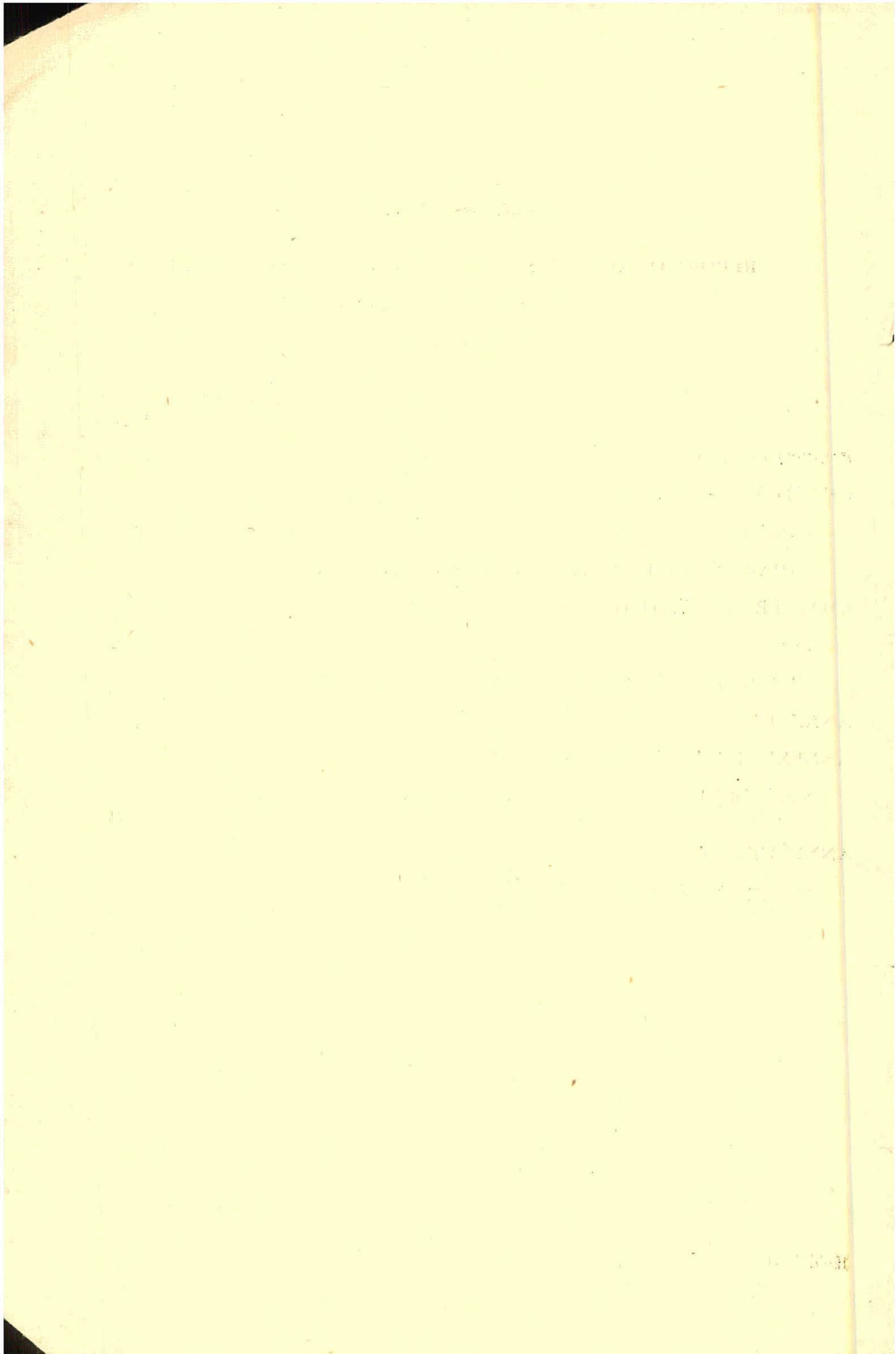
**TABLE OF CONTENTS**

**REPORT OF THE COMPTROLLER AND AUDITOR GENERAL**

**OF INDIA FOR THE YEAR 1972-73**

**(COMMERCIAL)**

	Reference to Section	Page
<i>Prefatory Remarks</i>		(i)-(ii)
<b>CHAPTER—I—GOVERNMENT COMPANIES</b>		
Introduction	I	1-10
GUJARAT STATE TEXTILE CORPORATION LIMITED	II	11-19
<b>CHAPTER—II—STATUTORY CORPORATIONS</b>		
Introduction	III	20-24
GUJARAT ELECTRICITY BOARD	IV	25-68
<b>ANNEXURES</b>		
<b>ANNEXURE 'A'</b>		
Statement showing summarised financial results of the Government Companies for the year 1972-73		70-71
<b>ANNEXURE 'B'</b>		
Statement showing summarised financial results of the Statutory Corporations for the year 1972-73		72-73



## PREFATORY REMARKS

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

- (i) Government Companies :
- (ii) Statutory Corporation : and
- (iii) Departmentally-managed Commercial Undertakings.

This Report deals with the results of audit of the accounts of Government Companies and Statutory Corporations including the Gujarat Electricity Board. The Report of the Comptroller and Auditor General of India (Civil) contains the results of audit relating to departmentally-managed commercial undertakings.

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

3. There are, however, certain companies where Government have invested funds but the accounts of which are not subject to audit by the Comptroller and Auditor General. Names of two companies in which Government have invested more than Rs. 25 lakhs are given below :—

Name	Government Investment upto 1972-73 (Rs. in lakhs)
1. Gujarat State Fertilizers Company Limited.	588.05
2. Shree Digvijaya Woollen Mills Limited.	32.50

On a request from the State Government a test audit of accounts of Gujarat State Fertiliser Company Limited for the year 1970-71 was conducted during January/February 1973.

4. In respect of Gujarat Electricity Board and Gujarat State Road Transport Corporation, which are statutory corporations, the Comptroller and Auditor General is the sole Auditor, while in respect of the Gujarat State Financial Corporation and Gujarat State Warehousing Corporation, he has the right to conduct the audit of the concerns independently of the audit conducted by the professional auditors appointed under the respective Acts.

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

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CHAPTER I  
GOVERNMENT COMPANIES

SECTION I

**Introduction**

There were 14 companies (including eight subsidiaries) of the State Government as on 31st March 1973 as against 10 companies (including three subsidiaries) as on 31st March 1972. Five subsidiary companies viz. Gujarat Tyres Limited, Gujarat Nylons Limited, Gujarat Alkalies and Chemicals Limited, Cement Corporation of Gujarat Limited and Polymers Corporation of Gujarat Limited, of the Gujarat Industrial Investment Corporation Limited were incorporated during the year 1972-73. One company viz. Gondal Public Dairy Limited was dissolved in May 1972.

A summary of the financial results of nine companies including 3 subsidiaries on the basis of the latest available accounts is given in Annexure 'A'.

**2. Highlights on the working of Government companies during 1972-73**

- |   |   |
|---|---|
| 1. Number of Government Companies as on 31st March 1973   | 6 and 8 subsidiaries.   |
| 2. Number of companies which prepared accounts for periods ending on different dates during 1972-73 | 6 and 3 subsidiaries.   |
| 3. Paid up capital of 6 companies at the end of the accounting year                                 | Rs. 1018.06 lakhs. Increase of Rs. 242.73 lakhs over 31st March 1972. |
| 4. Long-term loans of these companies   | Rs. 1833.15 lakhs. Increase of Rs. 617.37 lakhs over 31st March 1972. |
| 5. Reserve and surplus (uncommitted) of these companies as on 31st March 1973                       | Rs. 32.92 lakhs. Increase of Rs. 13.77 lakhs over 31st March 1972.    |
| 6. Capital invested in these companies as on 31st March 1973  | Rs. 2778.32 lakhs. Increase of Rs. 754.05 lakhs over 31st March 1972. |
| 7. Gross assets of these companies as on 31st March 1973  | Rs. 3229.65 lakhs. Increase of Rs. 724.52 lakhs over 31st March 1972. |
| 8. Capital employed in these companies as on 31st March 1973  | Rs. 2954.09 lakhs Increase of Rs. 746.59 lakhs over 31st March 1972.  |

9. Value of production/business during 1972-73 for 7 companies (including 3 subsidiaries)	Rs. 710.42 lakhs. Decrease of Rs. 77.88 lakhs over 31st March 1972.
10. Net sales during 1972-73 for 7 companies (including 3 subsidiaries)	Rs. 762.93 lakhs. Increase of Rs. 82.22 lakhs over 31st March 1972.
11. Sundry debtors as on 31st March 1973 for 7 companies (including 3 subsidiaries)	Rs. 76.48 lakhs. Increase of Rs. 2.79 lakhs over 31st March 1972.
12. Inventories as on 31st March 1973 for 7 companies (including 3 subsidiaries)	Rs. 308.64 lakhs. Decrease of Rs. 28.51 lakhs over 31st March 1972.
13. Subsidy paid by Government to 4 companies during 1972-73	Rs. 14.01 lakhs. Increase of Rs. 2.75 lakhs over previous year.
14. Total net profit earned by 6 companies during 1972-73	Rs. 17.65 lakhs. Decrease of Rs. 10.43 lakhs over previous year.
15. Return on capital invested during 1972-73	3.41 per cent as against 4.52 per cent in 1971-72.
16. Return on capital employed during 1972-73	4.12 per cent as against 5 per cent in 1971-72.
17. Percentage of value of production to capital employed during 1972-73 for 7 companies (including 3 subsidiaries)	45.4 per cent as against 81.3 per cent during 1971-72.
18. Percentage of sales to capital employed during 1972-73 for 7 companies (including 3 subsidiaries)	48.8 per cent as against 70.2 per cent in 1971-72.
19. Percentage of Sundry Debtors to sales during 1972-73 for 7 companies (including 3 subsidiaries)	10.02 per cent against 10.83 per cent in 1971-72.
20. Percentage of inventories to sales for 7 companies (including 3 subsidiaries)	40.46 per cent as against 49.53 per cent during 1971-72.
21. Customer composition of 5 companies (including one subsidiary) in respect of which information was available with total sales of Rs. 707.47 lakhs	Percentage of total sales
(a) Sales to Government Departments	5.5
(b) Sales to Public Sector Undertakings	3.4
(c) Sales to other parties	77.9
(d) Export	13.2

## 22. Employment statistics :

(a) Total number of employees in 6 companies in respect of which information was available on 31st March 1973	2107
(b) Salaries, wages, etc., charged in the accounts as on 31st March 1973	Rs. 63.08 lakhs
(c) Average earning per employee on above basis	Rs. 2994 per employee per annum
23. Rate of employees to capital invested as on 31st March 1973 in respect of 6 companies in whose case employment figures available.	0.8 employees per Rs. 1 lakh of capital investment
24. Net expenditure on providing township facilities after deducting rent receipts etc. in 3 companies during 1972-73	Rs. 2.68 lakhs
25. Profit earned by 3 companies which provided township facilities	Rs. 8.90 lakhs
26. Housing provided upto 1972-73 by 3 companies	235 employees out of 1871
27. The cost of other facilities like educational, social, cultural, transport facilities, canteens subsidy etc. during 1972-73 for 5 companies	Rs. 1.76 lakhs
28. Exports by 2 companies in respect of which information was available during 1972-73	Rs. 92.76 lakhs
29. Net foreign exchange earnings by companies engaged in export business	Rs. 89.62 lakhs

## 3. Paid up capital

The aggregate of paid up capitals of the six companies (excluding subsidiaries) stood at Rs. 1018.06 lakhs at the end of 1972-73 (out of which Government investment was Rs. 1015.28 lakhs) representing an increase of Rs. 242.73 lakhs over the aggregate paid up capitals of Rs. 775.33 lakhs of six companies at the end of previous year.

## 4. Long-term loans

The balance of long-term loans outstanding against the companies (excluding subsidiaries) were Rs. 1833.15 lakhs as on 31st March 1973

(c) *Value of production/business.*—(i) Total value of production/business of seven industrial and trading companies (including three subsidiaries) decreased from Rs. 788.30 lakhs in 1971-72 to Rs. 710.42 lakhs in 1972-73 registering a decline of 9.9 per cent in 1972-73 against an increase of 76.2 per cent in 1971-72. Details of these companies are given below:—

(Rupees in lakhs)						
Sr. No.	Name of the Company	Value of production business			Percentage of rate of growth	
		1970—71	1971—72	1972—73	1971—72	1972—73
1.	Gujarat State Textile Corporation Limited	190.64	279.70	68.10	46.7	—
2.	Gujarat Export Corporation Limited	47.67	64.18	114.85	34.6	78.9
3.	Gujarat Mineral Development Corporation Limited	61.86	129.16	149.00	108.8	15.4
4.	Gujarat Agro-Industries Corporation Limited	147.38	301.28	287.55	104.4	—
<b>Subsidiaries</b>						
5.	Gujarat Agro Foods Limited	—	13.98	27.37	—	95.8
6.	Gujarat Agro Oil Enterprises Limited	—	—	32.02	—	—
7.	Gujarat Agro Marine Products Limited	—	—	31.53	—	—
	Total	447.55	788.30	710.42	76.2	(—)9.9

*Note :* Heavy drop in the value of production of Gujarat State Textile Corporation in the year 1972-73 was due to surrender of the lease of one mill in April 1972.

(ii) The total value of production/business expressed as a percentage of total capital employed in respect of seven industrial and trading companies

(including three subsidiaries) declined from 81.3 per cent in 1971-72 to 45.4 per cent in 1972-73. Comparative details are given below:—

Sr. No.	Name of the Company	Value of production/business	(Rupees in lakhs)				
			1971—72 Capital employed	Percentage of value of production to capital employed	Value of production/business	1972—73 Capital employed	Percentage of value of production to capital employed
1.	Gujarat State Textile Corporation Limited	279.70	278.37	100.5	68.10	264.43	25.8
2.	Gujarat Export Corporation Limited	64.18	21.70	295.8	114.85	18.41	623.8
3.	Gujarat Mineral Development Corporation Limited	129.16	416.78	31.0	149.00	469.05	31.8
4.	Gujarat Agro-Industries Corporation Limited	301.28	227.25	132.5	287.55	632.40	45.5
<i>Subsidiaries</i>							
5.	Gujarat Agro-Foods Limited	13.98	26.13	53.5	27.37	41.48	66.0
6.	Gujarat Agro Oil Enterprises Limited	—	—	—	32.02	106.82	30.0
7.	Gujarat Agro Marine Products Limited	—	—	—	31.53	30.77	102.5
		788.30	970.23	81.3	710.42	1563.36	45.4

### 9. Sources of funds

Funds generated/received by six companies (excluding subsidiaries) from internal and external sources in 1971-72 and 1972-73 are indicated below:—

Sources	(Rupees in lakhs)			
	1971—72		1972—73	
	Funds generated/received	Percentage to total funds (internal & external)	Funds generated/received	Percentage to total funds (internal & external)
Internal	41.28	6.2	25.92	3.2
External	625.97	93.8	789.59	96.8
	<u>667.25</u>	<u>100.0</u>	<u>815.51</u>	<u>100.0</u>

## 10. Inventories

Total inventories of seven industrial and trading companies (including three subsidiaries) on 31st March 1973 was Rs. 308.64 lakhs against Rs. 337.15 lakhs on 31st March 1972, and represented 40.5 per cent of sales in 1972-73 against 49.5 per cent of sales in 1971-72. The details of these companies are given below :—

(Rupees in lakhs)						
Sr. No.	Name of the Company	Raw material	Stock of finished and in process goods	Total inventories	Sales	Percentage of inventories to sales
		1971—72	1971—72	1971—72	1971—72	1971—72
		1972—73	1972—73	1972—73	1972—73	1972—73
1	2	3	4	5	6	7
1.	Gujarat State Textile Corporation Limited	18.36	50.35	68.71	279.84	24.6
		1.47	0.15	1.62	118.30	1.4
2.	Gujarat Export Corporation Limited	..	0.76	0.76	63.05	1.2
			4.96	4.96	106.38	4.7
3.	Gujarat Mineral Development Corporation Limited	79.64	67.91	147.55	59.68	247.2
		90.45	84.21	174.66	127.00	137.5
4.	Gujarat Agro-Industries Corporation Limited	6.86	113.05	119.91	264.18	45.4
		36.41	62.56	98.97	330.01	30.0
<i>Subsidiary Companies</i>						
5.	Gujarat Agro Foods Limited	0.22	..	0.22	13.96	1.6
		0.71	0.11	0.82	26.94	3.0
6.	Gujarat Agro Oil Enterprises Limited	..	..	..	..	..
		17.82	2.01	19.83	29.86	66.4
7.	Gujarat Agro Marine Products Limited	..	..	..	..	..
		0.69	7.09	7.78	24.44	31.8
		105.08	232.07	337.15	680.71	49.5
		147.55	161.09	308.64	762.93	40.5

## 11. Analysis of sales

(i) *Ratio of sales to capital employed.*—The figures of sales and capital employed for seven industrial and trading companies (including three subsidiaries) for the year 1971-72 and 1972-73 are indicated below:—

Sr. No.	Name of the Company	1971—72			1972—73		
		Sales	Capital employed	Percentage of sales to capital employed	Sales	Capital employed	Percentage of sales to capital employed
1	2	3	4	5	6	7	8
1.	Gujarat State Textile Corporation Limited	279.84	278.37	100.5	118.30	264.43	44.7
2.	Gujarat Export Corporation Limited	63.05	21.70	290.5	106.38	18.41	577.8
3.	Gujarat Mineral Development Corporation Limited	59.68	416.78	14.3	127.00	469.05	27.1
4.	Gujarat Agro-Industries Corporation Limited	264.18	227.25	116.2	330.01	632.40	52.2
<i>Subsidiaries</i>							
5.	Gujarat Agro Foods Limited	13.96	26.13	53.4	26.94	41.48	64.9
6.	Gujarat Agro Oil Enterprises Limited	..	..	..	29.86	106.82	27.9
7.	Gujarat Agro Marine Products Limited	..	..	..	24.44	30.77	79.4
	Total	680.71	970.23	70.2	762.93	1563.36	48.8

(ii) *Sundry debtors and sales.*—The figures of sundry debtors and sales of seven industrial and trading companies (including three subsidiaries) for the years 1971-72 and 1972-73 are indicated below:—

Sr. No.	Name of the Company	(Rupees in lakhs)					
		1971—72			1972—73		
		Sundry debtors	Sales	Percentage of debtors to sales	Sundry debtors	Sales	Percentage of debtors to sales
1.	Gujarat State Textile Corporation Limited	44.14	279.84	15.8	5.11	118.30	4.3
2.	Gujarat Export Corporation Limited	13.60	63.05	21.6	14.91	106.38	14.0
3.	Gujarat Mineral Development Corporation Limited	4.58	59.68	7.7	19.27	127.00	15.2
4.	Gujarat Agro-Industries Corporation Limited	10.87	264.18	4.1	30.99	330.01	10.3
<i>Subsidiaries</i>							
5.	Gujarat Agro Foods Limited	0.50	13.96	3.6	1.57	26.94	5.8
6.	Gujarat Agro Oil Enterprises Limited	..	..	..	2.28	29.86	7.6
7.	Gujarat Agro Marine Products Limited	..	..	..	2.35	24.44	9.6
	Total	73.69	680.71	10.8	76.48	762.93	10.0

*Note :* In respect of one company, viz., Gujarat Industrial Investment Corporation Limited, the amount of debtors on revenue accounts (that is interest accrued due and not due and outstanding) on the last day were not separately given in the Balance Sheet and hence the figures of this company are not incorporated in the above statement.



## SECTION II

## GUJARAT STATE TEXTILE CORPORATION LIMITED

## 1. Introduction

Gujarat State Textile Corporation Limited was incorporated on 30th November 1968 with the following objects :—

(i) to take over and run as an unemployment relief or otherwise any textile mill in Gujarat State which is closed or likely to be closed or has gone into liquidation,

(ii) to manage and control any textile mill in Gujarat State which may be taken over by the Government of India under the Industries (Development and Regulation) Act 1951 and the management of which may be entrusted to the Company, and

(iii) to lend money to textile mills or guarantee loans secured by textile mills.

## 2. Capital structure

The authorised capital of the Company as on 31st December 1972 was Rs. 500 lakhs, consisting of 5,00,000 equity shares of Rs. 100 each. The paid up capital as on that date was Rs. 152.50 lakhs. The entire capital has been subscribed by the Government of Gujarat. Besides, the Company received loans amounting to Rs. 110.00 lakhs from the Government of Gujarat for meeting its working capital.

## 3. Working results

The working results of the Company for the last three years ending 31st December 1972 are given below:—

	1970	1971	1972
	(Rupees in lakhs)		
Income	9.10	21.29	34.37
Expenditure (including interest charges)	6.70	14.74	21.69
Profit before income tax	2.40	6.55	12.68
Provision for income tax	..	..	2.75
Loss of leased unit (Baroda Spinning and Weaving Company Limited) taken over in February 1970	(—)6.33	(—)5.14	(—)5.40
Net Profit (+)/Loss (—) after income tax	(—)3.93	(+)1.41	(+)4.53

The increase in profit during the year 1972 was mainly on account of increase in income by way of interest on funds provided by the Company to the mills.

#### 4. Review of operations

(a) The Company was appointed as the Authorised Controller for management of eight textile mills under Industries (Development and Regulation) Act 1951. Apart from this, the Company had taken over on lease the Baroda Spinning and Weaving Company Limited (in liquidation) for running for two years, from February 1970.

The highlights of the working of the eight mills under the management of the Company are given in the following two tables:—

Table—1

Name of the Mill (Date of starting the mill)	Year of Account	Number of installed		Spindle shifts		Loom Shifts	
		Spindles	looms	avail-	Actually	avai-	actually
				able	worked	lable	worked
				(in lakhs)		(in lakhs)	
1	2	3	4	5(a)	5(b)	6(a)	6(b)
1. The New Manekchock Spinning and Weaving Co. Ahmedabad (19th March 1969)	(1968)	(33416)	(628)	(N.A.)	(N.A.)	(N.A.)	(N.A.)
	1971	33416	628	259.96	202.60	5.47	3.92
	1972	33416	628	249.89	199.71	5.26	3.80
2. Ahmedabad New Textile Mills Co. Ahmedabad (20th November 1969)	(1969)	(44024)	(920)	(N.A.)	(N.A.)	(N.A.)	(N.A.)
	1971	44024	920	352.81	253.94	7.97	5.61
	1972	44024	920	344.79	266.15	7.79	5.51
3. Himabhai Manufacturing Co. Ltd. Ahmedabad (28th December 1969)	(1969—70)	(21532)	(448)	(N.A.)	(N.A.)	(N.A.)	(N.A.)
	1971—72	21532	448	163.04	139.51	3.89	2.74
	1972—73	21532	448	155.65	125.40	3.72	2.55

Table—1(Concl.d.)

Name of the Mill (Date of starting the mill)	Year of Account	Number of installed		Spindle shifts		Loom Shifts	
		Spindles	looms	avail-able	Actually worked	avail-able	actually worked
				(in lakhs)		(in lakhs)	
1	2	3	4	5(a)	5(b)	6(a)	6(b)
4. Rajkot Spinning and Weaving Mills Ltd. Rajkot (2nd February 1971)	(1970)	(13364)	(332)	(N.A.)	(N.A.)	(N.A.)	(N.A.)
	1971	13364	332	77.43	64.90	1.92	1.39
	1972	13364	332	116.14	103.53	2.89	2.01
5. Mahalaxmi Mills Limited Bhavnagar (3rd February 1971)	(1970—71)	(28128)	(624)	(N.A.)	(N.A.)	(N.A.)	(N.A.)
	1971—72	28128	624	239.57	153.57	5.32	3.02
	1972—73	28128	624	239.57	191.20	5.32	3.59
6. Jehangir Vakil Mills Co. Limited Ahmedabad (21st September 1971)	(1970—71)	(39708)	(788)	(N.A.)	(N.A.)	(N.A.)	(N.A.)
	1971—72	39708	788	131.36	92.87	2.86	1.79
	1972—73	39708	788	302.48	248.70	6.58	4.62
7. Keshav Mills Co. Limited Petlad (1st July 1972)	1972—73 (July-June)	27296	402	232.61	182.47	3.43	2.27*
8. Rajnagar Mills Co. Limited Ahmedabad (20th March 1972)	1972—73	54156	1096	226.61	171.44	4.57	3.27*

Note : (1) Figures in bracket relate to the year immediately prior to the takeover of the Mills by the Company. For Keshav Mills Co. and Rajnagar Mills Co., the accounts prior to take over are not available.

\* (2) Figures are based on the monthly progress statements as the annual accounts are not finalised (January 1974).

Table—2

Name of the Mill	Year of account	Number of employees	(Rupees in lakhs)	
			Turn over	Net profit(+) /loss(—)
1	2	3	4	5
(i) The New Manekchock Spinning and Weaving Co. Ahmedabad	(1968)	(1660)	(131.75)	(—28.43)
	1971	1554	257.06	(—)18.32
	1972	1638	287.95	(+)11.92
(ii) Ahmedabad New Textile Mills Co. Ahmedabad	(1969)	(2300)	(47.37)	(—15.74)
	1971	2178	355.47	(—)16.11
	1972	2291	381.53	(+)13.91
(iii) Himabhai Manufacturing Co. Ltd. Ahmedabad	(1969—70)	(1100)	(20.52)	(—10.31)
	1971—72	1105	189.14	(+)3.72
	1972—73	1124	197.63	(+)5.13
(iv) Rajkot Spinning Weaving Mills Ltd. Rajkot	(1970)	(N.A.)	(0.14)	(—12.83)
	1971	760	99.15	(—)11.41
	1972	826	166.78	(+)0.84
(v) Mahalaxmi Mills Ltd. Bhavnagar	(1970—71)	(N.A.)	(350.50)	(—23.11)
	1971—72	1309	186.79	(—)16.81
	1972—73	1597	258.96	(+)9.11
(vi) Jehangir Vakil Co. Ltd. Ahmedabad	(1970—71)	(N.A.)	(82.91)	(—30.54)
	1971—72	2086	95.23	(—)15.04
	1972—73	2076	342.49	(+)7.96
(vii) Keshav Mills Co. Ltd. Petlad	1972—73 (July to June)	1219	124.64	(—)14.30*
(viii) Rajnagar Mills Co. Ltd. Ahmedabad	1972—73	2677	263.47	(—)15.04*

Note : (1) Figures in brackets relate to the year immediately prior to the take over of the Mills by the Company. For Keshav Mills Co. and Ranjagar Mills Co., the accounts prior to take over are not available.

\* (2) Figures are based on the monthly progress statements as the annual accounts are not finalised (January 1974).

(b) By way of financial assistance to the Mills taken over for management as also to other mills the Company, grants loans, gives guarantees for loans taken by the mills and executes indemnity in favour of State Government for guarantees given by the Government to the banks. The position of loans, guarantees and indemnities given by the Company for the last three years ending 1972 is given below:

(Amount in lakhs of Rupees)

	1970		1971		1972	
	Number of units	Amount	Number of units	Amount	Number of units	Amount
<b>Loans</b>						
(a) Mills under the Company's management as Authorised Controller	6	56.81 (46.15)	7	150.49 (130.92)	8	217.29 (159.38)
(b) Other mills	..	..	..	..	1	18.48
Guarantees	3	184.50	4	259.76	8	507.14
Indemnities	2	93.50	2	93.50	2	93.50

*Note* : Figures in bracket indicate the amount of secured loans.

In respect of secured loans of Rs. 159.38 lakhs as on 31st December 1972, the Company holds securities by way of hypothecation/mortgage of moveable/fixed assets of the mills to the extent of Rs. 12.25 lakhs only while for the balance amount of Rs. 147.13 lakhs, the Company had obtained undertakings from the respective mills to execute the mortgages.

(c) The mills to which the Company had given loans or guarantees or indemnities had also obtained loans prior to take over of their management from banks or other institutions. The earlier loans were also secured against hypothecation/mortgage of moveable and fixed assets of the mills. In many cases these earlier loans had a prior charge over the assets of the mills and the loans of the Company carried second/third charge. A review of the latest available accounts of six mills revealed that in some cases the value of net tangible assets was not sufficient to repay loans and

other liabilities of the Company to the full extent. The details are tabulated below:—

Name of Mill	Year	Amount of secured loans			Unsecured loans		(Rupees in lakhs)	
		With charges prior to those of the Corporation	Corporation	Others	Corporation	Others	Net tangible assets	Other liabilities including deferred credit
1	2	3	3	4	4	5	6	
New Manecchowk Spinning & Weaving Co.	1970	58.00	12.25	12.75	..	3.69	119.70 (36.70)	84.24
	1971	57.45	17.57	18.27	9.49	3.74	129.46 (36.17)	92.39
	1972	54.19	16.78	17.47	9.58	3.75	129.47 (40.23)	83.23
Ahmedabad New Textile Mills Co. Limited	1970	58.53	22.05	29.43	4.90	18.88	153.54 (43.53)	122.52
	1971	59.55	37.85	49.85	3.05	12.05	179.15 (31.89)	135.66
	1972	54.95	35.28	46.99	..	12.89	188.05 (50.83)	138.94
Himabhai Manufacturing Co. Limited	1970— 71	67.02	11.85	20.30	..	15.33	100.84 (1.67)	48.87
	1971— 72	65.13	16.67	21.79	3.15	11.42	109.10 (5.51)	49.75
	1972— 73	60.66	17.09	22.23	..	11.43	114.15 (14.17)	54.31
Rajkot Spinning and Weaving Mills Limited	1971	53.83	15.37	21.99	1.64	4.81	77.09 (Nil)	37.75
	1972	64.45	15.37	@22.22	1.50	4.81	89.46 (Nil)	38.12
Mahalaxmi Mills Limited	1971— 72	120.18	22.50	24.40	5.46	29.57	138.49 (Nil)	100.96
	1972— 73	147.82	28.04	*34.19	5.91	29.56	189.63 (Nil)	102.08
	1971— 72	91.79	23.42	27.69	10.50	8.96	189.74 (46.84)	106.53
Jahangir Vakil Mills Co. Limited	1972— 73	104.45	23.41	27.16	..	8.96	201.12 (46.10)	105.73

- Note:—** 1. Figures in brackets in Col. 5 indicate net tangible assets left after adjustment of secured loans.  
 2. @Includes loans of Rs. 16.22 lakhs which ranks paripassu with Gujarat State Textile Corporation Limited.  
 3. \*Includes loan of Rs. 29.17 lakhs which ranks paripassu with Gujarat State Textile Corporation Limited.  
 4. Accounts of two mills, viz. Keshav Mills Co., Limited and Rajnagar Mills Co. Limited were not available.

Government stated (March 1974) that under Industries (Development and Regulation) Act, all debts incurred by the Authorised Controller after take-over had priority over all other debts, whether secured or unsecured, incurred by the management of these undertakings and they would be treated as preferential debts.

(d) *Outstanding interest and other dues.*—Interest (Rs. 3.21 lakhs) for the year 1972 and other expenses (Rs. 1.13 lakhs) for the year 1971 and 1972 had not been received from one mill (Mahalaxmi Mills Limited) which is managed by the Company as Authorised Controller. The Management stated (March 1973) that the Mill had not been able to pay the dues because it had incurred heavy losses and always experienced shortage of funds.

## 5. Stores

The following table indicates the value of closing stock of finished goods on the last day, total sales for the year and percentage of stock to sales for the last three years of the mills under the Company's management:—

Name of Mill	Year	Finished goods closing stock	Sales	Percentage of stock to sales
(Rupees in lakhs)				
1	2	3	4	5
1. New Manekchock Spinning and Weaving Co.	1970	17.71	243.15	7.3
	1971	41.64	257.06	16.2
	1972	37.96	287.95	13.2
2. Ahmedabad New Textile Mills Co. Ltd.	1970	25.58	298.97	8.5
	1971	41.82	355.47	11.7
	1972	45.65	381.53	11.9
3. Himabhai Manufacturing Co. Limited	1970—71	19.99	160.54	12.4
	1971—72	18.26	189.14	9.6
	1972—73	19.33	197.63	9.8
4. Rajkot Spinning and Weaving Mills Ltd.	1971	35.43	99.15	35.7
	1972	29.47	166.78	17.7
5. Mahalaxmi Mills Ltd.	1971—72	33.61	186.79	18.0
	1972—73	45.36	258.96	17.5
6. Jehangir Vakil Mills Co. Ltd.	1971—72	34.46	95.23	36.2
	1972—73	32.74	342.49	9.6

*Note:*—Accounts of two mills, viz., Keshav Mills Co. Limited and Rajnagar Mills Company Limited were not available.

### 6. Baroda Spinning and Weaving Co. Limited (in liquidation) on lease

(a) By an Indenture of lease of 1st January 1970 the Company took over the Mill, which was in liquidation, for running on lease for two years from February 1970 on a monthly rent of Rs. 15,000 payable each month in advance. The various departments of the Baroda Mill were restarted by the Company on the dates given below:—

<i>Name of the department</i>	<i>Month in which restarted</i>
Spinning department	February 1970
Weaving department	February 1970
Processing department	April 1970
Packing department	May 1970
Sales department	June 1970

The possession of entire Mill was handed over to the purchaser of the property on 30th April 1972.

(b) The details of the working of the leased Mill for the period of lease are given below:—

	1970	1971	1972 (Up to April)
Number of spindles	34,352	34,352	34,352
Number of looms	658	658	658
Number of employees	1,835	1,995	1,875
Excise duty paid (in lakhs of rupees)	9.13	19.94	8.65
Income (in lakhs of rupees)	139.90	276.14	112.19
Expenditure (including interest) (in lakhs of rupees)	146.23	281.28	117.59
Net loss (—) (in lakhs of rupees)	(—)6.33	(—)5.14	(—)5.40

*Note:*—Figures of expenditure and loss for the years 1970 and 1971 have been adjusted after taking into account provident fund (Rs. 2.58 lakhs) charged in 1970 but written back in 1971.



The heavy losses incurred by the Mill had been explained (June 1973) by the Management as due to heavy expenditure (about Rs. 6.00 lakhs) incurred in 1970 in putting the machinery in working order and heavy increase in price of cotton in the year 1971 and unusual expenditure in 1972 on bonus (Rs. 3.71 lakhs), retrenchment compensation and leave with wages (Rs. 4.03 lakhs), overall deficit in stores and fixed assets (Rs. 1.53 lakhs) and dearness allowance paid in excess of agreement during the period 3rd February to 30th April 1972 (Rs. 1.16 lakhs).

(c) *Employment of labour.*—The Company fixed standards for labour complement (July 1970) at 6.5 persons per 1000 spindles and 53 persons per 100 looms. Against this the actual labour complement during August 1970 to February 1972 worked out to 7.7 persons per 1000 spindles and 57.25 persons per 100 looms. The total cost of the excess employment of labour works out to Rs. 7.35 lakhs. The Management stated (September 1971) that “main intention behind laying down norms for employment of labour is to enable the management to achieve maximum rationalisation in workers strength but there cannot be any fixed standard which will vary depending on counts of yarn, drafting system of the spinning department, condition and layout of machinery, working conditions and efficiency of workers etc.”

(d) According to the Octroi rules of Baroda Municipality, the Mill was entitled to claim refund of octroi duty to the extent of 60 per cent of duty paid on the foreign cotton used in the finished goods sold outside the municipal limits of Baroda. Accordingly, claim for octroi amounting to Rs. 0.26 lakh relating to the period from February 1970 to December 1970 was preferred by the company. Baroda Municipal Corporation rejected the claims on the ground that the claims were not preferred within the prescribed time limit. The Management stated (March 1973) that in the earlier period, the General Managers of the Mills were pre-occupied with the problems of production, accumulation of stocks and other labour and administrative problems and hence the matter of refund escaped their notice.

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CHAPTER II  
 STATUTORY CORPORATIONS  
 SECTION III

### Introduction

There were four Statutory Corporations in the State as on 31st March 1973, viz., Gujarat Electricity Board, Gujarat State Road Transport Corporation, Gujarat State Warehousing Corporation and Gujarat State Financial Corporation.

### 1. Capital

(a) *Gujarat Electricity Board.*—The capital requirements of the Board are provided by means of loans from State Government, the public and banks. The total amount of loans obtained by the Board amounted to Rs. 21,341.24 lakhs as on 31st March 1973 as against Rs. 18,794.83 lakhs as on 31st March 1972. The break up of these loans according to the sources such as Government, foreign credits and other parties as on 31st March 1973 was as follows:—

	( Rupees in lakhs )
State Government	1,41,54.85
Foreign credits	1,68.02
From others	70,18.37
	2,13,41.24

### 2. Guarantees

The State Government also guaranteed the repayment of loans raised by the Board to the extent of Rs. 5437.79 lakhs out of which the sum guaranteed and outstanding on 31st March 1973 was Rs. 5364.93 lakhs.

### 3. Working results

The Board made a profit of Rs. 98.83 lakhs during the year 1972-73. However, interest liability on State Government's loan to the extent of Rs. 221.22 lakhs was not discharged as surplus was not available. The amount was shown as contingent liability in the Balance Sheet.

### 4. Return on Capital

As on 31st March 1973, the total capital invested in the Board amounted to Rs. 23,554.59 lakhs on which return of Rs. 1060.46 lakhs was earned which amounted to 4.52 per cent of the capital invested as against 4.12 per cent in 1971-72.

The total capital employed as on 31st March 1973 was Rs. 18871.25 lakhs on which return of Rs. 1060.46 lakhs was earned amounting to 5.62 per cent of the capital employed as against 5.64 per cent in 1971-72.

## 5. Rate of growth

(i) Rates of growth in regard to reserves, gross assets and value of power generated during the year 1972-73 are as indicated below:—

Sr. No.	Particulars	Years		Rate of growth in 1972-73
		1971-72	1972-73	
		(Rupees in lakhs)		
1.	Reserves	582.11	683.11	17.4%
2.	Loans	18,794.82	21,341.24	13.5%
3.	Gross assets	28,519.22	32,583.94	14.2%
4.	Value of power generated	3,707.82	4,541.89	22.5%

A synoptic statement showing the summarised financial result of the Gujarat Electricity Board for the year 1972-73 is given in Annexure B — Part (i).

## 1. Paid up Capital

(b) *Other Statutory Corporations.*—The aggregate of paid up capitals of the three corporations stood at Rs. 2366.63 lakhs as on 31st March 1973, as against Rs. 2045.63 lakhs as on 31st March 1972. The break-up of the paid up capital, according to the investments made by the State Government, Central Government and other parties as on 31st March 1973 was as follows:—

Sr. No.	Particulars	No.	(Rupees in lakhs)			
			State Government	Central Government (including Central Warehousing Corporation and Reserve Bank of India)	Other parties	Total
1.	Corporations jointly owned by State and Central Governments	2	1380.42	686.21	..	2,066.63
2.	Corporation jointly owned by State, Central Governments and Other parties	1	139.02	120.00	40.98	300.00
		3	1519.44	806.21	40.98	2,366.63

## 2. Long-term loans

The total long term loans obtained by the three corporations under review stood at Rs. 2245.30 lakhs on 31st March 1973 and represented a net increase of Rs. 426.72 lakhs over the total long-term loan of Rs. 1818.58 lakhs as at the end of the previous year. The break-up of the long-term loans according to the sources of finance was as under:—

From whom	Amount (in lakhs of rupees)	Percentages
State Government	98.65	4.39
Central Government (including Reserve Bank of India)	140.00	6.24
Others	2006.65	89.37
	<u>2245.30</u>	<u>100.00</u>

## 3. Gurantees

The State Government guaranteed the repayment of capital of Gujarat State Financial Corporation. The maximum amount so guaranteed was Rs. 400.00 lakhs and the amount guaranteed and outstanding on 31st March 1973 was Rs. 300.00 lakhs.

The State Government also guaranteed the loans and deposits raised by the following two corporations to the extent of Rs. 1953.16 lakhs out of which the amount guaranteed and outstanding on 31st March 1973 was Rs. 1409.28 lakhs.

	(Rupees in lakhs)	
	Amount Guaranteed	Sums guaranteed outstanding on 31st March 1973
1. Gujarat State Road Transport Corporation	321.61	321.61
2. Gujarat State Financial Corporation	1631.55	1087.67
	<u>1953.16</u>	<u>1409.28</u>

## 4. Profits and Dividend

According to the annual accounts of these Corporations there was a total net profit (before tax) of Rs. 74.96 lakhs during 1972-73 after payment of interest (Rs. 116.83 lakhs) on interest bearing capital. The total net profit during 1971-72 was Rs. 207.61 lakhs. The net profit of Rs. 74.96 lakhs represented 3.17 per cent of the paid up capital (Rs. 2366.63 lakhs) as on 31st March 1973.

## 5. Return on Capital

As on 31st March 1973, the total capital invested in the three corporations amounted to Rs. 5198.04 lakhs on which return of Rs. 305.06 lakhs was earned, which amounted to 5.87 per cent of the capital invested as against 9.01 per cent in 1971-72.

A synoptic statement showing the summarised financial results of the three corporations for the year 1972-73 is given in Annexure B Part (ii).

## 6. Rates of growth

(i) Rates of growth of the three corporations in regard to paid up capital and surplus, gross assets, value of production/business, profits, etc., during the year 1972-73 are as indicated below:—

Sr. No.	Particulars	(Rupees in lakhs)		Rate of growth in 1972-73
		Years		
		1971-72	1972-73	
1.	Paid up capital and reserves and surplus	2591.22	2952.59	13.9 per cent
2.	Gross assets	7243.77	8250.65	13.9 per cent
3.	Value of production/business	@4031.21	4432.89	9.9 per cent
4.	Profits before tax	207.61	74.96	

(ii) Ratio of value of production/business to capital employed:

The percentage of value of production/business to capital employed in respect of two corporations (excluding Gujarat State Financial Corporation) for the year 1972-73 as compared to 1971-72 is indicated below:—

	(Rupees in lakhs)	
	1971-72	1972-73
Value of production/ business	4031.21	4432.89
Capital employed	2213.81	2465.86
Percentage of value of production/business to capital employed	182.1	179.8

@Note:— Figures of value of production/business are computed for two corporations excluding Gujarat State Financial Corporation.

## 7. Sources of funds

Funds generated/received by the three corporations internally and from external sources in 1971-72 and 1972-73 are indicated below:—

	(Rupees in lakhs)			
	1971—72		1972—73	
	Funds gener- ated	Percentage to total funds	Funds gener- ated	Percentage to total funds
Internal sources	276.67	26.2	356.31	35.2
External sources	780.36	73.8	654.88	64.8
Total	<u>1057.03</u>	<u>100.0</u>	<u>1011.19</u>	<u>100.0</u>

## SECTION IV

**GUJARAT ELECTRICITY BOARD****Introduction**

Gujarat Electricity Board was constituted on 1st May 1960 under Section 5 of the Electricity (Supply) Act, 1948 consequent on the bifurcation of former Bombay State. The Board took over the assets and liabilities of the Gujarat, Saurashtra and Kutch areas which formed part of the State of Gujarat.

**2. Objectives**

Under Section 18 of the Act, the Board is responsible for promoting the co-ordinated development of generation, supply and distribution of electricity within the State in the most efficient and economical manner, with particular reference to under-developed areas. The Board has also to prepare and carry out schemes for generation, transmission and distribution of electricity with a view to rationalising production of electricity and its supply to various consumers.

Section 59 of the Act, lays down that the Board has to conduct its activities in an efficient and economical manner and shall not, as far as practicable, carry on its operations at a loss and, towards that end adjust its charges from time to time.

**3. Organisational set up**

There are two whole time members, *viz.*, the Technical Member and the Accounts Member in addition to the Chairman. The duties and functions of the Accounts Member and the Technical Member have not been defined by the Board (March 1974). Only the Chairman has been delegated powers by the Board.

**4. Capital structure**

4.01 The Board's capital is made up of loans as indicated below:—

- (i) loans obtained from Government under Section 64 of the Act, and
- (ii) loans raised under Section 65 of the Act with or without the guarantee of Government.

4.02 *Borrowings*.—In respect of the loans raised from other sources the maximum borrowing limit fixed by Government and the actual utilisation during the three years ending 1972-73 were as follows:—

As on	(Rupees in lakhs)		
	Borrowing power available	Extent of utilisation	Percentage of utilisation
31st March 1971	10,000	4,688	47
31st March 1972	10,000	5,241	52
31st March 1973	10,000	6,408	64

4.03 The balance of loans outstanding from the State Government, the Life Insurance Corporation of India, Rural Electrification Corporation Limited, Agricultural Finance Corporation Limited and by direct issue of bonds as on 31st March 1973 is given below:—

	(Rupees in lakhs)
(1) Loans from Government	14,154.85
(2) Public Loans	3,434.65
(3) LIC loans	1,743.75
(4) Borrowing from agriculturists through banks	610.75
(5) Loans from Rural Electrification Corporation	429.22
(6) Loans from Agricultural Finance Corporation	800.00
Total	<u>21,173.22</u>

The Board also received foreign credit of Rs. 267.71 lakhs on deferred payment basis for purchase of equipment for Gas Turbine Project. The balance outstanding on this account as at the end of March 1973 was Rs. 168.02 lakhs.

4.04 *Government loans*.—In February 1966 on the basis of a request from the Board Government decided to treat all loans granted from time to time upto March 1961 (Rs. 2,714.78 lakhs) together with the accumulated interest at the end of March 1961 (Rs. 243.90 lakhs) as a single consolidated non-repayable loan of Rs. 2,958.68 lakhs bearing interest at 4.8 per cent per annum. Subsequently in 1971-72 the duration of the loan was fixed as 99 years.



The table below indicates the yearwise accumulated arrears of interest from 1966-67 to 1972-73:—

	(Rupees in lakhs)
1966-67	700.65
1967-68	879.84
1968-69	869.83
1969-70	874.77
1970-71	831.09
1971-72	1,111.43
1972-73	1,332.65

As a result of accumulation of large amount of arrears, the Government decided (April 1973) that loans given from 1972-73 will be for a period of 30 years, and for the first six years no interest would be recovered but interest due for each year on the loans granted was to be treated as fresh loan and after the end of sixth year, the accumulated loan would be recovered in twenty-four equated instalments of principal and interest.

4.05 *Loan from Agricultural Finance Corporation.*—The Board entered (April 1970) into a joint agreement for a loan of Rs. 800 lakhs with the Agricultural Finance Corporation and seven banks to finance the electrification of 20,000 wells under Rural Electrification Scheme during the period from July 1969 to June 1971.

The loan carried interest at  $8\frac{1}{2}$  per cent with  $\frac{1}{2}$  per cent discount for prompt payment. On upward revision of the bank rate by 1 per cent with effect from 9th January 1971, the Agricultural Finance Corporation requested (June 1971) the Board to increase the borrowing rate for the loan from  $8\frac{1}{2}$  to  $9\frac{1}{2}$  per cent. The Board agreed to increase the rate with effect from 22nd June 1971, i.e., the date on which the first reference for such increase was made by the Corporation, without the specific mention that this increased rate would be applicable only to the loan received after June 1971. The Corporation claimed increased rate on loans drawn before June 1971 and Board had to pay the same. The Board's liability on this account was Rs. 8 lakhs per annum.

The Board stated (June 1974) that as the Agricultural Finance Corporation insisted upon charging increased rate on loans drawn upto June 1971 and also because the Board was pressing the Corporation for sanction of the second loan of Rs. 8.00 crores, increase in interest rate with retrospective effect was accepted.

4.06 *Subsidy.*—In addition to the above, the Board received from the Government of Gujarat subsidy mainly for electrification of Adivasi and backward classes areas of the State. The subsidy had been given on the

basis of 50 per cent of the estimated capital cost of electrification and was to be restricted to 50 per cent of the actual cost incurred, subject to verification of accounts later on. The subsidy received up to 31st March 1973 was Rs. 93.92 lakhs. In addition the Board had claimed Rs. 16.29 lakhs for the year ended 31-12-1972.

## 5. Profitability Analysis

5.01 *Financial position.*—The financial position of the Board for the three years ending 31st March 1973 was as follows:—

	1970—71	1971—72	1972—73
	(Rupees in lakhs)		
<i>A. Liabilities</i>			
1. Capital (i.e., loans including Government subvention)**	168,10	190,63	217,31
2. Reserves and surplus	13,70	16,28	19,57
3. Current liabilities and provisions	46,26	57,50†	64,30@
	<u>228,06</u>	<u>264,41</u>	<u>301,18</u>
<i>B. Assets</i>			
1. Gross fixed assets	153,35	175,13	220,29
2. Less depreciation	26,78	31,89	37,99
3. Net fixed assets	126,57	143,24	182,30
4. Capital works-in-progress	41,37	54,90	46,91
5. Inventories	16,95	20,52	21,11
6. Debts receivable	23,17	27,41	30,71
7. Securities and investments	80	80	96
8. Cash and bank balances	10,70	624	565
9. Preliminary expenses for raising finance	19	19	21
10. Accumulated losses	831	11,11	13,33
Total	<u>228,06</u>	<u>264,41</u>	<u>301,18</u>

\*\*This includes (i) balance of deferred payment and (ii) consumers deposits received under financial participation schemes.

† This includes a contingent liability of Rs. 1,111 lakhs.

@ This includes a contingent liability of Rs. 1,333 lakhs.

C. *Capital Employed/Net Worth*

1. Capital employed (gross block less depreciation plus working capital)	13,113	15,101	18,880
2. Net worth (paid up capital plus free reserves minus intangible assets and accumulated losses)	17,278	20,601	23,534
3. Working capital (current assets plus loans and advances minus current liabilities and provisions)	456	777	650

D. *Profitability Ratios*

Gross profit or surplus to sales	24.89	23.32	23.87
Gross profit or surplus to capital employed	5.83	5.56	5.59
Gross profit or surplus to net worth	4.73	4.11	4.52
Gross profit or surplus to Gross fixed Assets	5.33	4.84	4.83
Gross profit or surplus to net fixed assets.	6.45	5.91	5.83

5.02 *Working results.*—The table given below summarises the working results of the Board for the three years ending 31st March 1973:—

	(Rupees in lakhs)		
	1970—71	1971—72	1972—73
(i) Revenue receipt	3547.16	3788.33	4612.89
(ii) Revenue expenditure	2838.09	3026.66	3644.49
(iii) Net surplus (i-ii)	709.07	761.67	968.40
(iv) Add subsidy from Government of Gujarat	108.96	84.89	94.29
(v) Add subsidy from the Government of India	..	0.25	..
(vi) Total (iii+iv+v)	818.03	846.81	1062.69
(vii) Appropriation towards general reserve, interest on bonds etc.	332.09	425.92	536.76
(viii) Balance available for payment of interest on loans from Government (vi-vii)	485.94	420.89	525.93
(ix) Interest due on loans from Government	442.26	701.24	747.15
(x) Arrears of interest accrued	874.77	831.09	1111.43
(xi) Total interest	1317.03	1532.33	1858.58
(xii) Surplus (+)/Deficit(—) for the year towards interest due to Government	(+)43.68	(—)280.35	(—)221.22
(xiii) Progressive deficit towards interest charges shown as contingent liability (xi-xii)	831.09	1111.44	1332.65

The Board stated that upto 1970-71 the practice was to capitalise a portion of interest on capital works in progress and the balance amount was allocated against revenues. Interest on capital works in progress amounting to Rs. 281.48 lakhs in 1971-72 and Rs. 243.71 lakhs in 1972-73 had been charged to revenue as a result of which net results of these two years showed deficits.

5.03 *Financial control.*— (a) There was no system in the Board for preparation of monthly cash flow statements. Requirement of funds was not being properly planned in advance in detail. There was accumulation of funds as detailed below due to drawal of loans from 1968-69 to 1970-71 in excess of requirements:—

Year	Opening balance (On 1st April)	Amount in fixed deposit		Amount of loans raised		
		Closing balance (on 31st March)	Minimum balance during the year Amount			
					Month	
1968—69	615.00	1344.25	438.00 (June 1968)	1151.44		
1969—70	1344.25	1641.00	1336.00 (April 1969)	1987.44		
1970—71	1641.00	855.00	855.00 (March 1971)	1889.79		
1971—72	855.00	363.00	342.00 (May 1971)	2342.72		
1972—73	363.00	220.95	189.50 (May 1972)	2558.41		

(b) The Board had nearly Rs. 800 lakhs in its fixed deposit accounts and in banks as on 30th June 1972. The Board, however did not pay Rs. 420.90 lakhs interest on Government loans on due dates, *i.e.* 30th June 1972. Subsequently, the Government sanctioned a loan of Rs. 421 lakhs on 29th March 1973 but the same was treated as having been sanctioned and drawn on 1st July 1972 owing to failure of the Board to pay interest charges to the Government on 30th June 1972. The difference between the interest earned on fixed deposits @ 3.58 per cent and the interests payable on Government loans at  $6\frac{3}{4}$  per cent amounted to Rs. 10 lakhs which was avoidable as there were sufficient funds with the Board.

The Board stated (June 1974) "the loan of Rs. 421 lakhs was entirely within the capital loans from Government envisaged for the Board's capital programme for the year. It was purely as a matter of convenience that instead of paying the amount of Rs. 421 lakhs as interest and then getting a similar amount back from the Government as a loan, the Government was asked to sanction an equivalent loan as this saved the trouble of remitting money by the Board to the Government and again drawing money from the Government Treasury.

The Board's balance in fixed deposit accounts on 30-6-1972 was Rs. 430 lakhs only. Although the Board could have paid the interest from this amount, it did not consider advisable to liquidate almost all its balance of cash and investment and leave itself without any working capital".

It may, however, be stated that the Board had Rs. 363.74 lakhs in bank balance apart from Rs. 430.50 lakhs in fixed deposits on 30th June 1972 and thereafter upto 31st March 1973 the average amount of fixed deposit was Rs. 600 lakhs (excluding bank balance). The payment of interest charges on due date, could thus have saved Rs. 10 lakhs without affecting Board's working capital adversely.

## 6. Power potential and exploitation

The installed capacity of the various power stations of the Board on its formation in May 1960 was 138.233 M.W. (105.500 M.W. thermal and 32.733 M.W. diesel). The Board had on hand plans for construction of a 254 M.W. thermal station at Dhuvaran and for augmenting capacities of existing thermal stations. With the completion of these projects by 31st March 1966, the Board's installed capacity was 385.032 M.W. consisting of 374.500 M.W. thermal and 10.532 M.W. diesel. The Board undertook the following expansion schemes during the period from 1966-67 to 1972-73:—

- (a) Dhuvaran Extension Project, Stage II
- (b) Gas Turbine Project at Dhuvaran
- (c) Hydro power Project at Ukai (on agency basis)
- (d) Thermal Power Station at Ukai including extension by installing one 200 M.W. set
- (e) Thermal Power Station at Gandhinagar.

6.01 *Availability of power.*—The installed capacity was increased from 385.032 M.W. in March 1966 to 730.2 M.W. in March 1973 with the completion and commissioning of Gas Turbine Project of 54 M.W. in 1970-71 and Dhuvaran Extension Project of 280 M.W. in 1972-73. In addition to this the Board had been allotted 210 M.W. power from the Tarapur Atomic Power Station commissioned in 1969-70. Thus the total installed capacity of the Board as at March 1973 was 940.2 M.W.

The table given below indicates the installed capacity of the Board for generation of power, power generated, power available for sale, power sold, loss in transmission and distribution for the three years ending 1972-73:—

	(In million KWH)		
	1970—71	1971—72	1972—73
Installed Capacity : Board's own stations	3988.428	3943.752	5785.032
Tarapur Atomic Power Station (Board's share)	1839.600	1839.600	1839.600
Total :	<u>5828.028</u>	<u>5783.352</u>	<u>7624.632</u>
Units generated—Board's stations	1826.910	2160.000	3144.169
Less station consumptions :	162.660 (8.90 per cent)	176.630 (8.2 per cent)	242.170 (7.7 per cent)
Net units available from Board's stations	1664.250	1983.370	2901.999
From Tarapur	1081.781	537.155	517.761
Total :	<u>2746.031</u>	<u>2520.525</u>	<u>3419.760</u>
Power purchased (Other sources)	67.029	519.645	305.909
Power available for sale	2813.060	3040.170	3725.669
Units sold	2346.44	2469.540	2948.482
Line losses	466.62	570.630	777.187
Percentage of power generated to installed capacity	49.9	46.6	48.01
Percentage of line losses to power available	16.58	18.79	20.86

6.02 *Line losses.*—The Board appointed a Committee in February 1967 to examine and report on the working of its power system. According to the findings of the Committee the overall transmission and distribution losses for supply to L.T. consumers should be about 17 to 18 per cent and in respect of H.T. consumers around 14 to 15 per cent. The reasons for increase in the transmission and distribution losses (20.86 per cent) during the year 1972-73 have not been investigated by the Board.

Eventhough the percentages of transmission and distribution loss of the Board as a whole were between 16.33 to 20.86, there were sub-stations where the losses were higher.

One of the reasons for high transmission and distribution losses is pilferage of power by consumers. The table below indicates the number of such cases detected and the amount recovered:—

Year	Number of cases	Amount billed (Rupees in lakhs)	Amount recovered
1967—68	204	1.37	0.99
1968—69	1451	6.01	3.93
1969—70	861	3.49	2.27
1970—71	967	3.76	2.63
1971—72	967	2.97	2.07
1972—73	609	2.85	1.93

The Board stated (June 1974) that necessary action was being taken by means of surprise checks and by offering rewards, to detect cases of pilferage of power.

6.03 *Load Development.*—The table below indicates the installed by means of surprise checks and by offering rewards, to detect cases of ending 1972-73:—

	(Figures in MW)			
	1969—70	1970—71	1971—72	1972—73
Installed capacity	616.114	665.252	660.244	940.200
Firm capacity	498.870	552.870	552.870	744.500
Maximum demand	465.040	540.000	600.000	713.000
Connected load	1006.238	1233.043	1418.799	1710.000

6.04 *Generation of energy.*—The table below indicates the utilisation of thermal generation capacity by the Board during the three years ending 1972-73:—

	1970—71	1971—72	1972—73
Installed capacity in KW	384500	384500	664500
Energy generated (in million KWH)	1777.06	2018.98	2958.41
Units generated per KW installed per year	4622	5251	4452
Percentage of Units generated to installed capacity	53	60	51

(Note; Installed capacity is inclusive of 210 MW of Tarapur Atomic Power Station allotted to the Board).

The Board stated (June 1974) that the all India average of energy generation per year per KW in 1972-73 was 4000 units.

## 7. Expansion programmes

In fulfilment of its objective, the Board established power generation plants, laid high tension transmission lines to cover the entire state in single grid and undertook a programme of rural electrification. These schemes and programmes are discussed in the succeeding paragraphs.

7.01 *Dhuvaran Extension Project.*—With a view to augmenting the existing capacity of 254 M.W. of the Dhuvaran Power Station by 280 M.W., (two sets of 140 M.W. each), the Board prepared a scheme which was sanctioned in October 1963 by the Planning Commission. The project was, however finally cleared in July 1968 with the release of foreign exchange of Rs. 2400 lakhs. The original and revised estimates together with the details of dates of commissioning are given below:—

(Rupees in lakhs)					
Original estimates (Date)	Revised estimates (Date)	Expenditure upto March 1973	Original date of commissioning	Actual date of commissioning	Delay
2276.15 (October 1963)	4300.00 (1967—68)	3806.41	1st Set March 1971	May 1972	14 months
	(32.00 million)	(16.98 million)	IIInd Set June 1971	September 1972	15 months

The increase in project estimates was attributable to inclusion of extra high tension transmission lines (estimated cost : Rs. 615 lakhs) to transmit the power to important load centres, increase in cost of materials, etc., and effect of devaluation of rupee in June 1966.

The delay in completion of the project was attributed by the Board (March 1972) to:—

- (i) delay in release of foreign exchange out of the U.S.AID loan agreement,
- (ii) delay in finalising piping and instrumentation contracts due to changes in bid invitation procedure,
- (iii) delay in getting import licence for feed water heater components,
- (iv) delay in getting import licence for nickel in respect of special quality steel plates and in procuring scarce category steel due to change in Government policy for allocation of steel, and
- (v) strike in U.S. Ports, in the factories of U.S. Collaborators.



Some of the interesting aspects noticed in the execution of the project are detailed in the following paragraphs:—

(a) *Consultancy with Tata Ebasco.*—Tata Ebasco were the consultants of the project. As per the original agreement entered into in 1967, the consultancy charges payable were Rs. 23.41 lakhs in rupees and U.S. dollars 1.50 lakhs. The project was to be completed by the end of 1970. However, due to delays involved at various stages, it was commissioned in 1972 only. The consultants demanded increase in rates for various services provided by them and over and above this, revision of charges was demanded on some counts.

The total payment made so far (March 1973) was \$ 2,54,996 and Rs. 23,41,000.

(b) *Bore wells for water.*—The Board issued limited tender enquiries (January 1969) for drilling bore wells at Dhuvaran and order for drilling 8 bore wells was issued in February 1969. Subsequently repeat order for two wells was issued in December 1970 and for five more wells in June 1971. The total value of the work order (for 15 bore wells) amounted to Rs. 15.19 lakhs.

Jyoti turbine pumps were to be used for the wells as per contract terms. As the performance of Jyoti turbine pumps was not found satisfactory, the Board decided (September 1970) to use Buck pumps manufactured by Flowmore Company. However the change of the type of pumps was not brought to the notice of contractors, who bored (April 1974) all the 15 wells in such a way that the Jyoti turbine pumps (13½" dia Dow assembly) could be used. The Board, however, installed ten pumps from Flow more Company and remaining from Jyoti turbine pumps. Bore-well No. 9 (in which Buck pump was installed) was not found fit as the same was not as vertical as required. Flowmore Company also held that the other wells had the same defect and eventhough the Buck pumps could be used, their life would be considerably reduced due to the defective construction of the wells. When the matter was taken up with the contractors, they pointed out that the wells were bored according to specifications, i.e., for Jyoti turbine pumps only and not Buck pumps. The cost of well No. 9 amounting to Rs. 0.85 lakh proved infructuous, as this could not be put to use.

(c) *Power Station steel structure.*—A contract for supply, delivery at site, fabrication and erection of power station steel structures and miscellaneous tanks at Dhuvaran Power Project was placed with Testeel Ltd. in the year 1968.

As per the terms of contract the contractor was to arrange for 1700 MT of steel. It was further stipulated that the rate payable for steel should be Joint Plant Committee rates and no variation or escalation other than the variations made by the J.P.C. would be allowed. The contractor could not procure full quantity of steel and, therefore, the Board had to procure about 160 MT from other sources. The Board paid rates higher than J.P.C. rates for about 126 MT of steel out of the 160 MT so procured. However, the contractor requested that they should be charged at J.P.C. rates only for the steel supplied by the Board. The Board decided to charge the contractor J.P.C. rates plus  $7\frac{1}{2}$  per cent thereon. The difference borne by the Board on 126 MT of steel amounted to Rs. 0.57 lakh. In addition, the Board has procured and supplied to the contractor steel worth Rs. 4.75 lakhs (at J.P.C. rates) on which expenditure of Rs. 5535 was incurred on freight, etc. The Board also diverted further steel which was procured for supplying to another contractor for some other work and supplied it to Testesteels. As a result of diversion of material the other contractor procured 767 M.T. from open market at higher rates and Board had to reimburse to him Rs. 19,000 on this account.

The Board stated (June 1974) that the full differential cost could not be recovered as the contractor was not agreeable to pay the same.

(d) *Aid to the contractor.*—The work for design fabrication, supply, transport, field erection, testing, painting and handing over of two fuel oil storage tanks at Dhuvaran Power Station was awarded to a firm (Testeel Ltd.) in July 1970 on turnkey basis (letter of intent was however issued in October 1969). Total value of the work was estimated at Rs. 13.10 lakhs. The Board accepted per M.T. rate of Rs. 1950 which was inclusive of all charges for design, fabrication, supply, transport, field erection, testing, painting and handing over of these tanks.

According to the terms and conditions of the contract all steel required for construction of these two tanks was to be procured by the contractor. Some quantity of steel procured by the contractor was in "coil" form and therefore, before use it required decoiling. The contractor got the steel decoiled at a total cost of Rs. 21,000 and claimed the amount from the Board. The Board also procured steel in "coil" form which was got decoiled and was supplied to the contractor at J.P.C. rates. The total decoiling expenditure on the steel so supplied was Rs. 17,000. As the responsibility for procurement of steel was that of contractor the total decoiling charges amounting to Rs. 38,000 borne by the Board resulted in financial aid to the contractor beyond the terms of the contract.

(e) *Non-finalisation of customs duty payable.*—The Board paid Rs. 3.57 crores (during the year 1968 to 1972) by way of customs duty on an estimated basis for import of materials/equipment for Dhuvaran

Extension Project. As per the Customs Act the claim for refund, if any, was to be made on the basis of actual duty payable within 6 months from the date of payment of duty. No efforts had been made so far (September 1973) to work out the duty actually payable on the basis of total imports and to lodge claims for refunds even though the imports were completed a long time ago.

The Board stated (June 1974) that import contracts were registered with the customs authorities and bonds had been executed. These bonds had not been cancelled. The work of reconciliation of customs duty paid and the duty payable was in progress and on completion the customs authorities would be requested for necessary adjustment.

(f) *Spare parts for boiler feed pumps.*—Ingorsell Rand of India, Bombay were required to supply spare parts (to be imported from America) for boiler feed pumps supplied by them. The Company included the spares in the invoice on the basis of which customs charges were paid by the Board though the consignment did not include certain parts so invoiced. The parts were air-lifted subsequently. The air freight paid was Rs. 0.29 lakh. The customs authorities treated the air-lifted spares as a separate import and charged customs duty of Rs. 0.16 lakh again. As a result of omission of the suppliers to include the spares in the consignments which was invoiced, the Board had to incur extra expenditure of Rs. 0.45 lakh.

The Board stated (September 1973) that as the contract for supply of spares was on f.a.s. basis the shipping (or air-freight) charges were payable. The customs authorities had treated the air-lifted spares as a fresh import and as such customs duty was also payable by the Board. However, extra duty paid would be taken into account while claiming refund based on reconciliation of customs duty payable.

(g) *Contract for water treatment plant.*—A contract for supply and erection of water treatment plant for Dhuvaran Extension Project was placed with I.O.N. Exchange (India) Ltd., in 1969 at a total cost of Rs. 33.23 lakhs.

The firm quoted a lumpsum price of Rs. 33.23 lakhs for the supply and erection of water treatment plant. The break-up given for this amount *inter alia* included the cost of Rs. 0.27 lakh for water meters. As the water meters were not to be supplied by this firm the Board, at the request of the firm, agreed to increase the price of another item by Rs. 0.27 lakh, so that the total amount of the lumpsum price quoted remained unaltered. This has resulted in avoidable extra expenditure of Rs. 0.27 lakh to the Board.

The Board stated (June 1974) that the suppliers had included the item of water meter for Rs. 27,000 through oversight. Subsequently, they noticed it and requested that Board to delete the item. Since this item was not included in the scope of their supply, Board agreed to delete the item.

**7.02 Gas Turbine Project.**—In order to provide additional peaking capacity to meet the large variations between the minimum load and peak load (4 : 10) the Board submitted (November 1966) a project report to the Government of India for installation of  $5 \times 27$  MW gas turbines to be imported and 4 gas turbine units available from within the country at an estimated cost of Rs. 15.47 crores. Government of India approved in February 1967 the installation of  $2 \times 27$  MW imported gas turbines and  $4 \times 10$  MW units to be procured indigenously at a total estimated cost of Rs. 7.34 crores.

The contract for import of two gas turbines was signed in April 1968 with a firm of Italy under which both these sets were to be commissioned before end of 1969. The sets were, however, commissioned first in April 1970 and second in July 1970 and the actual expenditure booked upto March 1973 was Rs. 282.91 lakhs. Since the commissioning of these two sets, the Board is able to operate only one set at a time due to restricted supply of gas. In July 1967 the Oil and Natural Gas Commission agreed to supply 3,70,000 cu.m. of gas per day. After gas turbines were commissioned it was found that when gas was drawn at a high pressure sand was coming in and was creating operational problems. The Commission, therefore, reduced supply to 2,40,000 cu.m. of gas per day and asked to Board to draw it uniformly throughout the day. Apart from idle investment on one turbine, the object for which the project was taken up was not fully achieved. The Board, however, did not place order for indigenous sets as these were not found economical.

**7.03 Ukai Hydro Electric Project.**—A report on the Ukai multipurpose river valley project was prepared by the Central Water and Power Commission in the year 1955. The power portion of the project envisaged installation of generating plant of  $4 \times 40$  MW (160 MW) capacity based on its operation at 60 per cent load factor. The project was approved by the Planning Commission in 1961. However, the capacity of the generators was reviewed and revised so as to operate the plant at a low load factor of 30 per cent and a letter of intent was issued (October 1965) for installation of 4 units of 75 MW each. In March 1967 the Government of Gujarat decided to execute the power project through the agency of the Gujarat Electricity Board.

Under the terms and conditions of contract the entire work was to be completed by December 1970. However, the work was not completed (June 1974). The Board had to make payment of escalation charges of Rs. 3.92 lakhs on labour alone for the period from January 1971 to September 1973. The work being still in progress the Board would have to make further payment on this account.

The Board agreed (June 1974) that if the work had been completed as per schedules, some of these escalation charges would not have become payable or would have been less, but added that there were valid reasons for not completing the work within the contractual period such as delay in receipt of material/equipment, floods, etc.

(iv) An interest-free advance of Rs. 25 lakhs was paid to the contractor against insurance guarantee. The advance was to be recovered in 30 equal monthly instalments commencing from the 15th Month after the date of commencement of the work, *i.e.* 28th April 1967. However, the recovery of instalments was postponed upto October 1969 and it was decided to charge interest @ 8 per cent against  $9\frac{1}{2}$  per cent fixed by the Board in all such cases. The charging of lower rate of interest resulted in financial benefit of Rs. 38,785 to the contractor. The rate of interest was, however, raised to  $9\frac{1}{2}$  per cent in March 1971 when the contractor approached the Board for postponement of recovery for six months.

7.04 *Thermal power station at Ukai.*—The estimated load of the State at the end of the Fourth Five Year Plan was assessed at 1500 M.W. requiring an installed capacity of 2000 M.W. against the available generating capacity of 1367 M.W. by the end of 1973-74. To make up this deficit the Board approved in June 1968 a proposal for construction of a new thermal power house at Ukai and a project report was prepared (October 1968) for construction of a thermal power house with a generating capacity of 480 M.W. consisting of 4 sets of 120 M.W. each at an estimated cost of Rs. 6800 lakhs. Ultimately the Board approved the installation of four units with the total generating capacity of 640 M.W. as detailed below:—

Unit	Date of approval by Board	Scheduled date of commissioning	Revised date of commissioning	Estimated expenditure (Rupees)	Expenditure upto 31st March 1973 (in lakhs)
1/120 MW	June 1968	January 1974	March 1975	3950	1737.44
2/120		July 1974	June 1975		
3/200	September 1972	End 1975 Early 1976	..	3160	297.09
4/200 MW	May 1974	April 1976	..	3460	..

The delay in commissioning was attributed to non-supply of equipment and materials in time by various contractors.

7.05 *North Gujarat Thermal Power Station at Gandhinagar.*—In order to meet the increased power demand due to growing industrial and agricultural activities in the northern region of the State, the Board approved in September 1970 the project report for construction of a thermal power station of 240 M.W. consisting of two units of 120 M.W. each at Gandhinagar at an estimated cost of Rs. 45.62 crores. The project was cleared by Government of India in October 1972. The first and second units are expected to be commissioned by August 1976 and December 1976 respectively. Rupees 817.44 lakhs were spent on this project upto March 1973 and the work was in progress (June 1974).

### 8. Transmission and distribution :

One of the main guidelines of the Fourth Plan was that power development should be on a reasonable basis with strengthened inter-state transmission links so that power system of States in the region were operated in an integrated manner in order to maximise benefit.

8.01 *Growth of transmission system.*—(a) The table below indicates the growth of transmission lines during the last seven years ending 31st March 1973:—

	Upto 1966-67	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73
	(Length in circuit Kms.)						
<i>220 K. V.</i>							
North & South Gujarat	364	640	760	760	810	880	980
West Gujarat	..	..	..	..	..	..	..
Kutch	..	..	..	..	..	..	..
Total :	364	640	760	760	810	880	980
<i>132 K. V.</i>							
North & South Gujarat	260	260	275	530	567	603	701
West Gujarat	522	522	702	994	1482	1574	1667
Kutch	..	..	..	..	119	119	119
Total :	782	782	977	1524	2168	2296	2487

Upto  
1966-67 1967-68 1968-69 1969-70 1970-71 1971-72 1972-73

(Length in circuit Kms.)

*66 K. V.*

North & South Gujarat	1407	1599	1683	1886	1991	2091	2328
West Gujarat	961	977	1018	1164	1256	1347	1371
Kutch	..	..	..	..	..	..	..
Total :	2368	2576	2701	3050	3247	3438	3699

*33 K. V.*

North & South Gujarat	923	1060	1072	1129	1137	1166	1288
West Gujarat	1085	1220	1281	1345	1379	1504	1613
Kutch	362	429	489	520	520	520	569
Total :	2370	2709	2842	2994	3036	3190	3470

*22 K. V.*

North & South Gujarat	3088	3615	4116	4502	4200	4573	5228
West Gujarat	333	396	456	557	630	689	952
Kutch	..	..	..	..	..	..	..
Total :	3421	4011	4572	5059	4830	5262	6180

*11 K. V.*

North & South Gujarat	5356	6899	7994	9675	11221	12316	14622
West Gujarat	3740	4606	5097	5767	6693	7597	8227
Kutch	659	768	837	960	1040	1271	1409
Total :	9755	12273	13928	16402	18954	21184	24258

**Grant Total :** 19060 22991 25780 29789 33045 36250 41074

Thus the growth of transmission lines was mainly in 132 KV and 11 KV Lines,

9.02 *Unremunerative Scheme.*—The terms and conditions of loans granted for electrification of tube-wells, *inter alia* stipulated that minimum revenue of 20 per cent on the capital cost of the scheme would be guaranteed by the Public Works Department, and that the guarantee period would start after the Public Works Department had taken actual supply of power and not from the date when the Board would be ready to commence supply. The number of tube-wells actually electrified by the Board, during the years 1968-69 to 1972-73, and the number of tube-wells on which Government actually availed power were as under:—

	1968—69	1969—70	1970—71	1971—72	1972—73
Total number of tube-wells on which electrification work was completed by the Board	705	788 (83)	889 (101)	914 (25)	949 (35)
Number of tube-wells on which power had been actually availed	527	616 (89)	710 (94)	772 (62)	831 (59)
Number of tube-wells on which power had not been availed	178	172	179	142	118

(Note : Figures in bracket represents the number of tube-wells electrified during the year.)

The Board could not recover minimum guaranteed revenue of 20 per cent on the cost of these tube-wells as, according to terms and conditions of loan, the guarantee would be operative only from the date of availing power. The total cost of electrifying 949 tube-wells amounted to Rs. 245.84 lakhs. At this rate the cost of electrification of 118 tube-wells worked out to about Rs. 30.56 lakhs. This amount has remained blocked up. Loss of revenue at 20 per cent of the capital cost was Rs. 6.11 lakhs per annum.

One hundred and eighteen tube-wells on which power had not been availed included 102 tube-wells which had failed and there were no chances of their being operated in future. The cost of electrification of these 102 tube-wells (Rs. 26.52 lakhs at the average cost of Rs. 26,000 per tube-well) was a total loss to the Board.



9.03 *Village electrified.*—District-wise details regarding number of villages electrified at the end of the year 1969-70 and for the three years ending 1972-73 are given below:—

District	Total number of villages electrified upto 31st March 1970	Villages electrified during			Total number of villages electrified as on 31st March 1973
		1970—71	1971—72	1972—73	
Bulsar	219	32	35	24	310
Surat	227	34	51	31	343
Dang	9	..	..	13	22
Broach	196	30	38	22	286
Baroda	316	66	56	43	481
Panchmahal	131	19	26	19	195
Kaira	462	28	47	17	554
Ahmedabad	159	21	47	17	244
Gandhinagar	49	4	4	3	60
Sabarkantha	179	32	82	56	349
Mehsana	238	33	66	58	395
Banaskantha	97	17	39	36	189
Kutch	145	15	29	19	208
Rajkot	236	49	52	33	370
Surendranagar	108	8	39	12	167
Bhavnagar	159	32	38	38	267
Amreli	116	32	44	27	219
Jamnagar	127	23	34	31	215
Junagadh	257	46	72	55	430
Total	3430	521	799	554	5304

The increase in number of villages electrified in 1971-72 was mainly due to Gandhi Centenary Scheme.

## 10. Tariff Policy

The Board is required to carry on its operations in an efficient and economical manner. Section 46 and 49 of the Electricity (Supply) Act empower the Board to adjust its tariff rates for supply of power to various categories of consumers.

The average revenue realised per unit was less than the average cost per unit sold. Over 80 per cent of the sales were to H.T. consumers, licensees and agricultural consumers. The revenue realised from H.T. consumers and licensees was below the cost of supply at H.T. end during the years 1970-71 to 1972-73 as shown below:—

	(Figures in paise per unit)		
	1970-71	1971-72	1972-73
<i>A. Cost per unit :</i>			
Cost of power generated and purchased (available for sales)	7.38	6.11	5.89
Cost of transmission (extra high tension)	0.74	0.93	0.94
Cost of distribution (high tension)	0.63	0.89	0.91
Cost of interest, reserve etc. (80% allowable to H. T. supply)	2.33	2.23	2.24
Cost at high tension end	11.08	10.16	9.98
Add 15 per cent for transmission and distribution losses	1.66	1.52	1.50
Total cost for high tension supply	12.74	11.68	11.48
<i>B. Revenue realised per unit :</i>			
High tension consumers	10.23	10.81	12.16
Licencees	12.41	12.65	13.06
<i>C. Short fall in revenue per unit :</i>			
High tension consumers	2.51	0.87	..
Licencees	0.33	..	..
<i>D. Units sold (in millions)</i>			
High tension consumers	1111.635	1229.310	..
Licencees	472.449	..	..
<i>E. Short fall in revenue : (in lakhs of rupees)</i>			
High tension consumers	279.02	106.95	..
Licencees	15.59	..	..
	294.61	106.95	..

Thus the tariff for high tension consumers and licensees in vogue from January 1970 was not adequate to recover full cost of power at high tension supply end.

10.01 *Tariff structure.*—On completion of the Dhuvaran Thermal Station in 1964 the Board decided to introduce uniform tariff throughout the State, and on the advice of the Government the new tariff was introduced from May 1965.

Upto  
1966-67 1967-68 1968-69 1969-70 1970-71 1971-72 1972-73

(Length in circuit Kms.)

*66 K. V.*

North & South Gujarat	1407	1599	1683	1886	1991	2091	2328
West Gujarat	961	977	1018	1164	1256	1347	1371
Kutch	..	..	..	..	..	..	..
Total :	2368	2576	2701	3050	3247	3438	3699

*33 K. V.*

North & South Gujarat	923	1060	1072	1129	1137	1166	1288
West Gujarat	1085	1220	1281	1345	1379	1504	1613
Kutch	362	429	489	520	520	520	569
Total :	2370	2709	2842	2994	3036	3190	3470

*22 K. V.*

North & South Gujarat	3088	3615	4116	4502	4200	4573	5228
West Gujarat	333	396	456	557	630	689	952
Kutch	..	..	..	..	..	..	..
Total :	3421	4011	4572	5059	4830	5262	6180

*11 K. V.*

North & South Gujarat	5356	6899	7994	9675	11221	12316	14622
West Gujarat	3740	4606	5097	5767	6693	7597	8227
Kutch	659	768	837	960	1040	1271	1409
Total :	9755	12273	13928	16402	18954	21184	24258
<b>Grant Total :</b>	<b>19060</b>	<b>22991</b>	<b>25780</b>	<b>29789</b>	<b>33045</b>	<b>36250</b>	<b>41074</b>

Thus the growth of transmission lines was mainly in 132 KV and 11 KV Lines,

(b) The table below indicates the targets laid down for the laying of transmission lines and the actual work done there against (excluding inter-state-lines) during the last three years ending 31st March 1973:—

Lines (in circuit Kms)	Programme 1966—67 to 1973—74	Achievements upto 1972—73
220 K. V.	980	660
132 K. V.	1190	1087
66 K. V.	1608	1513
33 K. V.	1726	1463
220 K. V. (I. S. Link)	320	320
Sub Station	(Number)	
220 K. V.	111	Not available
132 K. V.	29	7
66 K. V.	92	25
33 K. V.	106	10

All the above transmission lines and sub-stations were to be completed in 1973-74. The reasons for shortfall in targets were explained by the Board (June 1974) as under:—

- 220 K.V. Lines While 80 per cent work of 225 Kms. line had been completed the work was in initial stages in case of 175 Kms. line due to shortage of steel.
- 132 K.V. Lines The shortfall was mainly due to non-execution of the work by the firm on whom the contract for erection of line was placed.
- 66 K.V. Lines The shortfall was due to deferring the erection of 70 Kms. line due to non-development of load in Jamnagar District.
- 33 K.V. Lines While the lines were under construction the delay in completion was due to shortage of steel. The delay in completion of sub-stations was due to delay in supply of transformers by manufacturers.

## 9. Rural Electrification

One of the objects of power development in the State was to provide power to villages primarily with the object of energisation of pump sets to obtain better irrigation and for the purpose of development of villages. According to census of 1971 about 72 per cent of the total population of the State live in 18584 villages and about 65.07 per cent of the working population are engaged in agriculture.

By the end of March 1961 only 690 villages and 5401 wells were electrified. The work could not progress satisfactorily upto 1965 due to acute shortage of power in the State and the number of villages and wells electrified upto the end of March 1965 were 1337 and 10161 respectively. After the commissioning of the Dhuvaran Thermal Station in 1965, the Board decided to increase the pace of rural electrification. However, initially the emphasis was on energisation of wells by installing pump sets for increasing irrigation facilities for increased production of food grains. As on 31st March 1966, villages and wells electrified numbered 1720 and 15045 respectively.

9.01 *Targets and achievements.*—The table given below indicates the targets fixed for electrification of wells, villages and tube-wells and actual electrification during the period from 1966-67 to 1972-73:—

Year	Targets			Achievements		
	Wells	Villages	Tube-wells	Wells	Villages	Tube-wells
1	2	3	4	5	6	7
1966—67	10000	517	Not available	10882	572	139
1967—68	10000	400	„	881	347	171
1968—69	13425	Not available	232	3997	273	201
1969—70	20000	1500	250	13248	518	86
1970—71	20000	628	15	14176	521	102
1971—72	20000	42	58	9842	799	22
1972—73	20000	551	44	7440	554	35
Total :	113425	4638	599	60466	3584	756

As against 1,13,425 wells proposed to be electrified upto 1972-73 the actual number of wells electrified was 60466 (*i.e.* 53 per cent).

\*Additional villages covered under Gandhi Centenary Scheme.

9.02 *Unremunerative Scheme.*—The terms and conditions of loans granted for electrification of tube-wells, *inter alia* stipulated that minimum revenue of 20 per cent on the capital cost of the scheme would be guaranteed by the Public Works Department, and that the guarantee period would start after the Public Works Department had taken actual supply of power and not from the date when the Board would be ready to commence supply. The number of tube-wells actually electrified by the Board, during the years 1968-69 to 1972-73, and the number of tube-wells on which Government actually availed power were as under:—

	1968—69	1969—70	1970—71	1971—72	1972—73
Total number of tube-wells on which electrification work was completed by the Board	705	788 (83)	889 (101)	914 (25)	949 (35)
Number of tube-wells on which power had been actually availed	527	616 (89)	710 (94)	772 (62)	831 (59)
Number of tube-wells on which power had not been availed	178	172	179	142	118

(Note : Figures in bracket represents the number of tube-wells electrified during the year.)

The Board could not recover minimum guaranteed revenue of 20 per cent on the cost of these tube-wells as, according to terms and conditions of loan, the guarantee would be operative only from the date of availing power. The total cost of electrifying 949 tube-wells amounted to Rs. 245.84 lakhs. At this rate the cost of electrification of 118 tube-wells worked out to about Rs. 30.56 lakhs. This amount has remained blocked up. Loss of revenue at 20 per cent of the capital cost was Rs. 6.11 lakhs per annum.

One hundred and eighteen tube-wells on which power had not been availed included 102 tube-wells which had failed and there were no chances of their being operated in future. The cost of electrification of these 102 tube-wells (Rs. 26.52 lakhs at the average cost of Rs. 26,000 per tube-well) was a total loss to the Board.

9.03 *Village electrified.*—District-wise details regarding number of villages electrified at the end of the year 1969-70 and for the three years ending 1972-73 are given below:—

District	Total number of villages electrified upto 31st March 1970	Villages electrified during			Total number of villages electrified as on 31st March 1973
		1970—71	1971—72	1972—73	
Bulsar	219	32	35	24	310
Surat	227	34	51	31	343
Dang	9	..	..	13	22
Broach	196	30	38	22	286
Baroda	316	66	56	43	481
Panchmahal	131	19	26	19	195
Kaira	462	28	47	17	554
Ahmedabad	159	21	47	17	244
Gandhinagar	49	4	4	3	60
Sabarkantha	179	32	82	56	349
Mehsana	238	33	66	58	395
Banaskantha	97	17	39	36	189
Kutch	145	15	29	19	208
Rajkot	236	49	52	33	370
Surendranagar	108	8	39	12	167
Bhavnagar	159	32	38	38	267
Amreli	116	32	44	27	219
Jamnagar	127	23	34	31	215
Junagadh	257	46	72	55	430
Total	3430	521	799	554	5304

The increase in number of villages electrified in 1971-72 was mainly due to Gandhi Centenary Scheme.

## 10. Tariff Policy

The Board is required to carry on its operations in an efficient and economical manner. Section 46 and 49 of the Electricity (Supply) Act empower the Board to adjust its tariff rates for supply of power to various categories of consumers.

The table given below indicates the power sold to different categories and revenue realised therefrom compared with average cost per unit generated for the last three years ending 1972-73:—

Particulars	1970—71				Average cost per unit (including element of interest etc.) in paise	1971—72				Average cost per unit (including element of interest) in paise
	Units consumed (MKWH)	Percentage	Revenue realised Rs. in lakhs	Revenue per unit in paise		Units consumed (MKWH)	Percentage	Revenue realised Rs. in lakhs	Revenue per unit in paise	
1	2	3	4	5	6	7	8	9	10	11
Industrial high tension consumers	1111.635	47.30	1137.56	10.23		1229.310	49.80	1329.01	10.81	
Licensees	472.449	20.10	586.40	12.41		420.572	17.00	531.86	12.65	
Irrigation & Agricultural Consumers	391.058	16.70	634.55	18.53		403.845	16.35	729.31	18.06	
Others	371.300	15.90	927.69	24.99		415.808	16.85	1040.57	25.02	
Total :	2346.442	100.00	3286.20	14.05	15.39	2469.535	100.00	3630.75	14.70	16.82



## Particulars

1972—73

	Units consumed (MKWH)	Percentage	Revenue realised Rs. in lakhs	Revenue per unit in paisa	Average cost per unit (including element of interest) in paisa
1	12	13	14	15	16
Industrial high tension consumers	1300.743	44.13	1582.31	12.16	
Licensees	459.400	15.57	599.88	13.06	
Irrigation & Agricultural Consumers	639.929	21.71	1046.17	16.35	
Others	548.410	18.59	1223.76	22.31	
Total :	2948.482	100.00	4452.12	15.10	16.71

The average revenue realised per unit was less than the average cost per unit sold. Over 80 per cent of the sales were to H.T. consumers, licensees and agricultural consumers. The revenue realised from H.T. consumers and licensees was below the cost of supply at H.T. end during the years 1970-71 to 1972-73 as shown below:—

	(Figures in paise per unit)		
	1970-71	1971-72	1972-73
<b>A. Cost per unit :</b>			
Cost of power generated and purchased (available for sales)	7.38	6.11	5.89
Cost of transmission (extra high tension)	0.74	0.93	0.94
Cost of distribution (high tension)	0.63	0.89	0.91
Cost of interest, reserve etc. (80% allowable to H. T. supply)	2.33	2.23	2.24
Cost at high tension end	11.08	10.16	9.98
Add 15 per cent for transmission and distribution losses	1.66	1.52	1.50
Total cost for high tension supply	12.74	11.68	11.48
<b>B. Revenue realised per unit :</b>			
High tension consumers	10.23	10.81	12.16
Licencees	12.41	12.65	13.06
<b>C. Short fall in revenue per unit :</b>			
High tension consumers	2.51	0.87	..
Licencees	0.33	..	..
<b>D. Units sold (in millions)</b>			
High tension consumers	1111.635	1229.310	..
Licencees	472.449	..	..
<b>E. Short fall in revenue : (in lakhs of rupees)</b>			
High tension consumers	279.02	106.95	..
Licencees	15.59	..	..
	294.61	106.95	..

Thus the tariff for high tension consumers and licensees in vogue from January 1970 was not adequate to recover full cost of power at high tension supply end.

10.01 *Tariff structure.*—On completion of the Dhuvaran Thermal Station in 1964 the Board decided to introduce uniform tariff throughout the State, and on the advice of the Government the new tariff was introduced from May 1965.

In spite of introduction of uniform tariff the Board suffered losses and the traffic was revised with effect from 1st May 1968 for consumers excluding licensees, and from 1st July 1968 for licensees, by levy of surcharge. The Board again revised its tariff with effect from January 1970. The table given below shows the estimated revenue and actual realisation based on revised tariff for the four year sending 1972-73:—

Particulars	1969—70		1970—71		1971—72		1972—73	
	Estimates	Actuals	Estimates	Actuals	Estimates	Actuals	Estimates	Actuals
Total revenue	2936.98	2809.94	3722.76	3656.12	4247.78	3873.47	4803.63	4707.18
Total expenditure	2890.97	2814.88	3702.96	3612.44	4183.02	3872.33	4835.55	4684.69
Net Surplus (+)/Deficit (—)	(+)46.01	(—)4.94	(+)19.80	(+)43.68	(—)35.24	(+)1.14	(—)31.92	(+)22.49

*Note:—*During the years 1971-72 and 1972-73 actual working of the Board showed deficit as interest on capital works had not been capitalised. For the purpose of comparison the actual expenditure for these two years have been shown after capitalisation of interest charges on capital works.

10.02 Details regarding the rates fixed from time to time are given below:—

Category	May 1965	May 1968	January 1970
	Rate per KWH paise	Rate per KWH paise	Rate per KWH paise
Residential-cum- commercial	31	31	31
Demestic	15	15	15
Low tension :			
(A) For contracted load less than 100 KVA/BHP.		A.	17.5 for first 100 units per BHP
First 75 units per BHP	16	16	} plus 6-1/4% sur- charge
On all additional units	12	13	
			16.0 next 150 units per BHP
			13.0 for all additional units.
(B) For contracted load (Industrial) between 50 KW and 100 KW upto 150 units per KW	13	13	15
All additional units	9	9	10
Public lighting	20	20	20
Agricultural—			
For first 75 units per BHP	15	} 14	} 14
For additional units	12		
High tension—			
First 100 units per KVA or 100000 units whichever is greater	7	} plus 6-1/4% sur- charge	8 for first 200 units per KVA
For next 300000 units	6		7.5 for next 150 units per KVA
For next 500000 units	5		6 for next 150 units per KVA
For further additional units	4.75		5 for all additional units

10.03 *Tariff for licensees.*—(a) The licensees purchased power from the Board and sold it at higher rates to their consumers. In order to pass on the benefit of the Board's new rates to the high tension consumers, the Board offered (from May 1965) the licensees an option to choose an alternative tariff, which was cheaper than the normal tariff applicable to the licensees, on the understanding that they should charge their high tension consumers at the rates at which Board was charging its own high tension consumers. As the Board would allow the concessional tariff on the entire supply to the licensees against which the latter had to provide cheaper power only to their H.T. consumers, it was expected to result in a profit to the licensees. To wipe out this profit Board introduced surcharge at a sliding scale given below:—

Proportion of power consumed by H. T. consumers of the licensees (per cent)	Sucharge (per cent)
Upto 20	19
Over 20 to 40	17
Over 40	15

The scheme was expected to result in a net reduction of revenue of about Rs. 9 to 10 lakhs yearly. Only two licensees, *viz.*, Baroda Municipality and Surat Electric Supply Company opted for the alternative tariff and the actual loss of revenue on this account was Rs. 17.73 lakhs and Rs. 24 lakhs in 1965-66, 1966-67 respectively (loss of revenue for subsequent years was not worked out).

The Board stated in September 1967 that higher loss of revenue was due to increase in demand of these licensees.

While granting extension to hold license for a further period of 10 years to the Surat licensee, the benefit of alternative tariff offered was withdrawn by the Board from April 1968 but the Baroda licensee was allowed to continue the benefit of this tariff till December 1969.

(b) The revised tariff introduced by the Board from January 1970 did not provide an alternative tariff for licensees but the stipulation for ceiling rate for high tension consumers was replaced by ceiling rate for agricultural consumers. In June 1970 the Board executed an agreement for a period of one year (effective from 1st January, 1970) with Baroda Municipal Corporation to give a rebate of Rs. 18.70 lakhs per annum in its monthly electricity bills if the Corporation kept their rates for high tension consumers same as those of the Board, and for low tension agricultural consumers not higher than 16 paise per unit. However, evenafter the expiry of the agreement on 31st December 1970 the Baroda Municipal Corporation continued to deduct Rs. 1.56 lakhs from the monthly bills towards the rebate, contending that

the terms of agreement were to be reviewed in the light of financial implications and that by the conduct of the parties, the agreement remained in force even after the expiry of the period mentioned in the agreement. Total amount withheld by the Corporation for the period from January 1971 to March 1973 including delayed payment charged worked out to Rs. 53.44 lakhs.

In a meeting held on 22nd December 1972 between the representatives of the State Government, the Board and the Corporation, it was decided that Corporation would pay to the Board according to Board's grid tariff from 1st April 1973, *i.e.*, it would not claim any rebate from that date onwards and in respect of rebate for the earlier period from 1st January 1971, the matter be referred to arbitration. The arbitration proceedings were yet to commence (June 1974).

(c) In April 1970 the Board entered into an agreement (effective from January 1970) with the Surat licensee for supply of power. The agreement provided that the Board would give a rebate of Rs. 26,000 per month to the licensee in order to reduce the increased burden on the licensee due to revised tariff of the Board. The Board also decided to give a further rebate of Rs. 50,000 for 1970-71 and 1971-72 to the licensee for decrease in revenue as a result of the introduction of the clause, relating to "rebate to consumers for maintaining the load factor of not less than 60 per cent". The agreement was terminated from 1st March 1972 at the instance of the licensee. Thus an amount of Rs. 7.26 lakhs was refunded by the Board as rebate to the licensee for the period from 1st January 1970 to 29th February 1972.

(d) The tariff for licensees proposed from January 1970 showed an increase of about 26 per cent over the tariff in vogue till December 1969. The Board, at the instance of Government, offered an alternative tariff which was about 16 per cent higher than the tariff in force upto December 1969 on the condition that they agree to keep their rates for supply to their agricultural consumers not higher than the corresponding rates of the Board for that class of consumers or 16 paise per unit overall. The licensees who did not agree to this condition were to be governed by the higher tariff rates.

However, it was noticed that Board had given the benefit of lower alternative tariff to almost all licensees on their executing an agreement with the Board to charge their agricultural consumers at the Board's rate or 16 paise per unit irrespective of whether the licensee had agricultural consumers or not and irrespective of the proportion of agricultural consumers to total consumers. It was noticed that in case of Dabhoi licensee alone the benefit of about Rs. 75,000 accrued to licensee during the period from January 1970 to January 1973.

The Board stated (April 1973) that it was not necessary for the licensees to have agricultural consumers while executing the agreement but as and when they supplied to the agricultural consumers their rate should not exceed 16 paise per unit.

10.04 *Concession on Night load.*—Keeping in view the difference between the peak load during day and night, its commitment with Tarapur Atomic Station to purchase 190 MW power at higher plant factor of 75 per cent and larger capacity generating sets under erection (Dhuvaran Extension) the Board offered concessional night tariff to its high tension consumers from October 1970. Before introducing the concessional tariff a study of 268 high tension consumers was made. This study revealed that of the 268 consumers, 70 were working in single shift, 104 in two shifts and 94 round the clock. The study further revealed that the drawal of power during night hours by consumers working round the clock was much lower than the drawal of powers during first two shifts. It was, therefore, felt that some of the textile industrial units and engineering industries would be able to shift part of their demand from day to night. The concession was available to consumers at flat rate of 5 paise per unit for power consumed during 10 P.M. to 6 A.M. Consumption during the remaining period of the day was to be charged at a normal high tension rates. For high tension consumers who used supply exclusively during night hours between 10 P.M. and 6 A.M. the tariff was fixed at a flat rate of 5 paise per unit subject to a minimum of Rs. 5 per KVA of the billing demand. The concessional night tariff was expected to increase night load by 50 to 75 M.W. per day and reduction in Board's revenue by Rs. 2.5 lakhs.

Although the concessional night tariff was available since October 1970, no study has been conducted by the Board (June 1974) to ascertain whether there has been any actual increase in demand during night hours due to introduction of this tariff. In reply to a query to this effect the Board stated as follows:—

“The concessional rate for use of electricity supply during night hours was on trial measure to find out whether there would be sufficient response to such a concessional tariff. The response has been poor inspite of wide publicity being given ..... Only 68 out of total of 547 high tension consumers industries have come forward to make use of this tariff”.

10.05 *Supply of steam to Saurashtra Chemicals Limited, Porbandar.*—The Thermal Power Station at Porbandar was designed to meet demands of power in and around Porbandar area and that of steam and cooling water of Saurashtra Chemicals for their Soda Ash and Caustic Soda Plant. The station was commissioned in December 1960.

The following points were noticed in the tariff fixed for supply of steam to this consumer:—

(1) *Tariff from 1-1-1963 to 31-12-1965.*—(a) While fixing in March 1964 the tariff for this period the boiler efficiency was taken at 75 per cent with provision in the agreement that the boiler efficiency would be worked out at actuals and adjustment would be made on that basis, although it was known that during January 1960 to December 1962 the efficiency was 72.4 per cent. However, tariff was not revised on the basis of actual boiler efficiency for the years 1963 to 1965. Subsequently, 72 per cent boiler efficiency was adopted in February 1966. Even on this basis under recovery for the past period worked out to Rs. 4 lakhs (approximately).

The Board stated (June 1974) that the matter was being referred to arbitration.

(b) The allocation of fixed and running cost to the consumer was made on 60 per cent and 65 per cent respectively as against the actual share of 70.7 per cent and 70.4 per cent on which basis allocation of expenses should have been made.

This resulted in an undue benefit of Rs. 25.6 lakhs to the customer during the period 1963 to 1965.

(2) *Tariff for the period from 1-4-1968 to 31-3-1970.*—The tariff for this period was fixed as under:—

	Contracted quantity in M. T. (yearly)	Rate per M. T. (Rs.)
Live Steam	51200	16.75
Ist extraction	199000	15.50
IInd extraction	126000	10.60

These rates were fixed for a period of three years from April 1968. The agreement stipulated that if there was a material increase in the cost of coal, labour, etc., the steam prices were to be revised at the end of two years only.

Owing to non-inclusion of a provision in the agreement for fuel escalation in the first two years, viz., 1968-1970, the Board had to bear the entire burden of increase in prices of coal as the price of coal increased from Rs. 82.20 (base price) to Rs. 88.51 per M.T. in 1968-69 and to Rs. 89.03 per M.T. in 1969-70.



(3) *Radiation losses.*—The tariff effective from 1st January 1963 was fixed taking 5 per cent as radiation losses but at the same time it was provided that these losses were to be calculated at actuals. In 1964 radiation losses were found to be 8 per cent as against 5 per cent included in the tariff. In spite of this, no revision was effected during 1963 to June 1973 while reviewing tariffs on four occasions. The actual steam supplied to the consumer from January 1963 to June 1973 was 3960321 M.T. Non-revision of percentage of radiation losses resulted in a financial benefit of Rs. 14.61 lakhs to the consumer.

10.06 *Fuel adjustment charges.*—As the tariff supplies to H.T. consumers and licensees were generally fixed with small margin of profit, it included a provision for payment of fuel adjustment charges. The revised tariff from January 1970 was worked out on the basis of 250 paise for every million CHU of coal for both H.T. consumers and licensees.

The Board had also recovered fuel adjustment charges at the rate of 1 paise per unit upto May 1970, 1.5 paise per unit from June 1970 and 2.5 paise per unit from March 1972. Although the coal prices had increased thereafter, the Board had not revised this rate. This has resulted in under recovery of fuel adjustment charges from the bulk consumers. The extent of under recovery has not been worked out by the Board.

10.07 *Supply of power at concessional rates.*—(a) In terms of agreement of 1956, the Board, after its formation, continued to supply power to a firm of Sikka at operating cost of the Sikka Power House. On introduction of uniform tariff from May 1965 the consumer requested the Board to terminate the agreement and supply power at tariff applicable to high tension consumers, as it was lower than the operating cost. The Board agreed and the consumer was given the benefit of uniform tariff from May 1965 as a result of which the Board suffered heavy revenue loss (Rs. 22 lakhs in 1965-66, Rs. 35 lakhs in 1966-67 and Rs. 31 lakhs in 1967-68 etc.). On realising the adverse impact of revision of rates the Board decided to levy an additional surcharge of 3 paise per unit from the firm with effect from July 1967. The consumer went to the High Court and obtained a stay order. The claim on account of additional surcharge worked out to Rs. 37.18 lakhs for the period from July 1967 to December 1969. The Government advised the Board in February 1970 to settle the claim at Rs. 15 lakhs. The Board decided in March 1970 to accept the advice and to forgo its claim to the tune of Rs. 22.18 lakhs.

The Board explained in May 1972 that while fixing uniform tariff, the cost of all generating stations including Sikka power house and small diesel stations were taken into account. Sikka thermal station was supplying power to other areas also. On the ground of equity the benefit of uniform tariff was extended to the firm.

(b) The Board imposed additional surcharge of 3.5 paise per unit on another consumer *viz.*, Indian Rayon Corporation, Veraval from July 1967. Due to compromise and withdrawal of surcharge from the Sikka firm the Board was compelled to withdraw surcharge of 3.5 paise per unit imposed on the other consumer from January 1970 although the Board continued to incur heavy cost for supply of power through diesel sets.

## 11. Stores Control

11.01 *Purchase procedure.*—Purchases effected by the Board are centralised in the head of office. A detailed purchase procedure has been prescribed indicating the procurement procedure, items to be purchased by Stores Purchase Section, and those to be purchased by local offices.

A firm of consultants was appointed by the Board in 1963 to examine and report on modernisation of purchase procedure, stores control and material management. The Consultant recommended, *inter alia*, improvement in regard to rationalised modification, standardisation, variety reduction, value analysis and material planning, programming and indenting.

Although the Board accepted the recommendations, advance material planning and preparation of indents for annual or six monthly requirements was not being followed (June 1974). The indents were submitted by field offices as and when they required material and purchases were being made on the basis of these indents. The quantity of materials was being altered by the purchase section without considering the immediate need and quantities in stock.

The consultants recommended that the Board should work out for each item of stock, the maximum and minimum limits and ordering quantity. However, these limites had not been fixed (June 1974).

The Board stated in June 1974 that planning for materials had become extremely difficult due to highly uncertain supplies and severe price fluctuations. In spite of this, every effort was being made to plan in advance for all important materials on the basis of actual utilisation for the previous 12 months.

11.02 *Stores organisation and holdings.*—In 1963, there were as many as 117 stores centres where materials were stored. These store centres were spread over the entire State and were independent units in all respects. The Consultants recommended in 1963 closure of all these store centres and the formation of two regional stores where materials were to be stored and from these regional stores needs of the divisional offices could be met.

The Board implemented these recommendations only partly as a result of which there were 8 regional stores and 60 divisional store centres as on 31st March 1973. The value of inventory had also increased from Rs. 826 lakhs in March 1963 to Rs. 2111 lakhs in March 1973. The overhead cost of stores, however, increased due to maintenance of several trucks for transport of materials from one store to another.

The table given below indicates the value of inventory for the four years ending 31st March 1973:—

	(Rs. in lakhs)			
	Value of stores as on			
	31-3-70	31-3-71	31-3-72	31-3-73
Stock with operation and Maintenance Circles/Division	976	1517	1618	1553
Stock with Construction Circles and Divisions	139	178	434	558
Total :	<u>1115</u>	<u>1695</u>	<u>2052</u>	<u>2111</u>

Reasons for increase in inventory holding during the period of last three years have not been indicated by the Board (June 1974).

11.03 *Surplus, non-moving and scrap stores.*—(a) Under the Gujarat Electricity Board (Administration of Funds and Properties) Regulation 1960, each division is required to prepare at the end of each half year, lists of surplus stores held by it and submit the same to central office by such date as may be prescribed. The dates by which, such lists of surplus stores are required to be submitted have not been prescribed and such lists were not being regularly received by the Central Office.

A review of stock accounts at five stores centres revealed that value of non-moving stores held by them was Rs. 35.81 lakhs (June 1973).

(b) Review of inventories of 39 stores centres (June 1972) and 38 stores centres (June 1973) revealed that value of scrap materials included in the total inventory was Rs. 47.14 lakhs and Rs. 24.33 lakhs respectively. Inventories of other centres were not available (June 1973). Expeditious steps had not been taken for disposal of scrap materials.

The Board stated (June 1974) that in 1973-74 scrap and unserviceable materials worth Rs. 50 lakhs were sold and copper scrap valuing Rs. 12 lakhs was got converted into strips. According to the Board it was not advisable to sell all items together.

11.04 *Short supply of bolts and nuts.*—The contract for supply of tower materials and erection of 220 KV double circuit transmission line between Gotri-Navsari-Tarapur was awarded to Kamani Engineering Corporation, Bombay. As per clause 4 of the contract, the supplier was required to supply extra  $2\frac{1}{2}$  per cent of bolts and nuts over and above the actual requirements of bolts and nuts as per designed weight. According to the bills of materials for towers P, Q and R, the total weight of bolts and nuts including  $2\frac{1}{2}$  per cent to be supplied extra, worked out to 329.144 M.T. while the contractor supplied 300.796 M.T. only. The value of 28.348 M.T. bolts and nuts short supplied, at the average rate of Rs. 2800 per M.T., worked out to Rs. 79,374.

Similarly, contract for construction of 132 KV Dhuvaran-Wankaner line was also awarded to the same contractor on the same terms and conditions. As against 110.891 M.T. of bolts and nuts the contractor supplied only 51.712 M.T. The balance quantity of 59.179 M.T. valuing Rs. 78.707 remained unsupplied.

11.05 *Excessive purchase of distribution transformers.*—(a) The Board ordered a large number of distribution transformers for execution of the rural electrification scheme. The following table summarises Board's requirement of these transformers from 1969-70 to 1972-73, actual number of transformers ordered and their value:—

Sr. No.	Year	Number of transformers required	Number of transformers ordered	Cost (Rs. in lakhs)
1.	1969—70	1,797	1,210	56.92
			608	28.62
			1,525	0.61*
			242	74.44
				11.31
2.	1970—71	4,285	1,375	77.44
			2,790	162.55
			200	12.05
3.	1971—72	3,200	3,400	198.12
			30	0.96
			3,000	213.26
4.	1972—73	1,250	2,100	144.90
Total		10,532	16,480	981.18

\*Price increase paid to suppliers in August 1969 on transformers being purchased under repeat order.

The Board purchased transformers more than required, i.e., about  $1\frac{1}{2}$  times of its requirements for the year 1969-70 to 1972-73. The purchase of transformers in excess of requirement resulted in a blocking up of funds amounting to Rs. 561.07 lakhs.

The Board stated (June 1974) that to provide for delay and default by suppliers and due to confused conditions prevailing in recent years tenders were invited for higher quantities than actually required.

(b) In March 1970, Board invited tenders for 4,075 distribution transformers but subsequently, orders for 2,190 transformer costing Rs. 162.54 lakhs were placed in March 1970 considering that prices of the transformers were likely to come down during the next 6 months. The Board, however, placed orders for purchase of 3400 and 5000 transformers in September 1970 and December 1970 respectively at higher rates. The extra price paid for 1285 transformers alone worked out to Rs. 7.74 lakhs approximately. The purchase of all these transformers were unnecessary as previous purchases were in excess of requirements.

The Board stated (June 1974) that in the light of the market conditions it was anticipated that the price would go down. After six months it was seen that market trends were different..

11.06 *Purchase of meters.*—During the years 1968-69 to 1970-71 out of 3,69,000 single phase and 1,58,297 poly phase meters purchased, 3,45,000 single phase meters of capacities ranging from 5 amps to 40 amps., valuing Rs. 155.37 lakhs and 52, 497 poly-phase meters of capacities ranging from 10 amps. to 100 amps. valuing Rs. 61.13 lakhs were purchased by the Board from several firms outside the rate contract at rates higher than the rates approved by the Director General of Supplies and Disposals. The Board was aware that these meters were available under the rate contracts. The additional expenditure incurred by the Board on account of the difference between the approved rates of the D.G.S. & D. rate contract and the rates at which purchases were made worked out to Rs. 34.80 lakhs.

Details of a few cases are indicated below:—

(a) The Board in October 1968 purchased 2560 and 1000 poly-phase meters of 10 amps. and 25 amps. @ Rs. 75 per meter at a total cost of Rs. 2.67 lakhs from Baroda Electric Meters Ltd. Vallabh Vidyanagar, who had also the D.G.S. & D. rate contract for these meters @ Rs. 70 and Rs. 72 per meter of 10 amps. and 25 amps. respectively. Similarly Board purchased in August 1970 from Meters and Instruments Pvt. Ltd. New Delhi, 13,000 and 1500 (3 phase — 3 wires) poly-phase meters of 10 amps. and 100 amps. capacities and 500 (10 amps — 3 phase 4 wire) meters at Rs. 140, Rs. 250 and Rs. 160 per meter respectively. The rate contract rates for these meters approved by the

D.G.S. & D. with the same firm were Rs. 130, Rs. 215 and Rs. 140 respectively. The purchase of meters at higher rates by the Board from the firms which were on the D.G.S. & D. rate contract resulted in an additional expenditure of Rs. 2.08 lakhs.

The Board stated in June, 1974 that if they placed orders on suppliers having D.G.S. & D. rate contract there was no guarantee that the supplies would be made especially when prices went above D.G.S. & D. rate.

(b) The Board placed orders for 1,58,297 poly-phase meters of different capacities during the year 1968-69 to 1971-72 for Rs. 199.18 lakhs. During the same period 54,493 motive power connections were released. Thus even after ignoring the stock of meters in hand and those on order as on 31st March 1968 the Board purchased 1,03,804 meters in excess of its requirements. The requirement of the Board for this type of meters was about 12,000 a year. The purchase of 1,00,000 poly-phase meters in excess of requirements resulted in blocking up of Board's capital to the extent of about Rs. 130 lakhs.

The Board stated (June 1974) that after reviewing the actual consumption, stocks, etc., the delivery of meters was deferred since October 1971. The number of meters yet to be delivered was estimated to be 20,000 (June 1974).

11.07 *Loss in purchase of galvanised steel wires.*—In July 1970, the Board placed an order on a firm for purchase of 30 M.T. of 7/10 SWG and 176 M.T. of 19/12 SWG. (against the tendered quantities of 10 M.T. and 305 M.T. respectively), earth wire @ Rs. 2900 and Rs. 3500 per M.T. respectively. The acceptance of tender was communicated on 18th July 1970 which provided that the order for 176 M.T. of 19/12 SWG earth wire had been placed and for the balance quantity of 129 M.T. the matter was under consideration and order would be placed at the same terms and conditions within 60 days. Indents for additional quantities of 23 M.T. and 596 M.T. of these two items were received on 1st July 1970 and 4th August 1970 respectively. Fresh tenders were invited in January 1971 and orders were placed in March 1971 on another firm for purchase of these additional quantities of 7/10 SWG and 19/12 SWG @ Rs. 3680 and Rs. 3705 per M.T. respectively. As indents were received immediately after the placement of order in July 1970 the Board could have called upon the suppliers for negotiation for getting the additional quantities included in the order which would have saved extra expenditure of Rs. 1.40 lakhs. Even if the Board had placed orders for balance quantity of 129 M.T. of 19/12 SWG. earth wire, under the terms of acceptance of tender, extra expenditure of Rs. 26,445 could have been avoided.

11.08 *Purchase of sub-standard street light Fixtures.*—In September 1971, Board purchased 7,000 numbers of rigid PVC. street light fixtures at a cost of Rs. 1.35 lakhs from a firm, which was fifth and sixth higher in price for 'A' and 'B' type fixtures respectively. It was seen from the performance report that the fixtures supplied had the following defects:—

- (i) Polythene pipe, being not rigid like G.I. pipe, was getting vibrations and caused the loosening of points of V.I.R. wires resulting in bulk fusing.
- (ii) Brass nipple was not getting fixed properly.
- (iii) Tubes lights could not be installed on these fixtures.

The Board stated (June 1974) that the purchase was made only on a trial basis to find out substitute for G.I. pipes which were scarce and no further purchases of this type of fixtures had been made thereafter.

11.09 *Extra cost on purchase of heat exchange tubes.*—The Board placed an order in February 1969 with a firm for the purchase of heat exchanger tubes. As the firm failed to supply the tubes as per the Board's specifications, the Board purchased the tubes from another firm at an extra cost of Rs. 57,780, at the risk and cost of the first firm and filed a civil suit to recover the extra cost from the first firm. It was held by the Court that the firm should pay Rs. 57,780 to the Board together with 6 per cent interest from the date of suit till the realisation and the cost of suit. The Board could not get the decree executed as the whereabouts of the first firm were not known.

11.10 *Ex. gratia payments to manufacturers.*—The Board placed order for supply of AAC & ACSR conductors on five Gujarat firms. The prices were firm and inclusive of excise duty. Due to increase in the cost of aluminium ingots and excise duty on raw materials which was announced on 28th February 1970 these suppliers requested the Board to increase the price suitability. However, the Board did not agree to the proposal. The AA/ACSR conductor manufacturers in the Gujarat State, therefore, sent a Memorandum to the Government of Gujarat for increase in price of conductors in respect of orders placed by the Board. At the instance of Government the Board agreed (May 1970) as a very special case to give *ex-gratia* relief to the firms for increase in excise duty with regard to quantities of aluminium conductors that should have remained undelivered as per the contractual terms at the time of increase in excise duty, even though the contracts were in firm price basis (inclusive of excise duty). The total *ex-gratia* payment made on this account was Rs. 6.46 lakhs.

## 12. Costing system and analysis of costs

12.01 *Costing system.*—The costing system suffered from the following deficiencies.—

1. No norms had been fixed in respect of various elements of costs, viz., fuel, labour, consumable stores, etc.
2. There was no system of periodical calculation of cost of generation. The cost of generation, power purchased and distributed was worked out only once after the close of financial accounts.
3. In the intergrated costs and financial accounting system followed by the Board, the total cost of all thermal units, gas turbines unit and diesel units were clubbed together and shown against each category. The Board had not worked out the cost of generation at each of these power houses and that of diesel stations periodically. As a result the financial efficiency of these units was not known.
4. No analysis of cost variances was made except of fuel consumption.
5. Idle time in terms of generation hours lost due to planned/forced outages was not worked out.

12.02 *Cost trends.*—The following table summarises the trend of costs (excluding interest and other charges) of all categories of generating stations clubbed together for the three years ending 1972-73:—

	(Cost per unit in paise)		
	1970—71	1971—72	1972—73
<i>1. Generation</i>			
(a) Fuel	4.75	3.81	3.71
(b) <i>Operation and Maintenance :</i>			
(i) Lubricant, water, labour charges	0.34	0.29	0.29
(ii) Repairs and maintenance	0.70	0.49	0.37
(c) Depreciation	0.83	0.79	0.55
(d) General charges	1.15	0.45	0.39
Cost of generation :	7.77	5.83	5.31



(Cost per unit in paise)

1970-71    1971-72    1972-73

**II. Power Purchased**

III. (a) Cost of power generated/ purchase and available for sale	7.38	6.11	5.89
(b) Cost of transmission and distribution	2.71	3.84	3.89
(c) Cost of transmission and distribution losses per unit	2.01	2.31	2.58
IV. Total cost per unit	12.10	12.26	12.36
V. Revenue per unit sold	14.00	14.71	15.10
VI. Profit per unit sold	1.90	2.45	2.75

**13. Man power analysis**

13.01 The table given below indicates the units generated and distributed, revenue realised and expenditure incurred per employee:—

1969-70    1970-71    1971-72    1972-73

**1. Units generated per generation employees**

(a) Number of generation employees	2050	2060	1992	2140
(b) Number of units generated (in million KWH)	1890.50	1826.91	2160.00	3144.17
(c) Number of units generated per employee	926170	885989	108437	146238

**2. Number of units distributed per distribution employee**

(a) Number of units distributed (in million KWH)	2406	2813.06	3022.38	3725.67
(b) Number of employees	9812	10463	11468	12364
(c) Number of units distributed per employee	245210	268858	263549	301332

**3. Gross revenue per employee**

(a) Number of employees	11864	12525	13460	14504
(b) Gross revenue (in crores of rupees)	25.26	32.86	36.31	44.52
(c) Revenue per employee	21294	26337	26974	30696

	1969—70	1970—71	1971—72	1972—73
4. <i>Expenditure per employee</i>				
(a) Number of employees	11864	12525	13460	14504
(b) Gross expenditure (in crores of rupees)	4.29	5.60	6.00	7.06
(c) Expenditure per employee	3613	4475	4461	4865
5. <i>Number of customers per employee</i>				
(a) Number of customers	641740	782182	925937	1099376
(b) Number of employees	11864	12525	13460	14504
(c) Number of customers per employee	54.09	62.45	68.79	75.80

13.02 *Internal Audit*.—The Board has an Internal Audit Cell from its formation in May 1960. The Cell is headed by the Deputy Chief Accounts Officer at head office. Internal Audit Cell is entrusted with the duties of pre-audit of the head office transactions such as supply orders, contracts, suppliers bills, etc.

There are peripatetic parties with the circle offices as their headquarters and their duties include post audit of transactions of circle/division/sub-division as per the programme issued from head office. The reports submitted by the field parties are pursued with the circle/divisional offices.

The reports of the Internal Audit are not submitted to the Chairman/Board.

#### 14. Other topics of interest

14.01 *Misappropriation/non-accountal of revenues etc.*—(a) The cashier of Vadia Sub-division under Junagadh (O. & M.) Division Misappropriated Rs. 62,215-84 collected from consumers on account of energy bills, service connection and security deposit during 1969 and 1972. The modus operandi for misappropriation was as follows:—

(i) Stealing blank receipt books and issuing them against amount collected.

(ii) Noting a few receipts in subsidiary cash books and omitting the others.

(iii) Not noting the new connections in C.G.L. and misappropriating money received from consumers thus not noted in the C.G.L.

The misappropriation could not be detected earlier as receipts, issues and return of used receipt books were neither checked nor entries made in the cash book verified with counter-foils of used receipt books. The misappropriation was detected in first quarter of 1972 by a Divisional Accountant.

The Board stated in June, 1974 that two employees involved in this case were under suspension and a criminal complaint had been lodged with the Police for the loss. Rs. 15,000 had been recovered from one of the employees so far.

(b) Rupees 44,670, being service connection and energy deposits, was misappropriated during the period from March 1965 to January 1967 by the Deputy Engineer of Sidhpur Sub-division. Out of this Rs. 25,805 were recovered from him. The amount collected by him personally from consumers on release of new connections and energy deposits were not credited in the Board's account although necessary entries for release of connections were made in concerned records. The Board dismissed the employee in August 1968 and filed a case for recovery of Rs. 21,975. The case was dismissed by the Court in November 1972 against which an appeal has been filed.

(c) In the Amreli Division the following irregularities in respect of service connections records were noticed during the audit of accounts for 1971-72:—

(i) No record of materials issued to contractor for release of connections was maintained.

(ii) In several cases security deposits were not recovered.

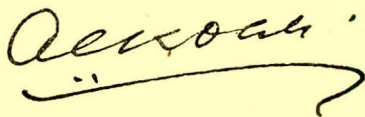
(iii) The connected load and initial reading of the meter were not found recorded in the register maintained.

(iv) Priority register as prescribed by the Board was not maintained. Even contractorwise accounts for materials including meters issued to them and number of connections released by them were not maintained.

14.02 *Delay in finalisation of bill.*—A joint railway siding was constructed on the land owned by the Board at Sikka and was commissioned in 1964 for combined use of the Board and Digvijay Cement Company. Excavated morrum amounting to 4.42 lakhs cft and valuing Rs. 0.36 lakh which was stacked near the siding was unauthorisedly removed by the Company for its use, as morrum is an essential raw material for production of cement. Again in July 1970, 62,503.75 cft of morrum valuing Rs. 0.07 lakh was removed by the Company. The Board claimed only Rs. 0.07 lakh from the Company and the claim for balance of Rs. 0.36 lakh has not been preferred (June 1974).

The Board stated (June 1974) that it proposes to recover the entire amount of Rs. 0.43 lakh from the final bill of the joint railway siding. However, the final bill for the joint railway siding had not been prepared (June 1974).

14.03 *Payment of employees' State Insurance contribution.*—E.S.I. scheme was introduced in Rajkot from 23rd January 1968 and in terms of Employees' State Insurance Corporation (Amendment) Act 1966, the employees of Rajkot City Division were also covered by the Scheme. The Board was doubtful about the enforcement of this Scheme to its employees and, therefore, took up the matter with the Director of Medical Services, Employees State Insurance Scheme, Ahmedabad who did not agree with the Board. The Board, therefore, introduced the scheme from a later date and had to pay employees' contribution amounting to Rs. 0.24 lakh for the period from 28th January 1968 to 31st August 1969 in addition to its own contribution, as the employees' contribution could not be recovered from them for this period. The Board also paid Rs. 4847 for similar contribution in respect of employees of Naroda area under Sabarmati Circle Office.



(A. L. KOHLI)  
Accountant General, Gujarat

Ahmedabad,

The 23 OCT 1974

Countersigned



(A. BAKSI)  
Comptroller and Auditor General of India

New Delhi,

The 30 OCT 1974

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ANNEXURES

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## ANNEXURE—A

(Reference : Paragraph 1 of Section I)

*Statement showing summarised financial results of the Government Companies for the year 1972-73*

Sr. No.	Name of the Company	Name of the Department	Date of incorporation	Period of accounts	Total capital invested	(in lakhs of rupees)	
						Profit(+) Loss (—)	Total interest charged to P & L Accounts
1	2	3	4	5	6	7	8
1.	Gujarat State Textile Corporation Ltd.	Industries, Mines and Power Deptt.	30th Nov. 1968	January to December 1972	154.52	(+)4.53	8.87
2.	Gujarat Export Corporation Ltd.	—do—	14th Oct. 1965	1972—73	.860	(+)1.87	0.93
3.	Gujarat Industrial Investment Corporation Ltd.	—do—	12th Aug. 1968	1972—73	1595.42	(+)2.72	68.62
4.	Gujarat Mineral Development Corporation Ltd.	—do—	15th May 1963	1972—73	374.52	(+)6.41	16.91
5.	Gujarat Agro-Industries Corporation Ltd.	Agriculture, Forests and Co-operation	9th May 1969	1972—73	638.93	(+)2.43	8.52
6.	Bhavnagar Public Dairy Ltd.	—do—	25th June 1955	1972—73	6.33	(—)0.31	0.26
<i>Subsidiary Companies</i>							
7.	Gujarat Agro-Foods Ltd. (Formerly Agro-Industries Cold Storages Ltd.)	—do—	29th Oct. 1970	January to December 1972	45.40	(+)0.08	1.77
8.	Gujarat Agro-Oil Enterprises Ltd. (Formerly Agro-Industries Oil extractions Ltd.)	—do—	21st April 1971	January to December 1972	30.79	(—)2.13	1.63
9.	Gujarat Agro-Marine Products Ltd.	—do—	17th December 1971	December 1971 to December 1972	21.13	(—)9.44	0.75

## ANNEXURE—A(Concl.)

Sr. No.	Name of the Company	Interest on long term loan	Total return on capital invested	Percentage of total return on capital invested	Capital employed	Total return on capital employed	Percentage of total return of capital employed	Remarks
1	2	9	10	11	12	13	14	15
1.	Gujarat State Textile Corporation Ltd.	..	4.53	2.93	264.43	13.40	5.07	
2.	Gujarat Export Corporation Ltd.	..	1.87	21.74	18.41	2.80	15.21	
3.	Gujarat Industrial Investment Corporation Ltd.	68.62	71.34	4.47	1569.38	71.34	4.55	
4.	Gujarat Mineral Development Corporation Ltd.	7.63	14.04	3.75	469.05	23.32	4.97	
5.	Gujarat Agro-Industries Corporation Ltd.	0.66	3.09	0.48	632.40	10.95	1.73	
6.	Bhavnagar Public Dairy Ltd. <i>Subsidiary Companies</i>	0.26	(—)0.05	..	0.42	(—)0.05	..	
7.	Gujarat Agro-Foods Ltd. (Formerly Agro-Industries Cold Storages Ltd.)	1.77	1.85	4.07	41.48	1.85	4.46	
8.	Gujarat Agro-Oil Enterprises Ltd. (Formerly Agro Industries Oil extractions ltd.)	..	(—)2.13	..	106.82	(—)0.50	..	
9.	Gujarat Agro-Marine Products Ltd.	0.19	(—)9.25	..	30.77	(—)8.69	..	

Note : (1) "Capital invested" represents paid up capital plus long term loans plus free reserves.

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

## ANNEXURE—B

( Reference : Paragraph a(5) and b(5) of Section — II )

*Statement showing the summarised financial results of Statutory Corporations for the year 1972-73*

(amount in lakhs of rupees)

Sr. No.	Name	Name of Department	Date of incorporation	Total capital invetsed	Profit(+) Loss(—)	Total interest charged to P & L Accounts
1	2	3	4	5	6	7
<i>Part I (Gujarat Electricity Board)</i>						
1.	Gujarat Electricity Board	Industries, Mines and Power	1st May 1960	23554.59	(+ )98.83	961.63
<i>Part II Other Statutory Corporations</i>						
2.	Gujarat State Road Transport Corporation	Home	1st May 1960	2854.64	(+ )48.13	137.24
3.	Gujarat State Warehousing Corporation	Agriculture, Forests and Co-operation	5th December 1960	61.78	(—)2.59	..
4.	Gujarat State Financial Corporation	Industries, Mines and Power	1st May 1960	2281.62	(+ )29.42	94.76

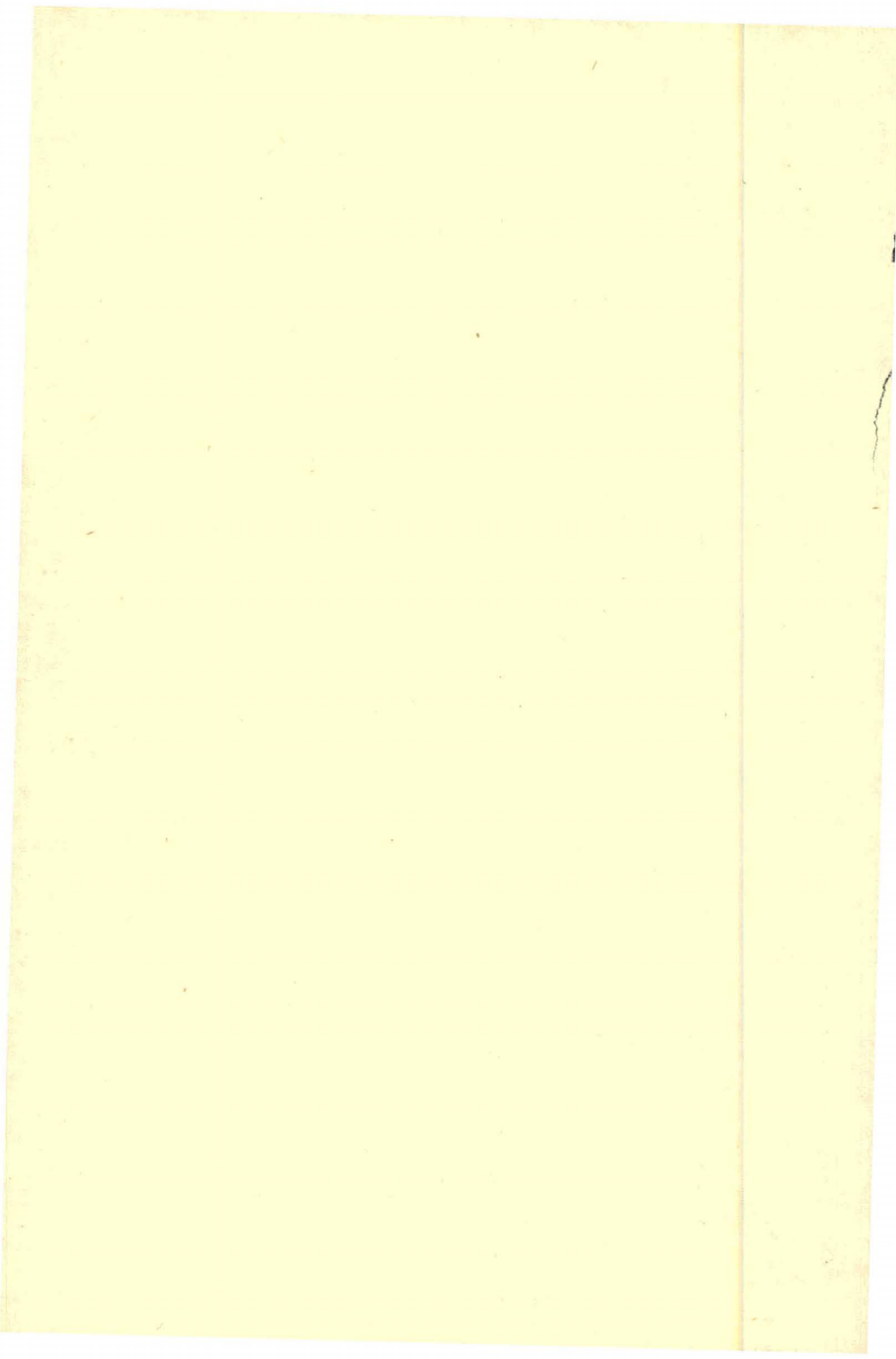


## ANNEXURE—B (Concl.)

Sr. No.	Name	Interest on long term loans	Total return on capital invested (7+9)	%of total return on capital invested	Capital employed	Total return on capital employed (7+8)	%of total return on capital employed
1	2	8	9	10	11	12	13
1.	Gujarat Electricity Board	961.63	1060.46	4.52	18871.25	1060.46	5.62
2.	Gujarat State Road Transport Corporation	136.04	184.17	6.45	2404.09	169.98	7.07
3.	Gujarat State Warehousing Corporation	..	(—)2.59	..	61.77	(—)2.59	..
4.	Gujarat State Financial Corporation	94.06	123.48	5.41	..	..	..

Note : (1) 'Capital invested' represents paid up capital plus long term loans plus free reserves.

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







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