



REPORT

OF THE

COMPTROLLER AND AUDITOR GENERAL OF INDIA

For the year 1981-82

(COMMERCIAL)

GOVERNMENT OF UTTAR PRADESH



REPORT

OF THE

COMPTROLLER AND AUDITOR GENERAL
OF INDIA

For the year 1951-52

(GOVERNMENT OF INDIA)

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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 :

- Government Companies;
- Statutory Corporations, and
- Departmentally-managed commercial and *quasi-commercial* undertakings.

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

3. In the case of Government Companies, audit is conducted by company 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 audit report, submitted by the Company auditors. The Companies Act, 1956, further empowers the Comptroller and Auditor General to issue directives to the auditors in regard to the performance of their functions. Such directives were issued to the auditors from time to time.

4. In respect of Uttar Pradesh State Road Transport Corporation and Uttar Pradesh State Electricity Board (Statutory Corporations), the Comptroller and Auditor General is the sole auditor while in respect of the other two Statutory Corporations, *viz.* Uttar Pradesh Financial Corporation and Uttar Pradesh State Warehousing Corporation, he has the right to conduct audit (in accordance with the provisions of the relevant Acts) independently of the audit conducted by the Chartered Accountants appointed under the respective Acts.

5. The cases mentioned in the Report are those which came to the notice of Audit during the year 1981-82 as well as those which had come to notice in earlier years but could not be dealt

with in the previous Reports; developments relating to the period subsequent to 1981-82 have also been included wherever considered necessary.

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

CHAPTER 1
GOVERNMENT COMPANIES
SECTION I

1.01. Introduction

There were 89 Government companies (including 38 subsidiaries) as on 31st March 1982 as against 91 Government companies (including 38 subsidiaries) as at the close of the previous year. The Registrar of Companies, Uttar Pradesh, informed (September 1982) the completion of liquidation proceedings of two companies viz. Ramganga Samadesh Kshetra Vikas Nigam Ltd. and Sharda Sahayak Samadesh Kshetra Vikas Nigam Ltd.

The following companies were in the process of liquidation :

Name of company	Date of incorporation	Date of going into liquidation
Gandak Samadesh Kshetra Vikas Nigam Ltd.	15th March 1975	7th June 1977
Indian Bobbin Co. Ltd.	22nd February 1924	10th September 1973
Turpentine Subsidiary Industries Ltd.	11th July 1939	1st April 1978

1.02. Compilation of accounts

Twenty eight companies (including 11 subsidiaries) had finalised their accounts for the year 1981-82 (March 1983). In addition, 15 companies (including 4 subsidiaries) finalised their accounts for the earlier years. A synoptic statement showing the summarised financial results of 43 companies (based on the latest available accounts) is given in Appendix 'A'. The accounts of the following 58 companies (including 27 subsidiaries) were in arrears for the period noted against each (January 1983) :

Name of company	Extent of arrears
Uttar Pradesh Roofings Private Ltd.	1973-74 to 1981-82
Faizabad Roofings Ltd.	1974-75 to 1981-82
Uttar Pradesh Buildware Private Ltd.	1974-75 to 1981-82
Uttar Pradesh Plant Protection Appliances Private Ltd.	1974-75 to 1981-82
Krishna Fasteners Private Ltd.	1975-76 to 1981-82

<i>Name of company</i>	<i>Extent of arrears</i>
Northern Electrical Equipment Industries Ltd.	1975-76 to 1981-82
Uttar Pradesh Abscott Private Ltd.	1975-76 to 1981-82
Uttar Pradesh Potteries Private Ltd.	1976-77 to 1981-82
Uttar Pradesh Pashudhan Udyog Nigam Ltd.	1976-77 to 1981-82
Mohammadabad Peoples Tannery Ltd.	1977-78 to 1981-82
Uttar Pradesh Bundelkhand Vikas Nigam Ltd.	1977-78 to 1981-82
Uttar Pradesh Paschimi Kshetriya Vikas Nigam Ltd.	1977-78 to 1981-82
Uttar Pradesh Prestressed Products Ltd.	1977-78 to 1981-82
Handloom Intensive Development Corporation (Gorakhpur and Basti) Ltd.	1978-79 to 1981-82
UPAI Ltd.	1978-79 to 1981-82
Uttar Pradesh Poorvanchal Vikas Nigam Ltd.	1978-79 to 1981-82
Uttar Pradesh State Handloom Corporation Ltd.	1978-79 to 1981-82
Uttar Pradesh State Horticulture Produce Marketing and Processing Corporation Ltd.	1978-79 to 1981-82
Uttar Pradesh Small Industries Corporation Potteries Ltd.	1978-79 to 1981-82
Uttar Pradesh State Tourism Development Corporation Ltd.	1978-79 to 1981-82
Bundelkhand Concrete Structurals Ltd.	1979-80 to 1981-82
Garhwal Anusuchit Janjati Vikas Nigam Ltd.	1979-80 to 1981-82
Garhwal Mandal Vikas Nigam Ltd.	1979-80 to 1981-82
Gorakhpur Mandal Vikas Nigam Ltd.	1979-80 to 1981-82
Handloom Intensive Development Project (Bijnore) Ltd.	1979-80 to 1981-82
Moradabad Mandal Vikas Nigam Ltd.	1979-80 to 1981-82
Tarai Anusuchit Janjati Vikas Nigam Ltd.	1979-80 to 1981-82
Uptron Components Ltd.	1979-80 to 1981-82
Uptron Sempack Ltd.	1979-80 to 1981-82
Uttar Pradesh Rajkiya Nirman Nigam Ltd.	1979-80 to 1981-82
Uttar Pradesh State Agro Industrial Corporation Ltd.	1979-80 to 1981-82
Uttar Pradesh State Bridge Corporation Ltd.	1979-80 to 1981-82
Uttar Pradesh State Food and Essential Commodities Corporation Ltd.	1979-80 to 1981-82
Uttar Pradesh Textile Printing Corporation Ltd.	1979-80 to 1981-82
Allahabad Mandal Vikas Nigam Ltd.	1980-81 and 1981-82
Kumaon Anusuchit Janjati Vikas Nigam Ltd.	1980-81 and 1981-82
Lucknow Mandaliya Vikas Nigam Ltd.	1980-81 and 1981-82
Teletronics Ltd.	1980-81 and 1981-82
Transcables Ltd.	1980-81 and 1981-82
Uttar Pradesh (Madhya) Ganna Beej Evam Vikas Nigam Ltd.	1980-81 and 1981-82
Uttar Pradesh Scheduled Castes Finance and Development Corporation Ltd.	1980-81 and 1981-82

<i>Name of company</i>	<i>Extent of arrears</i>
Uttar Pradesh State Mineral Development Corporation Ltd.	1980-81 and 1981-82
Kichha Sugar Co. Ltd.	1981-82
Kumaon Mandal Vikas Nigam Ltd.	1981-82
Meerut Mandal Vikas Nigam Ltd.	1981-82
The Indian Turpentine and Rosin Co Ltd.	1981-82
The Pradeshiya Industrial and Investment Corporation of Uttar Pradesh Limited	1981-82
Uptron Digital System Ltd.	1981
Uptron India Ltd.	1981-82
Uttar Pradesh Bhumi Sudhar Nigam Ltd.	1981-82
Uttar Pradesh Chalchitra Nigam Ltd.	1981-82
Uttar Pradesh Development Systems Corporation Ltd.	1981-82
Uttar Pradesh Instruments Ltd.	1981-82
Uttar Pradesh Nalkoop Nigam Ltd.	1981-82
Uttar Pradesh Panchayati Raj Vitta Nigam Ltd.	1981-82
Uttar Pradesh Small Industries Corporation Ltd.	1981-82
Uttar Pradesh State Brassware Corporation Ltd.	1981-82
Uttar Pradesh Tyres and Tubes Ltd.	1981-82

The position of arrears in the finalisation of accounts was last brought to the notice of Government in December 1982.

1.03. Paid-up capital

The aggregate paid-up capital of Rs.21653.47 lakhs in 86 Government companies excluding 5 companies under liquidation as on 31st March 1981 increased to Rs. 28182.39 lakhs in 86 Government companies excluding 3 companies under liquidation as on 31st March 1982 as detailed below :

Particulars of companies	Number of companies	Invested by			Total
		State Government	Central Government	Others including Government companies	
Companies wholly-owned by the State Government	37	215,27.02	..	..	215,27.02
Companies jointly owned with the Central Government/ others	12	17,52.60	3,38.83	116.29	22,07.72
Subsidiary companies	37	51.59	..	43,96.06	44,47.65*
Total	86	233,31.21†	3,38.83	45,12.35	281,82.39

*Based on latest available information.

† The amount as per Finance Account is Rs. 23394.92 lakhs. The difference of Rs. 63.71 lakhs is under reconciliation.

1.04. Loans

The balance of long-term loans outstanding in respect of 25 companies (excluding 35 subsidiaries) as on 31st March 1982 was Rs. 16520.67 lakhs (State Government: Rs.5503.85 lakhs, other parties : Rs.11016.82 lakhs) as against Rs.13080.99 lakhs as on 31st March, 1981 in 24 companies (excluding 33 subsidiaries).

1.05. Guarantees

The State Government had guaranteed the repayment of loans (and payment of interest thereon) raised by 17 companies (including 4 subsidiaries). Total amount guaranteed and the amount outstanding thereagainst in respect of these companies as on 31st March 1982 were Rs.5863.95 lakhs and Rs.4011.89 lakhs respectively as detailed below :

Name of company	Amount guaranteed	Amount outstanding as on 31st March 1982
	(Rupees in lakhs)	
Auto Tractors Ltd.	11,36.00	5,52.00
Chandpur Sugar Co. Ltd.*	3,87.00	2,69.18
Chhata Sugar Co. Ltd.*	3,77.00	2,62.00
Kichha Sugar Co. Ltd.*	2,11.00	71.00
Nandganj Sihori Sugar Co. Ltd.*	3,45.00	3,39.25
The Pradeshia Industrial and Investment Corporation of Uttar Pradesh Ltd.	11,35.01	11,35.01
Uttar Pradesh Chalchitra Nigam Ltd.	44.00	23.41
Uttar Pradesh Nalkoop Nigam Ltd.	1,42.00	1,42.00
Uttar Pradesh (Madhya) Ganna Beej Evam Vikas Nigam Ltd.	1,85.00	1,20.00
Uttar Pradesh (Poorva) Ganna Beej Evam Vikas Nigam Ltd.	1,04.00	1,04.00
Uttar Pradesh (Rohilkhand) Tarai Ganna Beej Evam Vikas Nigam Ltd.**	1,50.00	86.42
Uttar Pradesh (Uttaranchal) Ganna Beej Evam Vikas Nigam Ltd.**	3,20.00	2,66.88

*Subsidiary

**Short-term credits have been guaranteed.

Name of company	Amount guaranteed	Amount outstanding as on 31st March 1982
	(Rupees in lakhs)	
Uttar Pradesh Pashudhan Udyog Nigam Ltd.**	15.00	39.89
Uttar Pradesh Rajkiya Nirman Nigam Ltd.**	59.65	59.65
Uttar Pradesh State Agro Industrial Corporation Ltd.**	10,00.00	4,39.46
Uttar Pradesh State Food and Essential Commodities Corporation Ltd.**	75.00	23.61
Uttar Pradesh State Sugar Corporation Ltd.	1,78.29	78.13
	5863.95*	4011.89*

1.06. Performance of the companies

1.06.01. The following table gives the details of 14 companies (including 6 subsidiaries) which earned profits during 1981-82 and the comparative figures for the previous year :

Name of company	Paid-up capital 1980-81	capital 1981-82	Profit(+)/Loss(-)	
			1980-81	1981-82
	(Rupees in lakhs)			
Harijan Evam Nirbal Varg Avas Nigam Ltd.	15.00	15.00	(-)1.98	(+)5.35
Uttar Pradesh Electronics Corporation Ltd.	3,40.00	3,90.00	(+)27.97	(+)23.96
Uttar Pradesh Export Corporation Ltd.	1,83.18	1,88.18	(-)4.54	(+)2.33
Uttar Pradesh (Poorva) Ganna Beej Evam Vikas Nigam Ltd.	14.03	14.33	(+)0.64	(+)0.96
Uttar Pradesh (Rohilkhand Tarai) Ganna Beej Evam Vikas Nigam Ltd.	23.77	23.84	(+)6.94	(+)5.99
Uttar Pradesh State Industrial Development Corporation Ltd.	15,40.73	15,52.73	(+)1,37.29	(+)1,61.98
Uttar Pradesh State Leather Development and Marketing Corporation Ltd.	67.00	88.00	(-)3.71	(+)3.71

*Figures as per Finance Accounts are Rs. 8450.16 lakhs and Rs. 5605.99 lakhs. (15 Companies) respectively. The differences are under reconciliation.

**Short-term loan/cash credits have been guaranteed.

Name of company	paid-up 1980-81	capital 1981-82	Profit(+)/Loss(-)	
			1980-81	1981-82
Varanasi Mandal Vikas Nigam Ltd.	45.00	55.00	(-)0.56	(+)3.63

Subsidiaries

Chandpur Sugar Co. Ltd.	258.00	258.00	(+)111.44	(+)112.62
Chhata Sugar Co. Ltd.	253.00	253.00	(+)29.27	(+)7.57
Uptron Capacitors Ltd.	41.34	49.34	*	(+)2.09
Uptron Instruments Ltd.	8.00	8.65	(-)1.79	(+)7.12
Uptron Powertronics Ltd.	22.00	22.00	(+)0.82	(+)8.04
Uttar Pradesh Digitals Ltd.	10.20	11.20	(+)0.06	(+)0.38

1.06.02. During the year two companies declared dividends as indicated below:

Name of company	Distribu- table surplus	Amount retained in business	Dividend declared	Percentage of dividend to paid-up capital
(Rupees in lakhs)				

Uttar Pradesh (Rohilkhand Tarai) Ganna Beej Evam Vikas Nigam Ltd.	8.64	7.23	1.41	6.0
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Uttar Pradesh State Industrial De- velopment Corporation Ltd.	193.78	162.97	30.81	2.0
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1.06.03. The following table gives details of 10 companies (including 3 subsidiaries) which incurred losses during the year 1981-82 and the comparative figures for the previous year :

Name of company	Paid-up 1980-81	capital 1981-82	Profit(+)/Loss(-)	
			1980-81	1981-82
Agra Mandal Vikas Nigam Ltd.	100.00	100.00	(-)0.59	(-)6.93
Auto Tractors Ltd.	831.51	831.51	(+)1.98	(-)177.90
Prayag Chitrakoot Krishi Evam Godhan Vikas Nigam Ltd.	50.00	50.00	(-)0.57	(-)0.38
Uttar Pradesh (Paschim) Ganna Beej Evam Vikas Nigam Ltd.	16.35	16.95	(+)1.57	(-)8.44

*Under construction.

Name of Company	Paid-up capital		Profit (+)/ loss (-)	
	1980-81	1981-82	1980-81	1981-82
			(Rupees in Lakhs)	
Uttar Pradesh State Cement Corporation Ltd.	3707.00	4099.00	(-) 245.65	(-) 65.72
Uttar Pradesh State Sugar Corporation Ltd.	2420.00	5329.44	(-) 568.08	(-) 1050.23
Uttar Pradesh State Textile Corporation Ltd.	3146.87	4137.87	(+) 321.64	(-) 1.44

Subsidiaries

Bhadohi Woollens Ltd.	40.90	75.90	(-) 25.90	(-) 14.38
Nandganj Sihori Sugar Co. Ltd.	503.00	503.00	(-) 221.35	(-) 310.32
Uttar Pradesh State Spinning Mill Co. (No. 1) Ltd.	1400.00	1778.00	181.25	(-) 143.65

The profitability of Uttar Pradesh State Textile Corporation Limited and Uttar Pradesh State Spinning Mills Co. (No. 1) Ltd. was mainly affected due to increase in price of cotton; further the price of yarn did not increase in proportion to rise in the price of cotton due to recession in the spinning sector.

In respect of Auto Tractors Limited it was the first of commercial production.

1.06.04. The accumulated losses in respect of ten Companies (paid-up capital ; Rs. 13277.85 lakhs) amounted to Rs. 7762.96 lakhs. Particulars of the companies, the accumulated losses of which (as per latest available accounts) had exceeded the paid-up capital, are given below :

Name of company	Year of accounts	Paid-up capital	Accumulated loss	Percentage of accumulated loss to paid-up capital
				(Rupees in lakhs)
Bhadohi Woollens Ltd.	1981-82	75.90	112.46	148.2
Chhata Sugar Co. Ltd.	1981-82	253.00	344.49	136.2
Nandganj Sihori Sugar Company Ltd.	1981-82	503.00	1222.10	243.0
Kichha Sugar Company Ltd.	1980-81	244.69	626.28	255.9
U.P. Instruments Ltd.	1980-81	41.00	154.07	375.8

1.06.05. The following table gives details of companies which were under construction and the expenditure incurred during 1980-81 and 1981-82 :

Name of company	Paid-up capital		Expenditure during	
	1980-81	1981-82	1980-81	1981-82
(Rupees in lakhs)				
Uttar Pradesh Matsya Vikas Nigam Ltd.	40.37	59.16	3.53	20.31
Uttar Pradesh Rajya Vidyut Utpadan Nigam Ltd.	100.00	100.00	0.04	153.65
<i>Subsidiaries</i>				
Uttar Pradesh Carbide and Chemicals Ltd.	269.17	269.17	1.72	107.90
Uttar Pradesh State Spinning Mills Co. (No. II) Ltd.	0.01	240.01	0.01	199.86

1.07. In addition there were five companies covered under Section 619-B of the Companies Act, 1956 viz., (1) Almora Magnesite Ltd., (2) Steel and Fasteners Ltd., (3) Electronics and Computers (India) Ltd., (4) Synthetic Foams Ltd., and (5) Command Areas Poultry Development Corporation Ltd. During the year two companies finalised their accounts as per details given below :

Name of company	Year ending	Paid-up capital			Total	Loss during the year	
		State Government	Investment by Government Companies	Others			
(Rupees in lakhs)							
Command Area Poultry Development Corporation Ltd.	31st Decem-ber 1981	..	..	8.32	2.93	11.25	8.76
Synthetic Foams Ltd.	30th June 1981	..	21.37	12.68	13.40	47.45	29.68

The accumulated loss in respect of the two companies amounted to Rs.14.32 lakhs and Rs.54.60 lakhs respectively and exceeded the paid-up capital.

The accounts of Almora Magnesite Ltd., which closes its accounts on 31st October had not become due. In respect of Steel and Fasteners Ltd. and Electronics and Computers (India) Ltd.

audited accounts for the years 1980 to 1982 and 1975 to 1982 respectively had not been received (January 1983).

1.08. The Companies Act, 1956 empowers the Comptroller and Auditor General to issue directions to the auditors of Government companies in regard to the performance of their functions. In pursuance of the directive so issued, the special reports of the company auditors were received in respect of seven companies during the year. The important points noticed in these reports are summarised below :

Nature of defect	Number of companies where defects were noticed	Reference to serial number of companies in Appendix A
Absence of accounting manual	6	10, 26, 31, 33, 35, 37
Imperfect accounting system	2	31, 37
Absence of regular costing system	1	31
Absence of adequate budgetary system	2	35, 37
Absence of internal audit manual	7	5, 10, 26, 31, 33, 35, 37
Internal audit not commensurate with nature and size of the business	2	5, 37
Absence of internal audit system	1	31
Non-determination of surplus/unserviceable stores	1	26
Absence of tender system for purchase	4	26, 33, 35, 37
Non-maintenance/defective maintenance of property/land/asset register	3	31, 35, 37
Absence of system of ascertaining idle time for labour and machinery	1	31
Non-fixation of minimum/maximum limit of stores	3	5, 31, 35

1.09. Under Section 619 (4) of the Companies Act, 1956, the Comptroller and Auditor General of India has a right to comment upon or supplement the audit reports of the company auditors. Under the provision, the audited annual accounts of Government companies are reviewed on a selective basis. Some of

the errors/omissions, etc. noticed in the course of review of the annual accounts are detailed below :

Balance Sheet

- Non-disclosure of mode of valuation of stock (Prayag Chittrakoot Krishi Evam Godhan Vikas Nigam Ltd.)
- Inclusion of credit balance in stock, stores and spares account in current liabilities which had not been investigated — (Uttar Pradesh State Bridge Corporation Ltd.)
- Over valuation of stock — (Uttar Pradesh Leather Development and Marketing Corporation Ltd.)

Profit and Loss Account

- Incorrect preparation of Profit and Loss Account— (Uttar Pradesh Nalkoop Nigam Ltd.)
- Non-preparation of Profit and Loss account during construction period — (Uttar Pradesh Carbide and Chemicals Ltd.)
- Non-disclosure of change in the accounting policy— (Uttar Pradesh State Bridge Corporation Ltd.)
- Inclusion of depreciation under the head administrative and other expenses — (Uttar Pradesh Nalkoop Nigam Ltd.)

General

- Non-disclosure of remuneration paid to Managing Director in Profit and Loss account or by way of note to accounts— (Uttar Pradesh Nalkoop Nigam Ltd.)
- Non-disclosure of figures for the previous year — (Uttar Pradesh State Bridge Corporation Ltd.)
- Non-authentication of schedules forming part of accounts — (Uttar Pradesh State Bridge Corporation Ltd. and Prayag Chittrakoot Krishi Evam Godhan Vikas Nigam Ltd.)

- Non-disclosure of adequacy or otherwise of internal audit system (Prayag Chitrakoot Krishi Evam Godhan Vikas Nigam Ltd.).
- Adoption of accounts in the Annual General Meeting without the comments of the Comptroller and Auditor General of India in violation of the provisions of Section 619 (5) of the Companies Act, 1956 - (Uptron Sampack Ltd. 1977-78).

SECTION II

UTTAR PRADESH INSTRUMENTS LIMITED

2.01. *Introduction*

The Company, promoted jointly by Uttar Pradesh State Industrial Development Corporation Limited (UPSIDC), a State Government undertaking, and Scooters India Limited (SIL), a Government of India undertaking, was incorporated on 1st January 1975 with the main object to deal in plant, machinery, tools, implements, etc. required for the manufacture of water meters, microscopes, automobile dash board meters for motor cycles, scooters, etc.

As reported in paragraph 5.2 of the Report of the Comptroller and Auditor General of India for the year 1975-76 (Civil), the assets of erstwhile Government Precision Instrument Factory (GPIF) were transferred (March 1975) to the Company in pursuance of a decision of the State Government (February 1975) the value of which was treated as loan. In January 1983, the Government decided to adjust the loan by treating it (Rs.108.75 lakhs) and interest thereon up to 1981-82 (Rs.43.47 lakhs), as loan to UPSIDC to which the Company was to issue shares to that extent (Rs.152.22 lakhs).

2.02. *Organisational set-up*

The Management of the Company vests in a Board consisting of not less than six and not more than twelve Directors (including those nominated by debenture holders or financial institutions, if any). As per Articles of Association the UPSIDC and SIL were to have initially six nominee Directors of which three (including Chairman) were to be nominated by UPSIDC and the rest by SIL (including one as Managing Director). As per provisions in the articles of association, SIL was eligible to nominate its representative as Managing Director so long as it held 49 per cent of the paid-up capital of the Company. It was noticed that though SIL's shareholding was less than the prescribed percentage up to February 1980 it had its nominee as Managing Director from the beginning.

2.03. *Capital structure*

2.03.01. The Company was registered with an authorised capital of Rs. 75 lakhs divided into 7,50,000 share of Rs. 10 each which was raised (March 1982) to Rs.2 crores.

2.03.02. The paid-up capital as on 31st March 1982 was Rs.50 lakhs subscribed by UPSIDC (Rs.25.50 lakhs) and SIL (Rs.24.50 lakhs).

2.04. *Working results and financial position*

The Company incurred losses ever since its inception. The accumulated loss at the end of 1981-82 was Rs.210.70 lakhs (as per provisional accounts) as against the paid-up capital of Rs.50 lakhs. The preparation of the accounts for 1981-82 was in arrears (January 1983). The Management attributed (December 1981) the following reasons for the losses :

- recruitment of excessive staff ;
- high cost of manufacture ;
- value of production being low which affected recovery of overheads; and
- non-payment /payment of low rates by SIL for components supplied.

The following points were also noticed :

(a) The amount payable to SIL (Rs.19.82 lakhs) was adjusted against the debit balance during 1980-81 without prior concurrence from the party. Further, claims due from SIL (Rs.4.94 lakhs) were not reconciled (March 1982).

(b) The provident fund dues were not deposited regularly by the Management with the appropriate authority. The Regional Provident Fund Commissioner determined (December 1982) the total liability of the Company at Rs.51.07 lakhs to be deposited immediately. The Management stated (February 1983) that on the improvement of financial position the provident fund dues would be deposited.

(c) The Management obtained unsecured loans of Rs.3.70 lakhs and Rs.20.38 lakhs from UPSIDC, Kanpur during 1980-81 and 1981-82 respectively for the sole purpose of distributing salaries to the employees of the Company.

(d) A sum of Rs.2.84 lakhs was paid to 17 suppliers against bank documents during 1976-77 to 1979-80. Supplies for full value were not received by the Company and as on 31st March 1982, a sum of Rs.0.83 lakh was recoverable from 16 suppliers. No action for recovery of the amount or to obtain supply of material was taken (February 1983).

2.05. *production performance*

At the time of transfer of assets of erstwhile GPIF to the Company, facilities existed for manufacture of 54,000 water meters, 600 microscopes and 3,000 pressure gauges annually. In May 1975 the Company decided to establish facilities for the manufacture of speedometers and magnetoes besides manufacturing water meters. Facilities were, thus, developed for manufacture of 1,00,000 speedometers and 40,000 magnetoes annually. However, annual targets of production were not fixed.

The table below indicates the installed capacity and the actual production thereagainst of watermeters, speedometers and magnetoes during the six years up to 1981-82 :

Product	Installed capacity	Actual production during						
		1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82
(Numbers)								
Water-meters	60,000	32,094	42,788	38,797	39,648	29,724	15,841	6,754
Magnetoes	40,000*	279	12,646	24,564	39,483	28,804	14,113	4,823
Speedometers	1,00,000**	..	50	1,248	1,203	300	1,046	..

Low production during 1980-81 and 1981-82 was attributed by the Management (June 1982) to labour unrest on account of non-payment of statutory dues (provident fund contribution, group insurance, employees state insurance dues, etc.) and non-availability of funds resulting in shortage of raw material, spares and machinery components.

From 1981-82, the manufacture of speedometers had been discontinued by the Company and the plant and machinery acquired for the purpose was lying idle (March 1983).

2.06. *Revival plan*

To overcome the financial stringency and recurring losses, it was decided (February 1981) in a meeting of the representatives of Government, SIL and UPSIDC that :

- UPSIDC shall release an unsecured loan to enable the Company to pay salaries and wages for February and March 1981 ;

*Capacity increased, from 10,000 in 1975-76 to 40,000 during 1978-79.

**From 1976-77.

- efforts shall be made to persuade BHEL to take over the unit ;
- steps shall be taken to formulate a diversification programme ;
- SIL shall provide maximum jobbing work, raw material and assemblies for manufacture of magnetoes ; and
- the Company shall explore the possibility of alternative employment for surplus staff in other Central and State Government units.

It was noticed that efforts for transfer of the unit to BHEL and of surplus staff (including labour) to other Central/State undertakings did not meet with any success.

The Management stated (February 1983) that efforts were being made to reduce manpower to make the unit viable.

In March 1981 a firm of Chartered Accountants of Bombay was appointed to (i) assess the financial position, capacity utilisation (plant, machinery and men) and the weakness in the organisation and (ii) submit a plan for the diversification of products, market survey for new products and proposed organisational structure for the units. Based on the findings (June 1981) of the firm, proposals were submitted in April 1982 (delay was due to time taken in consideration of report by the Board) to Government which *inter-alia* provided for :

- transfer of assets of erstwhile GPIF at an accepted price of Rs.108.76 lakhs and for treating the same together with the loan of UPFC of Rs.8.14 lakhs as equity ;
- waiver of interest of Rs.41.64 lakhs on UPFC loan (Rs.2.82 lakhs) and Government loan (Rs.38.82 lakhs);
- reimbursement of Rs.8.16 lakhs paid by the Company on account of gratuity and leave salary of employees of erstwhile GPIF ;
- updating of technical know-how for developing plastic water meters and diversification of products for which requirement of funds was assessed at Rs.180.90 lakhs ; and
- expediting of decisions regarding ownership.

It was decided by Government in April 1982 to update technical know-how and diversify production. As per the deci-

sion, funds required immediately for capital expenditure (Rs.28 lakhs) were to be provided by Pradeshiya Industrial and Investment Corporation of Uttar Pradesh Limited (PICUP) and Rs.86.55 lakhs for meeting statutory liabilities (Rs.24 lakhs), liabilities of suppliers and banks (Rs.12 lakhs), cash losses (Rs.10.55 lakhs) and working capital (Rs.40 lakhs) by UPSIDC. No decision was taken for raising the balance Rs.66.35 lakhs required for revival of the Company.

It was noticed (February 1983) that the loan of Rs.28 lakhs sanctioned by PICUP in September 1982 could not be drawn (February 1983) pending completion of formalities. To enable the Company to make payments for the statutory liabilities, etc. UPSIDC released (June 1982) Rs.11 lakhs as loan repayable after six months and carrying interest at 18 per cent per annum with rebate of 2 per cent for timely repayment. In August 1982, Government sanctioned a loan of Rs. 36 lakhs to UPSIDC to be invested in the Company. After adjusting the amount of loan (Rs.11 lakhs) UPSIDC remitted to the Company (8th October 1982) Rs.25 lakhs as loan for meeting liabilities on account of provident fund and family pension (Rs.12.50 lakhs), employees state insurance (Rs.3.50 lakhs), gratuity (Rs.1.40 lakhs) and other liabilities (Rs.7.60 lakhs). Out of Rs.11 lakhs, a sum of Rs.9 lakhs was utilised by the Company up to December 1982. The proceeds of loan (received in October 1982) were desposited in a bank on 12th October 1982 for one year at 8 per cent per annum.

2.07. *Pricing policy*

The Company does not have a system of computing the actual cost of its products, though a cost accountant and a senior cost assistant were transferred alongwith other staff of erstwhile GPIF. Prices of products manufactured exclusively for SIL (speedometers and magnetoes) were fixed on the basis of negotiations. It was noticed that before starting the production, the Company estimated (February 1976) the cost of speedometers at Rs.38.84 per unit (including material cost of Rs.26.55) and on this basis agreed to sell the products at Rs.42.50 per unit. In August 1978 the material cost per unit was Rs.32.39 as against Rs.26.55 estimated in February 1976 on which basis the ultimate cost worked out to Rs.45.73 per unit. But, sale to SIL was continued at Rs.42.50 per speedometer. Similarly, sale of magnetoes was

made to SIL at a mutually agreed price which was below the cost estimated by the Company, as detailed hereunder:

Effective date	Magneto Vijai Super		Magneto 3 wheeler	
	Cost as estimated	Price at which sold	Cost as estimated	Price at which sold
(Rupees per piece)				
April 1978	168.48	156.58	107.21	117.38
January 1979	168.48	167.00	..	..
April 1979	183.77	176.00	..	..
September 1979	207.09	190.00	177.41	153.00
January 1980	213.89	195.00	180.34	160.00
April 1980	219.93	200.00	185.45	163.00

The sale of speedometers after August 1978 and of magnetoes for Vijai Super from April 1978 and for 3 wheelers from September 1979 made at a price below the cost estimated by the Company resulted in a loss of Rs. 10.47 lakhs approximately on sale of 2471 speedometers sold during the period April 1978 to November 1980 and 82,809 magnetoes during the period from 1st April 1978 to 31st March 1982.

The Management stated (February 1983) that the Company had accepted low prices for magnetoes to fall in line with competitors.

In respect of water meters the Company adopted the rates ruling at the time of take over of the factory in March 1975 which varied from Rs.92 to Rs.185 per meter depending upon the specifications and size of the meters.

These were first revised in May 1977, and again in April 1979 with reference to prevailing competitive rates as follows :

Water meter (Plastic) size	Price per unit	
	Effective from May 1977 (f.o.r. Lucknow)	Effective from April 1979 (f.o.r. Lucknow)
15 mm	110.25	126
20 mm	166.00	191
25 mm	199.00	229

In February 1981, it was brought to the notice of the Board that in the sale of each water meter the Company was losing Rs.40 (approximately). Outdated technology and high cost of production were the main reasons attributed (February 1983) by the Management for the losses. The prices of water meters (size 15 mm) were revised (October 1981) as under :

	Price per unit (f.o.r. Lucknow) (In Rupees)
All metallic type	225.76
Metallic type	198.86
Semi-plastic type	180.20
Wil dial type	224.97
Straight reading	186.38
With frost protection device	239.29
All plastic	135.65

In respect of 45,979 water meters sold during April 1979 to September 1981, the Company lost Rs. 18.39 lakhs approximately. Loss suffered, if any, after October 1981 could not be ascertained as the Company had not worked out the cost of production. However, based on the existing cost of production (September 1981) the loss works out to Rs. 1.54 lakhs for 3846 water meters sold during November 1981 to March 1982.

2.08. Manpower

After take over, integrated assessment of the manpower required for various jobs was not made but appointments in various categories of staff/workers were made by the Company from time to time. The growth of personnel strength during the seven years up to 1981-82 was as follows :

Category of staff/workers	Number of personnel transferred from GPIF on 1st March 1975	Staff strength at the end of						
		1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82
				(Numbers)				
Officers	4	4	10	10	11	13	10	10
Supervisors	23	23	27	27	33	32	31	30
Ministerial (including in ferior)	101	80	79	87	96	103	99	89
Industrial	335	328	466	462	438	462	460	451
Total	463	435	582	586	578	610	600	580

The Management stated (February 1983) that 138 industrial workers were appointed in 1976-77 for Magneto division, that this requirement was grossly overestimated and that efforts were being made to reduce the manpower.

The test check in audit (May 1982) revealed the following points :

(i) For the first time the Board was informed in July 1980 that manpower was disproportionate to production requirements and according to recovery plans prepared by SIL (July 1980) 162 to 242 personnel were surplus to requirement. As per report of the consultants (June 1981) also, 121 personnel were assessed surplus. The Management stated (March 1983) that action had been taken to allow voluntary retirement to all those interested in the proposal.

(ii) From April 1975, the factory workers were provided milk at half litre per head per day by the Works Manager who was not authorised to incur such expenditure. Neither any rules were framed nor approval of the Managing Director/Board obtained and this facility was extended (June 1978) to the workers of electroplating and spray painting sections also. From June 1978, the workers were paid milk allowance in cash at Rs. 1.30 per head per day (raised to Rs. 1.45 per day from June 1980). Payment of milk allowance was stopped in June 1981. Total payment made by the Company for milk/milk allowance from April 1976 to May 1981 was Rs. 1.79 lakhs (data for 1975-76 were not available). The Works Manager concerned was reverted to his parent organisation (SIL) in February 1979 and no action had been taken against him by the Company.

(b) *Overtime/production incentive*

Payment for overtime (Rs.2.39 lakhs) was the highest in 1978-79 without proportionate increase in production. The proposal for payment of production incentive in lieu of overtime, submitted (November 1978) to the Board was approved (August 1979) with effect from June 1979, but payment of Rs.1.77 lakhs towards production incentive was made for the period November 1978 to May 1979.

2.09. *Purchase procedure and inventory control*

(a) The table below indicates the inventory of finished products (including works-in-progress), raw material

components and parts and tools and stores at the close of each of the three years up to 1981-82 :

	1979-80	1980-81	1981-82 (Provisional)
	(Rupees in lakhs)		
Raw material components and parts	12.83	11.76	12.93
Tools and stores	7.65	4.79	4.56
Works-in-progress	3.77	5.75	4.45
Finished goods	3.96	3.62	7.78
Total	28.21	25.92	29.72

It was noticed (February 1983) that inventories included raw material components and parts valuing Rs.4.36 lakhs relating to microscop (Rs 1.13 lakhs), pressure gauge (Rs. 0.73 lakh) and other non-moving items (Rs. 2.50 lakhs) taken over from erstwhile GPIF for which no action for disposal was taken despite Board's decision (May 1975). Further, speedometer components valuing Rs.1.49 lakhs were also lying (December 1982) with the 3.01. *Introduction*

The Management stated (February 1983), that the inventories of microscopes and pressure gauges could not be liquidated because of low demand in the market of the range of products with the Company. Further, the speedometer components were lying for want of matching components.

The consumption of raw materials, components and parts, stores and tools was determined by adding purchases to opening stock and deducting therefrom the value of closing stocks. Actual consumption of these items had not been reconciled with the consumption as per indents issued during the relevant years.

2.10. *Purchase of ignition capacitors*

In response to quotations invited by the Company (February 1976) from three suppliers, for purchase of 15,000 ignition capacitors, a quotation from a firm 'N' of Ambala quoting a rate of Rs.3.40 *f.o.r.* Lucknow was received. Before expiry of closing date for receipt of quotations (10th March 1976) SIL introduced a firm of Bangalore on whom the order for supply of 15,000 ignition capacitors was placed (March 1976) at Rs.5 *f.o.r.* Lucknow with a discount of 10 *per cent.* A repeat order for supply of further 25,000 capacitors was placed (April 1978) with the firm

at Rs.4.50 *f.o.r.* Lucknow with a discount of two *per cent.* Thus, while making purchase, the lower rate of Rs.3.40 obtained from firm 'N' of Ambala was ignored for which reasons were not on record. This resulted in an avoidable expenditure of Rs.0.42 lakh on the purchase of 40,000 ignition capacitors.

2.11. *Purchase of Magneto Rotor castings*

In response to an enquiry floated (August 1978) for the purchase of 30,000 S G iron malleable Magneto rotor castings, five offers at rates varying from Rs.21.50 to Rs.49.25 each were received. The lowest offer of a firm of Rae Bareli was not considered as, on inspection at its works, it was found that the firm was not capable of taking up manufacture of S G iron castings and its business was for malleable castings only. After obtaining confirmation for prices from remaining firms during the currency of the contract and adherence of delivery schedule, order was placed (October 1978) with the second lowest offerer, with whom another order already placed in June 1978 for the supply of 25,000 S G iron castings at Rs.22.40 each *f. o. r.* Nasik *plus* CST at 4 *per cent* was pending, for supply of 30,000 S G iron castings at the above rate with delivery schedule of 1,000 magneto rotor castings per week after completing the supplies of earlier order of June 1978. The supplies against the order of June and October 1978 were to be completed by 4th December 1978 and 2nd July 1979 respectively. The firm did not complete the supplies within the stipulated period and due to increase in price of raw material and also non-adherence of terms of payment by the Company, the firm demanded (February and March 1979) a revised rate of Rs.23.86 each, *f. o. r.* Nasik by assuring that the supplies against the order of June 1978 would continue to be made at the old rates of Rs. 22.40 each and supplies against the order of October 1978 would be made at the revised rate of Rs.23.86 each *f. o. r.* Nasik. This was accepted (April 1979) by the Company at Rs.23.85 each *f. o. r.* Nasik. Even then, the supplies were not completed and the firm demanded further revisions of prices to Rs.24.50 each (May 1979), Rs.29.65 each (September 1979) and Rs.31.25 each (February 1980) in respect of the order of October 1978, which were accepted by the Company.

The firm supplied 22,223 castings at Rs.22.40 each against the order of June 1978 and 9,253 castings at Rs.31.25 each against the order of October 1978. The firm did not make any supply at the revised price of Rs.24.50 and Rs.29.65. Since the

balance quantities were not supplied by the firm, two fresh orders for the supply of 3,000 castings at Rs.40.50 each *f. o. r.* Nasik and 4,000 castings at Rs.38.50 each *f. o. r.* Nasik were placed with the firm in April and November 1982 against which full supply of the order of April 1982 and 2,000 in respect of the order of November 1982 were received up to December 1982. This resulted in an extra-expenditure of Rs.1.50 lakhs including Central Sales Tax on the supplies received up to December 1982.

2.12. *Internal audit*

In June 1975 the work of internal audit was entrusted to one of the accountants under the charge of the Works Manager/Managing Director in addition to his duties without defining the scope or extent, *etc.* of internal audit. In January 1978 he was placed under the charge of Financial Controller as the checks exercised by him were not considered adequate.

In March 1978 'A' a firm of chartered accountants was engaged at Rs.850 per month to conduct internal audit for 1978-79, develop a system of internal audit, to suggest ways and means to ensure adequate control over purchase of material, maintenance of accounts records *etc.* Till 31st March 1982 the firm had been paid Rs.8500 and Rs.1700 had been withheld as it failed to discharge its obligations.

Two other firms of chartered accountants were appointed (February 1980 and March 1981) to conduct internal audit for the years 1979-80 and 1980-81 on a consolidated fee of Rs.7000 and Rs.5000 respectively. The reports submitted by the internal auditors were not placed before the Board despite specific instructions of the Chairman (June 1980) to place them before the Board along with comments of the Management.

In October 1982 again the firm 'A' was appointed to conduct internal audit for 1981-82 and 1982-83 at a consolidated fee of Rs.1,000 and Rs.7,000 respectively. After appointment of Financial Controller, the work was withdrawn in December 1982.

The matter was reported to Government in January 1983 : reply was awaited (February 1983).

SECTION III
PRAYAG CHITRAKOOT KRISHI
EVAM GODHAN VIKAS NIGAM LIMITED

3.01. *Introduction*

With a view to promoting development of cattle, dairy and agriculture in trans-Yamuna areas of Allahabad and Banda districts, the Company was incorporated as a wholly-owned Government Company on 7th December 1974. The main object of the Company is to provide gainful employment to small and marginal farmers and landless labourers through the programme of milk production and other ancilliary activities.

The entire authorised/paid-up share capital of Rs.50 lakhs was subscribed by the State Government during 1974-75 (Rs.12 lakhs of which Rs.6 lakhs had been indirectly contributed by the Government of India under the Drought Prone Areas Programme (DPAP) and 1975-76 (Rs.38 lakhs). Since inception, major part of the share capital was invested by the Company in fixed deposits (Rs.41.56 lakhs to Rs.46.50 lakhs) and savings bank (Rs.0.16 lakh to Rs.1.34 lakhs) and interest of Rs.20.31 lakhs was earned up to 1981-82. The Company incurred losses of Rs.1.14 lakhs, Rs.0.57 lakh and Rs.0.38 lakh during the three years up to 1981-82 respectively. The accumulated loss as on 31st March 1982 was Rs.5.12 lakhs.

3.02. The main schemes undertaken by the Company were cross-breeding, Kubabul farming, social forestry and food for work. Kubabul schemes were financed from Company's fund and other schemes were financed by subsidy from the Government of India.

(a) *Cross-breeding scheme*

The Company entered into an agreement (25th July 1975) with Bharat Agro Industries Foundation (BAIF), Pune, for cross-breeding of cattle in the trans-Yamuna belt of the State. The agreement was to remain in force for seven years.

The venue of cattle breeding centre was to be selected by BAIF in consultation with the Company after assessing local conditions. The staff and equipment at the centre was to be provided by BAIF alongwith veterinary service and health cover. The expenses on medicines and vaccines, etc. were to be borne by the Company.

For the services rendered, the Company was to pay to BAIF, Rs.150 per pregnant animal in three instalments *viz.*, Rs.10 at the time of registration at the centre, Rs.40 at the time of first insemination and Rs.100 on confirmation of pregnancy. In case the conception did not materialise, Rs.50 per cattle was to be refunded by BAIF. However, in the event of animals not being available for verification, no refund was required to be made.

The scheme envisaged opening of 50 centres in a phased manner and registration of 2000 animals per centre per year.

The table below indicates the target and achievement of the programme :

Year	Number of centres		Animals registered		Number of animals inseminated		Number of conceptions	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
1975-76	5	5	10,000	..	500	..	250	..
1976-77	15	5	20,000	2,962	5,500	426	2,750	147
1977-78	30	9	30,000	8,921	13,500	1,054	6,750	561
1978-79	50	9	40,000	7,680	26,500	1,383	13,250	502
1979-80	50	9	..	4,359	37,000	2,983	18,500	1,648
1980-81	50	9	..	2,231	46,000	3,142	23,000	1,933
1981-82	50	9	..	1,224	50,000	4,123	25,000	2,245
							89,500	7,036

There was shortfall in the achievement of targets of the registration of animals, number of animals to be inseminated. Against the targets of 89,500 confirmed inseminations to be achieved up to 1981-82, the number of confirmed conceptions was 7,036 (7.9 per cent).

The Management stated (November 1982) that keeping in view the performance and experience gained, the Board decided (July 1977) to consolidate the working of nine centres only so that the future cattle breeders could be motivated for integrated artificial insemination work after seeing the performance of cross breeding programme.

Up to 1976-77 charges for insemination payable by the Company to BAIF were recoverable from the beneficiaries. During 1977-78 a subsidy of Rs.500 per animal (Rs.150 per insemination, Rs.325 for feeding during last three months of pregnancy and

Rs.25 for vaccination of newly born calf) was admissible from Government under D P A P for benefit of small and marginal farmers and landless labourers participating in the programme. From 1978-79 the feed and medicine subsidy was withdrawn.

Of the total amount of Rs.0.22 lakh recoverable from the beneficiaries during the year 1976-77 only Rs.0.06 lakh was recovered ; balance was borne by the Company. Of the total admissible subsidy of Rs.12.29 lakhs for the years from 1977-78 to 1981-82 subsidy of Rs.6.84 lakhs only was received and Rs.3.80 lakhs were recoverable from Government. The balance amount (Rs.1.65 lakhs) represented the amount not claimed, as due to late receipt of information from the beneficiaries disbursements for feeding charges were made for the period ranging from 15 days to 3 months only. Thus out of Rs.1.96 lakhs which should have been disbursed towards feed and medicine subsidy in respect of 561 pregnant cows in 1977-78 a sum of Rs.0.31 lakh only was disbursed.

The following table indicates the amount of subsidy received and utilised up to to 1981-82 :

Year	Unspent balance at the beginning of the year	Subsidy received	Subsidy utilised	Balance amount at the close of the year
(Rupees in lakhs)				
1977-78	..	0.40	0.32	0.08
1978-79	0.08	6.00	0.31	5.77
1979-80	5.77	0.44	0.45	5.76
1980-81	5.76	..	0.34	5.42
1981-82	5.42	..	5.40	0.02

(b) *Kubabul farming*

To ensure availability of nutritious green fodder for supply to small marginal farmers and landless labourers participating in the cross-breeding programme, Board decided (November 1975) to establish *Kubabul* Pilot Project Farm at Manikpur and to popularise the fodder.

A site near Manikpur, with its vicinity to three lakes and nearby potential was selected by the Board after consulting the *Kubabul* Cultivation Expert of BAIF.

Out of 907 acres of forest land to be acquired on lease, free of cost, at Manikpur from Forest Department, possession of 140 acres was taken (July 1976) to start the work. The remaining land had not been acquired (March 1983). A target of 1.25 lakh plants was fixed for the year 1976-77. Cultivation of *Kubabul* plantation was started on the land acquired by obtaining the plants from the nurseries of a private trust 'A' at Jankikund and from the Forest Department as detailed below :

Year	Plants purchased (Number)	Agency	Rate per plant
1976-77	1,11,488	Private Trust 'A'	37 paise (including transport)
1977-78	26,510	Do	30 paise (including transport)
	18,015	Forest Department	25 paise (excluding transport)

The above table would indicate that the rate paid to the private trust 'A' was higher than that paid to the Forest Department. The Company had not approached the Forest Department for supply of plants during the year 1976-77.

The rate of 37 paise per plant, paid during 1976-77 was settled on the basis of negotiations. Out of 1,11,488 plants planted in 1976-77 only 90,000 plants survived. During 1977-78 work relating to gap filling and to increase the plant population was done with the 44,525 plants purchased during the year.

The Management stated (December 1982) that the Board did not fix any target for production of fodder during the second, third, fourth and subsequent years. During 1977-78, only 48 quintals of fodder was obtained from the Manikpur farm, on the sale of which only Rs.378 were realised as against the estimated cost of production of about Rs. 11, 000. from the year 1978-79 instead of extracting fodder, seed was extracted to meet the requirement of *kubabul* cultivation by the farmers. The decision to obtain seed from the farm instead of fodder was taken by the Management without the approval from the Board; seed was also obtained from the beneficiaries from 1980-81 free of cost. The requirement of green fodder for cross-breeding programme could not, therefore, be met by this farm.

In January 1978 Government appointed a Committee to enquire into the affairs of Manikpur Farm and to study the problem of supply of fodder and to find out practical solution therefor. The Committee in its report (April 1978) stated that

the soil was rocky, and sufficient quantity of green fodder would not be produced.

The Committee's report was forwarded by Government to the Company for taking appropriate decision (11th April 1978). The Board thereupon decided (14th April 1978) to utilise the Manikpur Farm under the food-for-work programme [paragraph 3.02 (d) *supra*] and Social Forestry programme [paragraph 3.02 (c) *supra*] sanctioned by the Government of India. The entire area of 140 acres of Manikpur Farm on which plantation was done was accordingly allotted among the beneficiaries under these programmes during 1978-79.

After the close (March 1981) of the scheme of social forestry and food-for-work programmes, the Board decided (November 1981) that Manikpur Farm would be looked after by the Company to grow it as forest. At present (March 1983), it is under the management of the Company.

During 1976-77 to 1978-79 the Company spent Rs.5.55 lakhs (Rs.2.29 lakhs on plant development, Rs.1.05 lakhs on fixed assets and Rs.2.21 lakhs on maintenance of the farm). Fixed assets of erstwhile Kubabul Pilot Project Farm, Manikpur were retained by the Company.

The table below indicates yearwise break-up of kubabul seeds received, sold and amount realised :

Year	Kubabul seed		Amount realised (Rupees)
	Received (In kgs)	Sold	
1978-79	1500	130	1950
1979-80	410	1502	22620
1980-81	2940	265	3975
1981-82	Nil	301	3305
Total	4850	2198	31850

Against an expenditure of Rs.2.21 lakhs on maintenance of the farm during 1976-77 to 1978-79 the Company had realised Rs.0.32 lakh on the sale of seed and 2652 kgs of seed was awaiting disposal (March 1983).

After the decision of the Board to transfer the Manikpur Farm under the Food-for-Work/Social Forestry Programmes, the Project Co-ordinator was relieved (August 1978) but other six

members of staff (monthly cost of establishment : Rs.3000) were kept engaged either in the Company's headquarters or to look after the work of *kubabul* plantation already done at the farm and to do the works relating to the Social Forestry and Food-for-Work Programmes.

(c) *Social Forestry Scheme*

The scheme as sanctioned (March 1978) by the Government of India for three years with effect from April 1978 provided for central assistance of Rs.1000 per hectare of social forestry and was to be linked with cross-breeding programme of BAIF. Salient features of the scheme were to cover small/marginal farmers and landless agricultural labourers ; every family of beneficiary was to be provided with 2½ acres of forest land for developing as forest (1½ acres : 600 plants) and green fodder cultivation (1 acre : 4400 plants) ; and in all 5000 families were to be benefitted in Banda.

In July 1978 it was noticed by the Company that forest land was not available as per the requirement of beneficiaries and the scheme was, therefore, modified to suit local situations and conditions. It was implemented with effect from 15th August 1978 with modifications to :

- restrict benefit to 1000 families ;
- grow in every acre 200 plants of forest species ; and
- grow green fodder in 1000 acres with 4800 plants in every acre.

As already mentioned in paragraph 3.02 (b) the Company's own farm of 140 acres on which Rs.5.55 lakhs had already been spent was distributed to beneficiaries. Besides, other land measuring 763 acres obtained from Gram Samaj was allotted to them.

The year-wise progress of the scheme is indicated below :

	1978-79	1979-80	1980-81	Total
Number of beneficiaries identified	891	12	..	903
Land allotted for green fodder (in acres)	691	212	..	903
Plantation of <i>kubabul</i> plants (in lakhs)	2.33	6.62	31.00	39.95
Construction of farm ponds	..	341	259	600
Expenditure incurred (Rupees in lakhs)	0.19	1.38	0.20	1.77

The number of beneficiaries identified was 18 per cent of what was anticipated and development of community assets in the shape of forests was totally given up due to practical difficulties of Forest Department. The Management stated (December 1982)

that the required land was not available and 5000 beneficiaries could not be identified.

The scheme was sanctioned for a period of three years and was closed on 31st March 1981. The Management stated (November 1982) that the main difficulty was non-availability of land and that the beneficiaries also engaged themselves in collection of *hawaiin* giant variety seed in addition to fodder plantation as it yielded a good additional income to them.

The approved Central assistance of Rs.1000 per family for establishing $1\frac{1}{2}$ acres of forest and 1 acre of green fodder farm was revised to Rs.880 per family as each family was to develop only one acre of land. A sum of Rs.7 lakhs was allotted against the scheme against which an expenditure of Rs.1.77 lakhs only was incurred.

A sum of Rs.2.50 lakhs was refunded (March 1981/March 1982) and the balance (Rs.2.73 lakhs) was with the Company as on 31st March 1982.

(d) *Food for work programme*

(i) *Scope of the programme*

As the benefit of cross breeding scheme takes time to percolate to the beneficiaries, who are normally below the poverty line, "Food for work" scheme was linked with Social Forestry and Cross Breeding schemes to ensure quick benefits.

The scheme which was to last for 3 years from 1978-79, *inter alia*, provided that landless labourers of Banda district (having local cows and interested in their cross breeding) would be entitled for 10 kgs of wheat and 2 kgs of nutritious food per week in lieu of work in the land provided for development of forest and green fodder.

The table given below indicates the target and achievement of distribution of foodgrains during August 1978 to March 1981 ;

	Target	Achievement
Number of beneficiaries	5000	903
		(Quintals)
Wheat distributed	78000	8800
Rice distributed	..	1583
Nutritious food distributed	15600	1661

(ii) *Identification of beneficiaries with no cows*

Of the 903 beneficiaries identified, only 331 owned cows and 53 beneficiaries received cows donated by a Charitable Agency. The remaining 519 beneficiaries were also assisted to grow fodder though they had no cows.

3.03. Manual of accounts, purchase procedure and internal audit

Although the Company has been in existence for more than seven years it has not prepared any manual outlining the purchase and accounts procedures. It has not made any arrangements for internal audit up to 1977-78. From 1978-79, a firm of Chartered Accountants was being appointed regularly for this purpose on part-time basis but its services were being utilised for compiling the annual accounts of the Company. The firm had been paid a sum of Rs.13222 during the 4 years up to 1981-82.

SECTION IV
OTHER GOVERNMENT COMPANIES
UTTAR PRADESH RAJKIYA NIRMAN NIGAM LIMITED

4.01. Construction of syphon

The work of construction of Issan *nadi* syphon (Etah District), which was awarded (February 1978) by the Irrigation Department on the basis of tenders (value : Rs.27.72 lakhs), was taken up by the Company in April 1978 and completed in March 1980. As the Company anticipated heavy loss in execution of this work, the Board appointed (March 1981) a committee to enquire into the affairs and the accounts of this unit and reasons for incurring loss in this deal.

The committee, in its report (June 1981) pointed out a loss of Rs.13.20 lakhs in this deal due to excess consumption of bricks, sand, shingle and shuttering *etc.* (Rs.3.58 lakhs), excess labour input (Rs.6.31 lakhs), excess cost of establishment (Rs.1.22 lakhs) and increased cost of materials (Rs.2.09 lakhs). Besides, the committee noted the following irregularities in the work :

- the unit was unable to report the total quantity of cement, empty cement bags and steel received from the client and quantity lying with it, in the absence of which excess consumption of steel and cement could not be worked out ;
- amount spent (Rs.0.43 lakh) on deployment of armed constables was not covered in client's work ;
- expenditure on shuttering materials consumed, maintenance of machineries and vehicles was quite excessive ;
- many payments to piece-rate workers were made without reference to measurement books and without formal request from them ;
- number of payments were made to suppliers without verification from measurement books/goods receipt notes ; and
- physical verification of the stock materials, tools and plant and equipment was not done.

Action taken by the Company on the report of the committee and fixing up of responsibility for the lapses was awaited (March 1983).

The matter was reported to Management in July 1982 and to Government in December 1982 ; replies were awaited (March 1983).

4.02. *Carriage of cement*

In December 1980 a special quota of 3500 tonnes of cement allotted to the Company was allocated to five units. The Company authorised the units concerned (all situated in Lucknow) to make arrangements for the cartage from Maihar to Lucknow. An Assistant Resident Engineer of the Company was deputed to Maihar to co-ordinate the despatch of cement.

Unit No. IV got 300 tonnes of cement transported (December 1980 to January 1981) at Rs.225 per tonne while other units (II, III, V and VI) paid transportation charges (January to March 1981) for the cement at rates varying from Rs.239 to Rs.253.50 per tonne.

As compared to the rate paid by unit IV, the extra expenditure in cartage worked out to Rs.0.56 lakh. The Company stated (April 1981) that the matter was under investigation by General Manager of the Company.

The matter was reported to the Management/Government in September/December 1982 ; replies were awaited (March 1983).

4.03. *Non-availment of concession in sales tax*

Under the Uttar Pradesh Sales Tax Act, 1948 (as amended from 26th May 1975) all the offices of a company, corporation or undertaking owned or controlled by Government, located in the State could purchase goods for their own use at a concessional rate of sales tax, viz., three *per cent* up to 30th June 1975 and four *per cent* thereafter. This facility was available only if the concerned undertaking furnished the supplier, a declaration in the prescribed form obtained from the Sales Tax Department.

During test check in audit (September 1979 and September 1980) it was noticed that the benefit of concessional rate of sales tax to the extent of Rs.0.42 lakh against purchases, mainly comprising building material, was not availed of by two units of the Company (Nagina, from July 1977 to August 1978 ; Rs.0.13 lakh and Bilrayan, from September 1978 to August 1979 ; Rs.0.29 lakh).

The Management stated (February 1983) that as the material purchased by the Company was put to use for construction of buildings of the clients, the concession was inadmissible without obtaining exemption under Section 3G (3) of the Act. This exemption was obtained by the Company in June 1979 only and thereafter concessional rate was availed of by the Company.

The matter was reported to Government in November 1982 ; reply was awaited (March 1983) .

4.04. *Shortage of stores*

Stores material of the value of Rs.3.45 lakhs was issued to a sub-engineer (October 1978 to February 1980), for use in the construction of girls' hostel, ministerial quarters and art block of Garhwal University and no physical verification was conducted during the period the material remained at site. An analysis of material consumed and that available in stores at the time of handing over charge by the sub-engineer (February 1980) disclosed a shortage of material valued at Rs.0.59 lakh. The sub-engineer was placed under suspension in August 1981 but the enquiry was still in progress (July 1983).

The matter was reported to Government in October 1982 ; reply was awaited (July 1983) .

4.05. *Non-recovery of penal interest*

According to circulars issued (May 1975 and September 1978) by the Cement Controller, Government of India, the manufacturers/sole selling agents were required to supply the cement within 15 days from the date of receipt of advance payment, failing which they were liable to pay interest on the amount of advance at 14 *per cent* per annum for the period exceeding 15 days.

During test check in audit (September 1982) it was noticed that against advance payments made by the Company (April 1979 to May 1982), five manufacturers did not supply the cement in time and delay ranged from one to seven months but interest (Rs.0.25 lakh) at 14 *per cent* per annum as stipulated by the Cement Controller was not claimed/recovered from the manufacturers/sole selling agents. The unit management stated (September 1982) that the matter was being taken up with the manufacturers.

The matter was reported to the Management/Government in January 1983 ; replies were awaited (March 1983) .

UTTAR PRADESH STATE SUGAR CORPORATION LIMITED

4.06. *Non-lifting of sugar*

In terms of an agreement (March 1977) between the State Trading Corporation of India Limited (STC) and the Indian Sugar Mills Association (ISMA) and National Federation of Co-operative Sugar Factories Limited for export of crystal sugar of 1976-77 season, the Government of India, (Directorate of Sugar) issued release orders to the factories of the Company during March — April 1977. Sugar was to be lifted by the STC at Rs.290 per quintal.

The STC, however, failed to lift 26,632 quintals of sugar from the factories of the Company, which was sold in the local market at a loss of Rs.31.29 lakhs. The claim preferred by the Company on STC was not entertained, as the Company had not furnished the power of attorney to ISMA that had entered into the agreement.

The Management stated (February 1983) that the claims of all the factories which had earlier failed to furnish power of attorney had now been taken up by ISMA for arbitration.

The matter was reported to Government in November 1982; reply was awaited (March 1983).

4.07. *Undue favour to a supplier*

Amroha Unit

The Company placed an order (July 1981) with a firm of Bombay for supply of centrifugal machines (value: Rs.39.85 lakhs) for its Amroha unit. The rates were firm and supply was to be completed by 31st December 1981. The terms and conditions, *inter alia*, provided for an advance payment of 10 *per cent* of the value to be given against bank guarantee and 90 *per cent* balance payment against delivery of material. In the event of failure to supply machines within the delivery period, liquidated damages at half *per cent* per week or part thereof was leviable subject to a maximum of five *per cent* of the value of the contract. In addition to 10 *per cent* advance payment (Rs.3.98 lakhs) made in August 1981, the Company also paid Rs.40.83 lakhs on *pro forma* bills during October — December 1981, before obtaining delivery of goods which were received in December 1981 — January 1982. The firm failed to supply goods within the stipulated period and was, therefore, liable to a penalty of Rs.0.28

lakh which was not levied (December 1982). The action of the Company resulted in an undue favour to the supplier to the extent of Rs.1.04 lakhs by way of interest (Rs.0.76 lakh) at 19 *per cent* per annum on irregular advance and non-levy of penalty (Rs.0.28 lakh).

The matter was reported to the Management/Government in August/October 1982 ; replies were awaited (March 1983) .

UTTAR PRADESH STATE CEMENT CORPORATION LIMITED

4.08. *Non-recovery of liquidated damages*

An order (value : Rs.1311.64 lakhs) for supply of machinery for phases I and II of Kajarhat Chunar Project of the Company was placed (April 1975) on a firm of Pune. The supplies were to be completed by 7th April and 7th October 1978 for the first and second phases respectively. The order also provided for recovery of liquidated damages at half *per cent* for each month of delay subject to a ceiling of five *per cent* of the total value of the machinery supplied after the delivery schedule.

For phases I and II, supplies commenced from 6th July 1977 and 31st January 1978 respectively but could not be completed within the stipulated period. The delay ranged from 2 to 24 months, making the firm liable for liquidated damages amounting to Rs.68.07 lakhs. Extension of time applied for by the firm was not acceded to (January and October 1978) by the Management but the recovery of liquidated damages (Rs.68.07 lakhs) from the firm was not enforced by the Company.

The Management stated (February 1983) that after examining unitwise cases of delay the liquidated damages were assessed at Rs.49 lakhs and was finally accepted in the meeting held (July 1981) with representatives of the supplier. Out of Rs.49 lakhs adjustment of Rs.28.48 lakhs had been made from the pending bills of the supplier and the balance would also be adjusted from subsequent bills.

The matter was reported to the Government in March/October 1982 ; replies were awaited (March 1983).

GARHWAL MANDAL VIKAS NIGAM LIMITED

4.09. *Non-recovery of penal interest*

According to circulars issued (May 1975 and September 1978) by Cement Controller, Government of India, the manufacturers/sole selling agents were required to supply cement within 15 days from the date of receipt of advance payment, failing which they were liable to pay interest on the amount of advance at 14 per cent per annum for the period exceeding 15 days.

In test check in audit (May 1982) it was noticed that against the advance payments made by the Company during the period from April 1981 to March 1982 the manufacturers did not supply the cement in time and delay ranged from one to eight months but penal interest (Rs.0.25 lakh) was not claimed from the manufacturers/sole selling agents.

The Government/Management Stated (May 1983) that the matter was referred by the Company to the Cement Corporation in June 1982 and since then the matter was under correspondence with them.

ALLAHABAD MANDAL VIKAS NIGAM LIMITED

4.10. *Misappropriation of sale proceeds*

An individual 'A' appointed (October 1979) incharge of Kasenda centre on commission basis did not render regular accounts for the sale of agricultural inputs supplied by the Company and defaulted in remitting the sale proceeds (Rs.1.29 lakhs) for the period October 1979 to March 1981. The accounts of the centre were not checked periodically. The supply of agricultural inputs to the centre were stopped in November 1980. On persuasion, a sum of Rs.0.25 lakh was deposited (May to August 1981) by 'A' in instalments and Rs.0.05 lakh was adjusted (August 1981) against his cash security.

A report on misappropriation of the balance amount (Rs.0.99 lakh) was lodged with the Police (August 1981) the result of which was awaited (February 1983). The civil suit against 'A'

as advised by District Government Counsel (Civil) Allahabad (July 1981), had, however, not been filed (December 1982).

The matter was reported to Management/Government in January 1983 ; replies were awaited (March 1983) .

KUMAON MANDAL VIKAS NIGAM LIMITED

4.11. *shortage of steel*

The Company placed (January 1981) an order on a firm of Kanpur for supply of 58 tonnes of steel. From the railway receipt it appeared that the firm despatched (April 1981) 49.890 tonnes of steel to kathgodam the delivery of which was taken (August 1981) without its weighment under clear signature after retiring the documents (value : Rs.2.30 lakhs) sent by the firm through bank. The railway receipt was on "sender's weight accepted" basis. On weighment of steel subsequently (August 1981) at Haldwani, 24.290 tonnes of steel (Value : Rs.1.14 lakhs) was found short.

The claim for the shortage lodged (October 1981) with the Railways was rejected (November 1981) on the ground that the consignee had taken delivery under clear signature. The request of the Company (August 1981) to make good the loss was not accepted by the firm also.

Responsibility for the shortage of steel (value : Rs.1.14 lakhs) as also for taking delivery from the Railway without weighment under clear signature was not fixed (March 1983) .

The Management stated (February 1983) that the case was under investigation by Vigilance Cell of the Railways.

The matter was reported to Government in December 1982; reply was awaited (March 1983).

UTTAR PRADESH STATE AGRO INDUSTRIAL CORPORATION LIMITED

4.12. *shortage of fertilizer*

On the complaint of the Branch Manager, Meerut, made to head office of the Company for alleged irregularities, a sales assistant was asked (October 1981) to hand over charge of the fertilizer

stocks to another sales assistant. On his reluctance to hand over charge, he was suspended (October 1981). The locks of the godown were opened in the presence of a Magistrate and an inventory was prepared (October and November 1981) which disclosed a shortage of 38.254 tonnes of fertilizers (value : Rs.0.91 lakh).

The Management stated (March 1983) that FIR was lodged with Police in January 1982 and further progress was awaited (March 1983). It was further stated that an enquiry officer was appointed (December 1982) whose report was also awaited (March 1983).

The matter was reported to the Government in December 1982 ; reply was awaited (March 1983).

UTTAR PRADESH PASHUDHAN UDYOG NIGAM LIMITED

4.13. *Non-accountal of cash/goods*

The Assistant Sales Officer of the Delhi shop of the Company was alleged to have mis-appropriated cash/goods (Rs.1.03 lakhs) during 1975 to 1980 as detailed below :

	<i>Amount</i>
	(Rupees in lakhs)
Dairy and piggery products shown as supplied to customers as free samples	0.34
Expenditure stated to have been incurred as per General Manager's orders to improve sales	0.37
Expenditure incurred to secure business from Gurudwaras	0.26
Amount shown as remitted to headquarters during August 1980 without any actual remittance	0.06
	1.03

Report was lodged with the Police on 17th February 1982 and a chargesheet was also served on him on 2nd March 1982. The Sales Manager who was appointed Enquiry Officer in his *ex-parte* report (June 1982) stated that "although four registered acknowledgement due letters were sent during April to June 1982, the Assistant Sales Officer neither attended the enquiry proceedings nor submitted any written statement in defence and as such allegations framed against him appeared to be correct".

The Assistant Sales Officer was not suspended (September 1982) and further progress was awaited (December 1982).

The Delhi shop accounts from 1975-76 to 1976-77 were audited by the internal audit in 1978 but the report had not been issued so far (August 1982).

The matter was reported to the Management in November 1982 and to Government in January 1983; replies were awaited (March 1983).

UTTAR PRADESH STATE SPINNING MILLS COMPANY (NO. 1) LIMITED

4.14. *Payment of penalty*

Due to power shortage the State Government imposed power cuts during 1977-78 to 1979-80 ranging from 33.33 to 66.66 *per cent* on the highest demand recorded in any month during the preceding 12 months from the date of issue of orders or the contracted demand whichever was less in respect of heavy, medium and continuous process industries. Any excess over the permissible demand was liable to a penalty of Rs.100/200/300 per KVA for the first, second and subsequent defaults respectively, apart from disconnection.

Bara Banki unit of the Company did not observe the power cuts imposed and rendered itself liable for a penalty of Rs.7 lakhs (Rs.2.13 lakhs during 1977-78 and Rs.4.87 lakhs during 1979-80) and paid Rs.6.13 lakhs (Rs.2.13 lakhs for 1977-78 and Rs.4 lakhs for 1979-80) to the State Electricity Board. Balance of Rs.0.87 lakh was yet to be paid (February 1983). Reasons for non-observance of the power cut were not on record.

The Management stated (February 1983) that a writ petition had been filed in the High Court, Allahabad (Lucknow Bench) against the State Electricity Board, which was under consideration.

The matter was reported to Government in January 1983; reply was awaited (March, 1983).

CHAPTER II
STATUTORY CORPORATIONS
SECTION V

5.01. *Introduction*

There were four Statutory Corporations as on 31st March 1982 :

- Uttar Pradesh State Electricity Board ;
- Uttar Pradesh Financial Corporation ;
- Uttar Pradesh State Warehousing Corporation ; and
- Uttar Pradesh State Road Transport Corporation.

The accounts of Uttar Pradesh State Road Transport Corporation for the years 1979-80 to 1981-82 were in arrears (March 1983).

The position of arrears in the finalisation of accounts was last brought to the notice of Government in March 1983. A synoptic statement showing the summarised financial results of the Corporations based on the latest available accounts is given in Appendix 'B'.

5.02. *Uttar Praadesh State Electricity Board*

The working results and operational performance of the Uttar Pradesh State Electricity Board have been reviewed in Section VI of this Report.

5.03. *Uttar Pradesh Financial Corporation*

5.03.01. *Introduction*

The Uttar Pradesh Financial Corporation was established on 1st November 1954 under Section 3 (1) of the State Financial Corporations Act, 1951.

5.03.02. *Paid-up capital*

The paid-up capital of the Corporation as on 31st March 1982 was Rs.1000 lakhs (State Government : Rs.485.18 lakhs, Industrial Development Bank of India : Rs.485.18 lakhs, others : Rs.29.64 lakhs) against the paid-up capital of Rs.945.36 lakhs (State Government : Rs.457.86 lakhs, Industrial Development Bank of India (IDBI) : Rs.457.86 lakhs, others : Rs.29.64 lakhs) as on 31st March 1981.

5.03.03. Guarantees

Government have guaranteed repayment of share capital of Rs.824.64* lakhs (excluding special share capital of Rs.35 lakhs) under Section 6(1) of the State Financial Corporations Act, 1951 and payment of minimum dividend thereon at the rate of 3.5 per cent and Rs.140.36 lakhs is yet to be guaranteed. Subvention paid by Government (up to 1963-64) towards the guaranteed dividend amounted to Rs.13.50 lakhs out of which a sum of Rs.10.80 lakhs was outstanding for repayment as on 31st March 1982. The table below indicates the details of other guarantees given by Government for repayment of loans raised by the Corporation and payment of interest thereon :

Particulars	Years of guarantee	Amount guaranteed	Amount outstanding as on 31st March 1982		
			Principal	Interest	Total
					(Rupees in lakhs)
Bonds	1968-69 to 1981-82	3987.50**	3987.50	..	3987.50

5.03.04. Financial position

The table below summarises the financial position of the Corporation under the broad headings for the three years up to 1981-82 :

	1979-80	1980-81	1981-82
			(Rupees in lakhs)
Capital and liabilities :			
Paid-up capital	745.00	945.36	1000.00
Share application money	..	27.32	..
Reserve fund and other reserves and surplus	465.13	577.38	613.89
Borrowings :			
Contribution towards share capital pending increase in authorised capital	..	..	450.00
Bonds and debentures	2722.38	3217.38	3987.50
Others including funds under special schemes of the State Government	3238.50	4521.01	6017.59
Subvention paid by State Government on account of dividend	13.50	13.50	10.80
Other liabilities and provisions	261.98	371.27	291.36
Total	7446.49	9673.22	12371.14

*Figure as per Finance Accounts is Rs.1457.14 lakhs which is inclusive of guaranteed dividend.

**Figure as per Finance Accounts is Rs.3110.00 lakhs; difference is under reconciliation.

	1979-80	1980-81	1981-82
	(Rupees in lakhs)		
Assets :			
Cash and Bank balances	495.45	481.43	797.57
Investment	32.57	32.68	32.68
Loans and advances	6591.50	8757.88	10568.57
Net fixed assets	29.42	37.18	39.96
Dividend deficit account	13.50	13.50	10.80
Other assets	284.05	350.55	921.56
Total	7446.49	9673.22	12371.14
Capital employed*	6086.25	7909.77	10397.84
Net Worth**	1196.63	1536.56	1603.09
Capital invested@	6845.83	8963.90	11747.32

5.03.05. Working results

The following table gives details of the working results of the Corporation for the three years up to 1981-82 :

Particulars	1979-80	1980-81	1981-82†
	(Rupees in lakhs)		
Income			
Interest on loans and advances‡	556.30	740.57	587.92
Other income	15.85	25.41	30.26
Total	572.15	765.98	618.18
Expenses			
Interest on long-term loans	306.82	414.92	394.86
Other expenses	132.52	176.92	156.91
Total	439.34	591.84	551.77

*Capital employed represents the mean of the aggregate of opening and closing balances of paid-up capital, bonds and debentures, borrowings and deposits.

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

@Capital invested represents paid-up capital plus long-term loans plus free reserves.

†The Company changed the system of accounting from mercantile system to cash system during the year. The corporation had not worked out the amount of interest accrued but not taken into account.

‡Interest accrued but not taken into account was Rs. 157.21 lakhs and Rs. 233.37 lakhs for 1979-80 and 1980-81 respectively, in cases where recovery certificates were issued, civil suits filed and for parties which defaulted for more than two years.

Particulars	1979-80	1980-81	1981-82
			(Rupees in lakhs)
Profit before tax	132.81	174.14	66.41
Provision for tax	51.57	67.48	22.46
Other appropriations	59.37	79.91	29.26
Amount available for dividend	21.87	26.75	16.38**
Dividend paid	21.93	26.75	33.54*
Total return on capital employed	439.63	589.06	461.27
Total return on capital invested	439.63	589.06	461.27
Rate of return on :			(per cent)
—Capital employed	7.2	7.4	4.4
—Capital invested	6.4	6.6	3.9

5.03.06. Sanction and disbursement of loans

The table below indicates the loan applications received, loans sanctioned, amounts disbursed, etc. during the three years up to 1981-82 :

Particulars	1979-80		1980-81		1981-82		Cumulative since inception	
	Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)	Number Amount	
							Number	Amount (Rupees in lakhs)
1. Applications pending at the beginning of the year	163	730.21	337	947.19	356	1265.01	..	..
2. Applications received	4268	6239.00	5779	7286.89	6985	10645.25	25236†	49898.04
3. Total	4431	6969.21	6116	8234.08	7341	11910.26	25236	49898.04
4. Applications sanctioned	2745	3320.02	4286	4360.83	4774	5746.33	16628	26963.19
5. Applications cancelled/withdrawn/rejected	1349	2349.97	1474	2191.67	2004	3806.36	8243	18435.69
6. Applications pending at the close of the year	337	947.19	356	1265.01	563	1958.16	563	1958.16

*The Corporation withdrew Rs.17.25 lakhs from General Reserve to meet the deficit for the payment of dividend.

**Includes Rs.1.63 lakhs in respect of excess provision of income tax written back during the year and opening balance of previous year.

†Difference of 198 applications is under reconciliation.

NOTE : The difference between the figures under the amount against column (3) and the aggregate of the amounts against (4), (5) and (6) represents the difference between the amounts of loan applied for and those actually sanctioned.

Particulars	1979-80		1980-81		1981-82		Cumulative since inception	
	Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)
7. Loans disbursed during the year	774*	1668.18	2254	2499.37	3679	3162.20	9060	12872.40
8. Effective commitments		6124.52		7824.52		10218.92		19929.12
9. Amount outstanding at the close of the year		5749.04		7897.07		10568.57		..
10. Amount overdue for recovery :								
Principal		514.21		513.14		556.06		..
Interest		418.66		316.68		570.73		..
Principal and interest due for which recovery certificates issued/suits filed		1246.52		1395.72		1417.43		
		<u>2179.39</u>		<u>2225.54</u>		<u>2544.22</u>		
11. Percentage of loans disbursed to effective commitments		27.2		31.9		30.9		
12. Percentage of default to total loans outstanding		37.9		28.2		24.1		

5.04. Uttar Pradesh State Road Transport Corporation

The working results and operational performance of the Uttar Pradesh State Road Transport Corporation have been reviewed in Section XI of this Report.

5.05. Uttar Pradesh State Warehousing Corporation

The working results and operational performance of the Uttar Pradesh State Warehousing Corporation have been reviewed in Section XII of this Report.

* Figure as per Corporation account is 842.

SECTION VI

UTTAR PRADESH STATE ELECTRICITY BOARD

6.01. Introduction

The Uttar Pradesh State Electricity Board was established on 1st April 1959 under Section 5 (1) of the Electricity (Supply) Act, 1948.

6.02. Capital

The capital requirements of the Board are provided in the form of loans from the Government, public, banks and other financial institutions.

The aggregate of long-term loans (including loans from Government) obtained by the Board was Rs.2,756.06 crores at the end of March 1982 and represented an increase of Rs.330.78 crores *i.e.* 13.6 per cent on the aggregate of long-term loans of Rs.2,425.28 crores at the end of previous year. Details of loans obtained from different sources and outstanding at the close of the two years up to March 1982 were as follows :

Sources	Amount outstanding as on 31st March		Percentage increase
	1981	1982	
	(Rupees in crores)		
State Government	1968.06	2211.19	12.3
Other sources	457.22	544.87	19.1
Total	2425.28	2756.06	13.6

6.03. Guarantees

Government have guaranteed the repayment of loans raised by the Board to the extent of Rs.532.69* crores and payment of interest thereon. The amount of principal guaranteed and outstanding as on 31st March 1982 was Rs.336.85* crores.

*Figures as per Finance Accounts are Rs.523.51 crores and Rs. 331.74 crores respectively; differences are under reconciliation.

6.04. *Financial position*

The financial position of the Board at the close of the three years up to March 1982 is given in the following table :

	1979-80	1980-81* (Revised)	1981-82
	(Rupees in crores)		
Liabilities :			
Loans from Government	1759.24	1968.06	2211.19@
Other long-term loans (including bonds)	379.27	457.22	544.87
Reserves and surplus	89.49	148.97	196.69
Current liabilities	324.46	444.71	623.18
Total	<u>2552.46</u>	<u>3018.96</u>	<u>3575.93</u>
Assets :			
Gross fixed assets	1281.57	1820.29	1974.75
Less : Depreciation	198.29	198.35	198.35
Net fixed assets	1083.28	1621.94	1776.40
Capital works-in-progress	831.77	537.42	670.35
Current assets	487.19	692.82	963.09
Miscellaneous expenditure not yet written off	8.26	7.32	6.63
Accumulated losses	141.96	159.46	159.46
Total	<u>2552.46</u>	<u>3018.96</u>	<u>3575.93</u>
Capital employed**	1246.01	1870.05	2116.29
Capital invested***	2228.00	2574.25	2952.75

*Figures as revised by the Board.

@Figure as per Financed Accounts is Rs.2195.07 crores; difference is under reconciliation.

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

***Capital invested represents paid-up capital plus long-term loans plus free reserves.

6.05. Working results

The working results of the Board for three years up to March 1982 are summarised below :

	1979-80	1980-81	1981-82
	(Rupees in crores)		
Revenue receipts	256.70	284.11	346.86
Subsidy from State Government	101.00	144.57	159.40
	357.70	428.68	506.26
Revenue expenditure	215.48	262.26	317.97
Gross surplus for the year	142.22	166.42	188.29
Appropriations :			
Interest on			
—Government loans	95.91	105.84	110.39
—Other loans	27.71	33.23	42.04
Write off of intangible assets	1.10	1.27	1.43
	124.72	140.34	153.86
Net surplus	17.50	26.08	34.43
Total return on capital employed	141.12	165.15	186.86
Total return on capital invested	141.12	165.15	186.86
	(per cent)		
Rate of return on :			
—Capital employed	11.3	8.8	8.8
—Capital invested	6.3	6.4	6.3

As on 31st March 1982 the Board had a cumulative contingent liability of Rs. 422.44 crores as detailed below;

	For the year 1981-82	Cumulative as on 31st March 1982
	(Rupees in crores)	
Interest on Government loans	21.97	293.51*
Depreciation	54.07	128.93
Total	76.04	422.44

Note : Contingent liability of Rs. 0.69 crore being interest on Government loans paid U. P. Rajya Vidyut Utpadan Nigam through U. P. State Electricity Board was not included in Board's contingent liability.

*Excluded a sum of Rs. 100 crores on account of interest charges waived off by the State-Government in March 1982.

6.06. *Operational performance*

The following table indicates the operational performance of the Board for the three years up to 1981-82 :

Particulars	1979-80	1980-81	1981-82
Installed capacity (MW)			
Thermal	2173.10	2363.10	2545.10
Hydel	1068.35	1212.35	1212.35
Others	12.50	12.50	12.50
Total	<u>3253.95</u>	<u>3587.95</u>	<u>3769.95</u>
Normal maximum demand (MW)	2571	2955	3200
Power generated		(Mkwh)	
Thermal	6854.305	6733.661	7512.159
Hydel	3265.797	3456.510	3835.632
Others	3.729	0.318	0.281
Total	<u>10123.831</u>	<u>10190.489</u>	<u>11348.072</u>
<i>Less</i> : Auxiliary consumption	804.752	876.778	959.045
Net power generated	9319.079	9313.711	10389.027
Power purchased	404.385	391.907	267.475
Total power available for sale	9723.464	9705.618	10656.502
Power sold :			
Sold and billed	7869.089	8119.123	8624.467
Sold but not yet billed	13.402	44.850	6.415
Power supplied free	12.868	12.694	12.679
Total	<u>7895.359</u>	<u>8176.667</u>	<u>8643.561</u>
Transmission and distribution losses	1828.105	1528.951	2012.941
		(per cent)	
Percentage of transmission and distribution losses	18.8	15.8	18.9
Load factor	27.6	31.4	30.8
Number of units generated per KW of installed capacity	3111	2840	3010

6.07. The following table gives other details about the working of the Board as at the end of the three years up to 31st March 1982 :

<i>Particulars</i>	1979-80	1980-81	1981-82
Villages/towns electrified (numbers)	38902	42697	47525
Pump-sets/wells energised (numbers)	361590	402753	N A
Number of sub-stations	142	146	157
Transmission and distribution lines (kms) :			
High voltage	14453	14533	N A
Medium voltage	N A	140502	N A
Low voltage	N A	112876	N A
Connected load (MW)*	4932.856	5330.960	5664.813
Number of consumers	2081945	2154724	2237215
Number of employees	88944	93641	102563

The following table gives the details of power sold, revenue, expenses and profit per Kwh sold during the three years up to 31st March 1982 :

Units sold (Mkwh) :	1979-80	1980-81	1981-82
Agriculture	2529.226	2772.616	2817.672
Industrial	3515.119	3428.584	4007.342
Commercial	61.274	54.383	64.925
Domestic	963.835	1028.220	979.424
Others	812.503	848.014	767.783
Total	<u>7881.957</u>	<u>8131.817</u>	<u>8637.146</u>
Revenue per Kwh (paise) (after excluding subsidy)	32.57	34.94	40.16
Expenditure per Kwh** (paise)	32.01	36.93	43.07
Profit (+)/Loss (-) per Kwh (paise)	(+)0.56	(-)1.99	(-) 2.91

N A represents not available.

*Includes 0.25 kw load of Hindalco met through their captive generation.

**Worked out after taking into account the total depreciation but excluding interest on loans.

SECTION VII

PANKI THERMAL POWER STATION

7.01. *Introduction*

To meet the increasing demand of power for industries, railway traction, *etc.* in the Kanpur region, the Government decided (December 1961) to set up a thermal power station at Panki (Kanpur) consisting of two units of 30 MW capacity each (revised to 32 MW in April 1963). The units were commissioned in October 1967 and July 1968. Two more units of 110 MW each were commissioned in November 1976 and March 1977, raising the total installed generating capacity of the power station to 284 MW.

The Power Station is managed by an Additional Chief Engineer assisted by three Superintending Engineers. The Project Accounts Officer is responsible for compilation of accounts.

7.02. *Erection and commissioning*

7.02.01. *32 MW units*

The 32 MW sets were erected at a total cost of Rs.11.86 crores against the original estimated cost of Rs.6.82 crores (September 1962), which was revised (October 1966) to Rs.10.51 crores. Approval of the Central Electricity Authority (CEA) to the revised project cost was awaited (February 1983). Completion report has also not been prepared so far (February 1983).

The increase in cost as compared to the original estimate was attributed (March 1969) by the Project Management mainly to (i) increase in price of plant and equipments (Rs.80 lakhs), (ii) increase in the cost of civil and structural works (Rs.90.85 lakhs), (iii) increase in customs duty (Rs. 95 lakhs), (iv) increased payments to the foreign supplier in rupee terms on account of devaluation (Rs.59 lakhs), (v) non-inclusion of spares (Rs.20.07 lakhs) in the original estimate and (vi) increase in the cost of land, railway siding *etc.* (Rs.24.47 lakhs).

The two units were commissioned in October 1967 and July 1968 against the scheduled dates of July and August 1965 respectively. The delay in commissioning was attributed by the Project Management (March 1979) to (i) delay in completion of

civil works, (ii) delay in supply of plant and machinery and (iii) non-availability of cement, steel, *etc.*

The plant was designed, erected and commissioned by a firm of Yugoslavia, against an order placed in April 1963. As per the terms of the agreement with the firm, performance of the plant was to be tested in two stages :

(i) Trial runs to be conducted for a continuous period of 720 hours after erection.

(ii) Acceptance test to be conducted after commissioning of the plant and satisfactory commercial operation for 2 weeks.

The efficiency of the boilers and heat consumption of the turbo-alternators was to be determined on the basis of the acceptance test to be conducted for a continuous period of two weeks. If the shortfall in the performance during the test was above 10 *per cent*, the plant was to be rejected outright. If the shortfall was less than 10 *per cent*, deductions were to be made at stipulated rates from the price payable to the firm subject to a maximum deduction of Rs. 15.12 lakhs (Rs.9.30 lakhs for the boiler and Rs.5.82 lakhs for turbo-alternator).

The trial runs of units I and II were conducted during October 1967 to May 1968 and July to September 1968 with a maximum continuous running period of 452 hours and 325 hours respectively, against 720 hours provided in the agreement. The restriction of the trial run period was attributed to break-downs on account of grid disturbances, *etc.*

The acceptance test for determining performance efficiency in terms of guarantee was not conducted at all. It was proposed to the Board by the Project Management (January 1969) that, in view of the need to shut down the plant for a period of five weeks for making preparation for the test and the resultant loss of generation of 45 million units involved, the acceptance test might be waived. The Board decided (March 1969) that a rough check of performance figures might be made during normal period of operation, by approximate methods, and if the results of the test were found to be satisfactory, formal acceptance test, as contemplated in the agreement, need not be conducted. The rough test conducted in March-April 1969 was limited to a total period of 49 hours excluding periods of break-downs, grid disturbance, *etc.* and on the basis of this test it was concluded that the results obtained gave a rough check on the efficiency of the boiler and turbo-alternator plant and indicated convincingly that the plant

supplied was efficient which compared favourably with the contract provisions.

The omission to conduct the acceptance test as provided in the agreement deprived the Board of an opportunity to ascertain whether the plant was capable of performance at full guaranteed efficiency. It also resulted in the denial of an opportunity to claim price reduction in the event of shortfall in performance up to the tolerance limit of 10 *per cent*.

In this connection, it was seen that the actual quantity of grade 'A' coal consumed during March-April 1969 was 0.56 kg per kwh against the 0.50 kg per kwh required according to the performance norms.

The price of Rs.402.45 lakhs payable to the Yugoslav firm for the plants included Rs.9.41 lakhs payable in Indian currency to the firm's Indian agents. This amount was separately indicated in the agreement, and was not subject to escalation in price payable to the foreign firm on account of increase in cost of raw materials and wages. According to the clarification issued by the Government of India (January 1967), no escalation on account of devaluation was also admissible on the Indian agents's commission payable in rupees. However, a claim for Rs.2.49 lakhs preferred (February 1966) by the Indian agent on account of escalation in agreed price (Rs.0.82 lakh) as well as devaluation (Rs.1.67 lakhs) was admitted (December 1968) and paid by the Board.

7.02.02. MW units

The boilers, turbo-generators and accessories for two 110 MW sets were purchased (September 1970) from Bharat Heavy Electricals Limited (BHEL). The erection and commissioning of the plants was also executed by BHEL, and the two units were commissioned in November 1976 and March 1977 as against the target dates of December 1975 and June 1976 respectively. The delay in commissioning of the units was attributed by the Project Management to (i) delay in supply of plant and machinery, (ii) delay in completion of civil works, (iii) shortage of funds and (iv) non-availability of cement, steel, *etc.*

The units were required to be operated on a trial run for 14 days on varying loads (half to full load) including economical load of 95 MW for 48 hours and full load of 110 MW for 24 hours. The first unit of 110 MW was taken over by the Board (January 1977) after trial runs during 19th to 28th January 1977 on varying

loads up to 80 MW. The other unit was taken over (May 1977) after trial runs during 28th April to 23rd May 1977 on varying loads up to 105 MW. The plants failed (May 1977) to run continuously for 48 hours on the economic load of 95 MW and 24 hours on the full load of 110 MW. BHEL attributed (May 1977) this to failures of boiler tubes and coal handling system, coal shortages and high grid frequency. No further trial run was done, and the plant was, thus, accepted on the basis of inadequate trial runs and performance proof.

Against the estimated cost of Rs.35.20 crores (May 1970), revised (March 1977) to Rs.70 crores, the actual expenditure incurred on the two units was Rs.73.61 crores (March 1982). CEA has not approved (February 1983) the revised project cost for want of completion report. The Project's cost overrun by Rs.34.80 crores as compared to original estimates was accounted for broadly by land (Rs.40 lakhs), civil works (Rs.901.62 lakhs), plant and equipment (Rs.1783.37 lakhs), wages and salaries (Rs.662.66 lakhs), tools and plant (Rs.44.41 lakhs) and miscellaneous items (Rs.47.94 lakhs). It was not possible to identify individual items contributing to the excess and the detailed reasons for the increase in cost, in the absence of completion report and analysis of variations.

7.03. *Capacity derating*

In July 1972, the blades and diaphragms of 12th stage of low pressure rotor of Unit I failed. Damages to blades and diaphragms of 13th and 14th stages were also noticed by the Management (July 1972). The Project Management, while submitting a proposal to CEA in June 1977 for derating the unit attributed the failure and damages to operation of the unit at low frequency.

In response to an enquiry made by the Project Management (September 1974) in consultation with the suppliers of the plant, a West German firm (designer of the plant) offered (October 1974) to carry out replacements and repairs including deblading and reblading at their works in Berlin for DM 13.54 lakhs (Rs.51.45 lakhs). Including customs duty and freight, the expenditure involved worked out to Rs.80 lakhs. The Central Store Purchase Committee (CSPC) of the Board decided (March 1977) that expenditure of this magnitude would be uneconomical for the purpose of raising the capacity from 29 MW (resulting from the failure of 12th stage blade) to the original capacity of 32 MW. It was, therefore, decided to operate the unit without the blades and diaphragms of 12th stage by carrying out local repairs to the

damages caused to blades and diaphragms of 13th and 14th stages. The unit was accordingly derated to 29 MW which was approved by CEA in July 1977. However when the turbine was opened up in July 1980 for major overhaul, extensive damages to other blades and diaphragms were noticed. As reported by the Project Management (July 1980), the absence of 12th stage blade had accelerated the process of damage and had endangered the whole turbine. To avoid further damage, the unit was not loaded for more than 27 MW and it was decided by CSPC (July 1980) to buy low pressure rotor blades of 12th to 14th stages and low pressure diaphragms of 10th to 13th stages from the West German firm. An order was, accordingly, placed on the firm (December 1980) for DM 18.55 lakhs (Rs.70.49 lakhs). While the process of opening a letter of credit in favour of the firm was in progress, a New Delhi firm representing the original Yugoslav suppliers submitted its principal's offer (April 1981) for supply of the above items at a total cost of DM 17.66 (Rs.67.11 lakhs). As the offer of this firm was cheaper by Rs.3.38 lakhs and contained a delivery schedule of 7 months as against 16 months offered by the West German firm, the CSPC decided (April 1981) to cancel the order on the West German firm and accept the offer of Yugoslav firm. Accordingly, order was placed on the Yugoslav firm in December 1981. Another order for supply of blades of 11th stage for DM 2.67 lakhs (Rs.10.65 lakhs) was also placed on the firm in January 1982. The supplies were still awaited (February 1983).

The estimated cost of the replacement was Rs.143.30 lakhs including freight and customs duty. Apart from the extensive damages caused to the system, attributed by the Board's authorities to the absence of 12th stage blade, the shortfall in generation capacity during the period from the year 1975 to 1982 computed at a plant utilisation factor of 60 *per cent* was 12.64 crore units at the rate of 1.58 crore units per annum. In financial terms the loss of revenue from sale of energy during the entire period worked out to Rs.2.52 crores.

7.04. *Performance of 110 MW sets*

The Project Management faced a number of problems in the operation of 110 MW sets immediately after they were commissioned (January and May 1977). Even after BHEL (supplier of equipment); had looked into the problems, the units failed to operate beyond 90 MW. The matter was discussed and 32 major problems with boilers (21), turbines (8) and instrumentation and control (3) were identified (October 1977) at a meeting of the supervisory committee formed by CEA. BHEL was required to

supply materials for removing the defects. The question who would bear the cost of those renovation works was left to be decided by the committee later on. No decision was, however, taken (February 1983).

In a test check in audit (June 1982), the following points were noticed :

(a) A partial renovation was carried out during May 1978 to February 1979 and July to December 1979 in respect of units IV and III respectively. BHEL claimed Rs.19.90 lakhs (January 1980) towards renovations relating to 13 identified items. The claim was referred (July 1979) to arbitration by the Member (Operation), CEA, appointed by the Government of India (Ministry of Energy). No decision was received so far (February 1983).

(b) An expenditure of Rs.64.26 lakhs incurred by the Board during 1978-79 to 1981-82 on replacement of 11 identified items was neither claimed from BHEL nor referred to arbitration (February 1983). The expenditure incurred on the remaining 8 identified items was not available.

In addition to the renovations carried out by BHEL, the Project Management submitted (April 1982) a scheme of renovation to the Board and CEA for removing the problems arising from the inherent design defects in the plants. The scheme which contemplates an expenditure of Rs.1181.57 lakhs awaits approval of the Board/CEA (February 1983).

In this connection, it may be mentioned that the Board had already spent Rs.698.87 lakhs on capital repairs including premature replacement of some major parts (Rs.172.45 lakhs) and Rs.614.80 lakhs on other repairs, during the period from 1977-78 to 1981-82.

7.05. *Capacity utilisation*

In July 1977, the capacity of unit I was derated to 29 MW with the approval of CEA mainly on account of failure of the 12th stage blade as indicated in paragraph 7.03. Further, the entire capacity of unit II was omitted from reckoning, with effect from August 1981 on account of damages caused due to explosion of its turbo-alternator.

Proposals for derating the capacity of two 110 MW units to 85/90 MW respectively were submitted by the Project Management

to the Board/CEA in March 1982. The reasons given in support of the proposal were :

(i) Boiler deficiencies—frequent failure of tubes, air leakage into boiler chamber, inadequate capacity of coal feeders and nozzles, low secondary air wind box differential pressure and low reheat steam temperature.

(ii) Inferior quality of coal available.

The proposals were yet to be approved by Board/CEA (February 1983).

The following table gives details of capacity utilisation during the three years up to 1981-82 :

Unit	Installed generating capacity (Mkwh)	Possible generation (Mkwh) with reference to available hours	Actual generation (Mkwh)	Percentage of actual generation to installed capacity	Percentage of actual generation to possible generation
1979-80					
I	254.7	216.9	178.1	69.8	82.0
II	281.1	223.0	173.7	61.9	73.5
III	966.2	411.7	298.2	30.9	72.3
IV	966.2	633.9	431.7	44.7	68.1
Overall for the station	2468.2	1485.5	1081.7	43.8	72.8
1980-81					
I	254.0	160.0	141.3	55.5	88.1
II	280.3	180.0	150.4	53.9	83.9
III	963.6	567.7	371.8	38.6	65.5
IV	963.6	774.4	537.8	55.8	69.5
Overall for the station	2461.5	1682.1	1201.3	48.8	71.5
1981-82					
I	254.0	170.7	151.6	59.4	88.3
II	100.8	90.3	72.6	72.3	81.1
III	963.6	719.0	491.8	51.0	68.4
IV	963.6	634.3	426.4	44.2	67.2
Overall for the station	2282.0	1614.3	1142.4	50.0	70.8

The Project Management attributed the low capacity utilisation to excessive outages and operation of generating units at low load.

An analysis of the plant availability* and outages during the three years up to 1981-82 shows the following position :

	32 MW sets			110 MW Sets		
	1979-80	1980-81	1981-82	1979-80	1980-81	1981-82
Total hours available	17568	17520	11911	17568	17520	17520
Total hours operated	14447	11140	8709	9505	12201	12302
Total outages						
—Scheduled	1072	4922	986	3760	1553	3135
—Unscheduled	2049	1458	2216	4303	3766	2083
	<u>3121</u>	<u>6380</u>	<u>3202</u>	<u>8063</u>	<u>5319</u>	<u>5218</u>
Percentage of						
Plant availability	82.2	63.6	73.	54.1	69.6	70.2
Scheduled outages	6.1	28.1	8.3	21.4	8.9	17.9
Unscheduled outages	1.7	8.3	18.6	24.5	21.5	11.9

In this connection the following points were noticed :

(i) A Technical Committee on Power appointed by the State Government in March 1972, recommended in its report (December 1972) that the power stations of the Board should aim to achieve 80 *per cent* plant availability for thermal generating units within a short time and 85 *per cent* within the next two or three years. The actual achievement fell short in all the cases.

(ii) In all the three years, the unscheduled outages (attributable mainly to boilers on leakage in water wall tubes, boiler tubes, economiser tubes and super primary heaters) exceeded the acceptable limit of 4 *per cent* recommended by the Technical Committee on Power in December 1972.

*Plant availability denotes percentage of actual operation hours to total hours during the year.

(iii) The unscheduled outages included outages on account of non-availability of coal (4,000 tonnes) for 247 hours during April-June 1979. The loss in generation for want of coal during this period was about 44 lakh units (revenue potential : Rs.13.20 lakhs) calculated at 60 *per cent* load of Unit I (164 hours) and Unit II (83 hours). In this connection, it has come to notice that 10,000 tonnes of coal usable in these two units was lying buried under the ground in the coal stockyard in March-April 1979. The buried coal was reclaimed only in March 1981.

(iv) The unscheduled outages included outages due to non-usability of available coal for 480 hours of unit III (21 hours) and unit IV (459 hours) during the period June-August 1980. In the efficiency register, the reason for the outage recorded was "choking of coal mill due to wet coal". Since the coal mills of both the units (III and IV) were fed coal from the same stock and through the same conveyor belt, the wide variations between the outage time of units III and IV were not clear.

(v) The scheduled outages represent annual maintenance and major overhauling. The Technical Committee on Power appointed by the State Government stated in its report (December 1972) that by organising proper maintenance and operation schedule and utilisation of technical and operating staff it would be possible for the Board to limit the periods of annual maintenance and major overhauling to 672 and 1344 hours respectively. The time taken by the power station for annual maintenance and major overhauling of the units was, however, far in excess as indicated below :

Unit	Annual maintenance		Major overhauling	
	Period	Hours taken	Period	Hours taken
I	August to October 1981	986	July to October 1980	2241
II	July to September 1979	1072	July to October 1980	2681
III	September to November 1980	1553	July to December 1979	3760
	July to August 1981	1196	—	—
IV	July to September 1981	1939	..	..

The Technical Advisory Committee appointed by the Government of India had observed in its report (June 1972) that it was inadvisable to keep the boilers in operation over long periods without overhauling as this would contribute to uneconomical and inefficient generation and increased outages necessitating costly replacements. Hence two major overhauling is required to be done in every three years in addition to annual maintenance. It was, however, noticed in audit that the annual maintenance of boilers of unit I was not done in 1979-80 and that of unit IV in 1979-80 and 1980-81. Major overhauling of unit IV was also not done although it was due in 1981-82.

(vi) It was noticed further that even where major overhauling and annual maintenance of the units was done, frequent breakdowns leading to excessive outages occurred immediately after the overhauling/maintenance as per details given below :

Unit	Overhauling/ maintenance		Subsequent outage		Loss of generation (in Mkw/h)	Loss of revenue (Rupees in lakhs)	Reasons of outage
	Period	Hours taken	Period	Hours of outage			
I	July to October 1980	2241	December 1980 to January 1981	600	10.44	32.94	Trouble in turbine
I	August to October 1981	986	December 1981 to January 1982	752	13.08	48.40	„
II	July to September 1979	1072	September 1979	115	2.21	6.97	„
III	July to December 1979	3760	April to June 1980	748	41.14	129.80	Leakage in boiler tubes

7.06. Plant failures and damages

All the four units of the power station suffered plant failures and damages on several occasions after the plants were commissioned. It is estimated in audit (July 1982) that, on account of major failures and damages, the power station suffered a loss in generation of approximately 4692.24 lakh units (estimated

revenue : 1199.20 lakhs) during the period from 1976 to 1982 as per details given below :

7.06.01. *Unit I*

Fire in generator stator and auxiliary transformer

On 26th September 1976, unit I failed on account of fire in its generator stator and auxiliary transformer of 4 MVA, caused by simultaneous heavy earth fault. The unit was put on bars on 10th April 1977 after repairing the stator and the transformer at a cost of Rs.15.67 lakhs and Rs.0.75 lakh respectively.

An enquiry committee consisting of three local Superintending Engineers set up (September 1976) by the Additional Chief Engineer reported, *inter alia*, (i) the auxiliary transformer had not been properly designed by the plant suppliers, (ii) the fire protection system of the generator did not operate the sensitive electromagnetic current relay provided with stator instantly and took several seconds to operate instead of 20 milliseconds as a result of which the unit did not trip instantly and got damaged, (iii) there was no tripping protection for asymmetry and (iv) the control room was not air-conditioned.

The report of the committee set up (April 1977) by the Board to (i) enquire into causes of the damage, (ii) fix responsibility and (iii) suggest preventive measures, was not made available to audit (March 1983).

An order was placed on a firm of Bombay (October 1976) for repairs of the rotor for a lump sum amount of Rs.13.10 lakhs. On 29th December 1976 (*i.e.* four days before the last date of the stipulated delivery), the firm demanded an additional sum of Rs.2.57 lakhs for attending to a part of laminations (not covered under the scope of the order) on the ground that the compressions of laminations by manufacturers were insufficient. The demand was accepted. The firm completed the repairs on 31st March 1977 and the unit was recommissioned on 10th April 1977. The firm had taken more than six months to complete the job against the stipulated period of three months. The estimated loss in power generation during the extended period works out to 446.98 lakh units (on 60 *per cent* plant load factor) involving a revenue loss of Rs.89.40 lakhs.

7.06.02. *Unit II*

(i) *Damage to generator rotor*

Unit II, which was commissioned in July 1968, faced rotor earthfault in December 1976. It was allowed to run with single earthfault protection. However, the unit tripped again in January 1977 on account of rotor earthfault. The repair work awarded to BHEL (February 1977) was completed (June 1977) at a cost of Rs.2.64 lakhs and the unit was put on bars on 1st July 1977. The estimated loss of generation (on plant load factor of 60 per cent) during the period January to June 1977 works out to 737.28 lakh units, involving a revenue loss of Rs.147.46 lakhs.

(ii) *Stator earthfault*

In August 1978, Unit II failed on account of earthfault in its stator and remained closed up to 18th September 1978. A firm of Bombay, which carried out the repairs of the coil of the stator at a cost of Rs.0.33 lakh, reported (August 1978) that inter-action of the oil deposited on the end side of the turbine caused deterioration of bitumen which resulted in puncture of the coil. The generation loss during the period of 48 days, when the unit remained closed works out to 221.18 lakh units involving a revenue loss : Rs.59.06 lakhs. No enquiry was conducted to determine the causes for the fault and to fix responsibility.

(iii) *Fire in cable gallery*

On 8th July 1980, a fire broke out in the cable gallery of 32 MW sets resulting in damage to power and control cables. The operation of unit I, which was closed from 2nd July 1980 for annual overhauling, was not immediately effected but unit II failed immediately. Both these units were put on bars after repairs and annual overhauling on 2nd and 28th October 1980, respectively. An enquiry committee set up by the Board (July 1980) reported (August 1980) that the fire had started on account of multiple earthfaults and overcurrent developed in the cables of pump station transformer and of 5 MVA transformer. The committee also observed that the fire could have been avoided had power cables and control cables been laid in different trenches/racks as per Board's orders.

The cost of repairs and replacements amounted to Rs.18.88 lakhs for which a claim was lodged (December 1980) with the insurance company. The surveyor of the insurance company, however, assessed (November 1981) the loss at depreciated cost (Rs.5.74 lakhs). The assessed amount was not received (February 1983), pending disposal of the scrap by the Board.

(iv) *Explosion of turbo-generator*

On 10th August 1981, an explosion in turbo-generator resulted in failure of unit II. An enquiry committee set up by the Board (August 1981) gave its findings (September 1982) that the breaking of the generator and turbine shaft and the resultant heavy damage had occurred on account of very heavy repeated torque imposed on the machine by system disturbance and operation of the generator at low frequency. The committee stated that an attempt was needed to reduce the load on the system before the frequency fell to such low level. According to the report of National Metallurgical Laboratory, Jamshedpur, obtained by the committee, there were some non-metallic inclusions in the shaft materials, which were liable to reduce their normal fatigue life and the low pressure rotor had not been properly processed and heat treated.

To repair the governing system and replace the cylinder turbine, orders had been placed on a West German firm (turbine) and BHEL (generator) in August and December 1982 respectively. The estimated cost involved is Rs.675.59 lakhs. Supplies were awaited (February 1983).

In January 1982 the capacity of the unit was excluded from the installed capacity of the power station, with the concurrence of CEA. The daily loss in generation resulting from the exclusion is approximately 4.61 lakh units.

7.06.03. *Damage to generator rotor*

A generator rotor purchased for unit III from BHEL (August 1974), for Rs.35 lakhs and commissioned in November 1976, got overheated due to accidental motoring in January 1977. The rotor was taken out (September 1977) for inspection by BHEL which advised the Board not to use the rotor any more to avoid extensive damages to the turbine. With the approval of the Chairman (September 1977), another rotor, a second hand and reconditioned one, was purchased from BHEL (October 1977) for Rs.28.50 lakhs with a view to putting the unit on bars.

A joint investigation of the Engineers of the Board and BHEL (September 1978) attributed the damage to the failure of rubber gasket in flange joint of 220 KV air blast circuit breaker supplied and commissioned by BHEL.

The Additional Chief Engineer intimated BHEL (September 1978) that the rubber gasket had failed (January 1977) within the guarantee period causing damage to the rotor. BHEL replaced rubber gasket (cost : about Rs.300) but did not accept responsibility for the consequential damage to the rotor. The

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF
INDIA FOR THE YEAR 1981-82 (COMMERCIAL) GOVERNMENT OF
UTTAR PRADESH

E R R A T A

Sl. no.	Page no.	Para no.	Line no.	For	Read
(1)	(2)	(3)	(4)	(5)	(6)
1	3	1.03	2nd	excluding 5 Companies under liquidation	(excluding 5 Companies under liquidation)
2	3	1.03	4th	excluding 3 Companies under liquidation	(excluding 3 Companies under liquidation)
3	3	1.03	2nd from bottom	Finance Account is	Finance Accounts is
4	4	1.05	Against item 4 in table	339.25	339.29
5	4	1.05	Item 10 in table	(Rohilkhand) Tarai	(Rohilkhand Tarai)
6	5	1.06.01	1st from bottom	Loan/cash credits	Loans/cash credits
7	6	Heading	Heading	paid-up capital	Paid-up capital
8	7	1.06.03	Last item under subsidiaries in table	Spinning Mill	Spinning Mills
9	7	1.06.03	Last item of table	Mill	Mills
10	7	1.06.03	6th below table	first of commercial	first year of commercial
11	8	1.07	2nd	619-B	619 B
12	8	1.07	5th	Areas Poultry	Area Poultry
13	8	1.07	5th heading in table	Corporation	Corporations
14	9	1.08	Item 10 in table	asset register	asset registers
15	10	1.09	7th	credit balance	credit balances
16	10	1.09	8th	account in	account of an unit in
17	11	1.09	last	Sampack Ltd.	Sempack Ltd.
18	12	2.03	2nd	Share of	Shares of
19	13	2.04	3rd	as against	as against

Sl. no.	Page no.	Para no.	Line no.	For	Read
(1)	(2)	(3)	(4)	(5)	(6)
20	14	2.05	11th	Six years	Seven years
21	14	2.05	Against item 2 in table	12,646	12,649
22	14	2.05	2nd after table	on account of	on account of
23	16	2.06	24th	were desposited	were deposited
24	17	2.07	3rd	3 wheeler	3 wheelers
25	17	2.07	Against January 1980 in table	100.00	160.00
26	17	2.07	Below 4th line from bottom		(In rupees)
27	19	2.08 (ii)	5th	was extented	was extended
28	20	2.09	3rd after table	microscop	microscope
29	20	2.09	7th after table	with the 3.01 Introduction	with the Company.
30	20	2.09	18th line	relevant years	relevant year
31	21	2.11	20th	non-adhernce	non-adherence
32	23	3.01	7th	ancilliary	ancillary
33	23	3.02	3rd	schemes were	scheme was
34	23	3.02	3rd	fund and	funds and
35	23	3.02 (a)	8th	veterinary	veterinary
36	24	3.02 (a)	Heading of Col. 2 in table	Number of centres actual	Number of centres actually established
37	24	3.02 (a)	2nd after table	animals, number	animals and number
38	25	3.02 (a)	19th	up to to 1981—82 :	up to 1981-82 :
39	26	3.02 (b)	10th after table	Managment	Management
40	26	3.02 (b)	15th after table	Rs.11,000. from	Rs. 11,000. From
41	28	3.02 (c)	4th	sailent	salient
42	29	3.02 (c)	12th	Rs. 7 lakhs	Rs. 7 lakhs
43	35	4.08	14th	acceded to	acceded to
44	37	4.11	14th	to kathgodam	to Kathgodam

Sl. no.	Page no.	Para no.	Line no.	For	Read
(1)	(2)	(3)	(4)	(5)	(6)
45	39	4.13	11th	1975-76 to	1975-76 and
46	42	5.03.04	5th from bottom	The corporation	The Corporation
47	43	5.03.06	item 1 of second table	the begining	the beginning
48	44	5.03.06	Last heading of table	in lakhs	in lakhs)
49	44		last line of page	Corporation account	Corporation's account
50	46	6.04	4th from bottom	Financed Accounts	Finance Accounts
51	47	6.05	4th from bottom	Paid U.P.	paid to U.P.
52	47	6.05	2nd from bottom	Excludeds	Excludes
53	50	7.02.01	9th	equipments	equipment
54	50	7.02.01	13th	devalution	devaluation
55	52	7.02.01	21st	agents's commission	agents' ccmission
56	52	7.02.02	heading	MW units	110 MW units
57	57	7.05	Against Plant availability for 1981-82 in table	73	73.1
58	57	7.05	Against Un-scheduled outages for 1979-80 in table	1.7 .	11.7
59	57	7.05	11th after table	Super Primary	Super/Primary
60	58	7.05 (iii)	7th	it has come	it had come
61	58	7.05 (v)	8th	—huling to	—hauling to
62	59	7.05 (v)	6th	overhauling is	overhaulings are
63	60	7.06	1st line of the page	revenue: 1199.20	revenue: Rs. 1199.20
64	60	7.06.01	9th	inter alia, (i)	<i>inter alia</i> , that (i)
65	61	7.06.02 (ii)	8th	loss : Rs.	loss of Rs.
66	63	7.06.04 (i)	1st	generator/transformer	generator transformer
67	65	7.08.01	2nd	grate 'c'	grade 'c'
68	71	7.11.01	5th	as the whole	on the whole
69	73	7.12	13th	a results	a result
		(a) (i)			

Sl. no.	Page no.	Para no.	Line	For	Read
(1)	(2)	(3)	(4)	(5)	(6)
70	73	7.12 (a) (ii)	3rd	contents.	content.
71	74	7.12 (a) (iii)	last item of 1st table	1981-2	1981-82
71 (A)	74	7.12 (b) (ii)	last item of table	month's	months'
72	75	7.12 (b) (iv)	6th	sparts	spares
73	75	7.12 (b) (iv)	2nd heading of table	Number of item	Number of items
74	76	7.12 (b) (xiii)	1st	and plants	and plant
75	77	7.13 (ii)	3rd	maintained	maintained.
76	78	7.14.01	4th	Under	Under
77	78	7.14.01	13th	tubewell	tubewells
78	80	7.14.06	10th	Section 49 of Electricity	Section 49 of Electricity
79	81	7.15 (iv) (b)	2nd	BHEL,	BHEL
80	82	7.15 (ix)	2nd	of the unit on	of the units on
81	85	8.01	2nd	licencee	licensee
82	85	8.04 (a)	After 3 items in table	per cent	(per cent)
83	85	8.04 (a)	3rd after table	non-maching	non-matching
84	85	8.04 (a)	last	adverse affect	adverse effect
86	87	8.06 (i)	12th	March 1979).	March 1979.
87	88	8.01.01	under col. 4 in table	0.50	9.50
88	88	8.07.01	under col. 5 in table	3048	3084
89	89	8.07.01	under col. 8 in table	13.61	13.16
90	90	8.07.02	11th	of records	of records
91	91	8.07.03	Against 151 in table	10216	12016
92	93	8.07.05	3rd	consumers	consumers'
93	93	8.07.05	5th	turns up	turn up
94	93	8.07.05	7th	Rs. 176.25	(Rs. 176.5

Sl. no.	Page no.	Para no.	Line	For	Read
(1)	(2)	(3)	(4)	(5)	(6)
95	93	8.07.05	5th below table	Computer	Computer
96	94	8.07.05	2nd	Computer	Computer
97	94	8.07.05	3rd	Computer	Computer
98	100	8.10.02 (a)	2nd	ex-licencee	ex-licencee
99	104	8.12 (b) (i)	1st	transformers oil	transformer oil
100	105	8.12. (c) (ii)	6th	fixed so far (January 1983)	fixed (January 1983)
101	107	8.15 (a)	Last item of table	other	others
102	107	8.15 (b)	6th	allowance	allowances
103	109	8.17 (ii)	2nd	IBPS but	JBPS but
104	110	8.17(vi)	2nd	inspite of	in spite of
105	113	9.05	9th	to lune	to June
106	117	9.13	1st	to licencees	to licensees
107	117	9.13	15th	by audit	by Audit
108	120	10.02	10th	material	material
109	120	10.02	12th	of steel	of steel
110	121	10.04	3rd	charges of	charge of
111	123	10.08 (a)	4th	the Railways	the Railways
112	126	10.13	3rd	Six consumer	Six consumers
113	127	10.14	3rd	(Rs. 1.38 lakh).	(Rs. 1.38 lakhs)
114	127	10.15	Heading	transformer	transformers
115	127	10.15	4th	a cost of	at a cost of
116	128	10.17	11th	insulators meters	insulators, meters,
117	129	10.19 (i)	4th	aluminium contents	aluminium content
118	129	10.19 (ii)	1st	similar benefit	similar benefits
119	130	10.21	16th	consumer were	consumers were
120	131	11.02.01	Heading in table	increased	increase
121	132	11.02.03	Item 5 under Assets	Investment	Investments
122	136	11.04.02(b)	Against Amausi in table	10.96	30.96
123	136	11.04.02(b)	Against total in table	103.43	703.43
124	139	11.04.05.01	Item 11 in table	per effective km	per effective km
125	140	11.04.05.02	1st	gross km	gross kms
126	140	11.04.05.03	Heading of table	1980-82	1981-82
127	141	11.04.05.05 (a)	2nd	disel oil	diesel oil
128	145	11.04.05.06 (ii)	5th	eaten away	eaten away
129	145	11.04.05.06 (ii)	Item 2 of table	Kaiserbagh depot	Kaiserbagh depot

Sl. no.	Page no.	Para no.	Line no.	For	Read
(1)	(2)	(3)	(4)	(5)	(6)
130	146	11.04.05.07	Against 1981-82 under Rae Bareilly in table	3	23
131	146	11.04.05.07	Against kaiser bagh in table	Nat available	Not available
132	150	11.04.07.02	Heading of table	vehicle in 1981-82	vehicles in 1981-82
133	151	11.04.07.03 (b)	Last line of table	rtfall	shortfall
134	152	11.04.07.03 (b)	Heading of table	detailed	detained
135	152	11.04.07.03 (b)	Heading of table	upto	up to
136	153	11.04.08.03	Against city bus in table	144	1.44
137	157	11.04.13(vi)	2nd	toward	towards
138	160	11.05.05	5th	Financial	Financial
139	161	11.05.05	10th	non-availing of the	non-availing the
140	166	12.07	10th	vacation pending	vacation was pending
1.1	166	12.08	11	intsallation	installation
142	171	Column 9 of heading		long-tem loan	long-term loans
143	171	Under column 14 against item 4		0.5	10.5
144	172	Under Col. 4 against 26	2nd December		22nd December
145	173	Column 9 of heading	loan		loans
146	173	under column 7 against 22	(+)1050.23		(-)1050.23
147	173	under column 13 against 31	7.29		7.19
148	174	Note (1) under table	loan plus		loans plus
149	175	Col. 9 of heading	loan		loans
150	177	Column No. 9 of heading	loan		loans

Board, thus, suffered a loss of Rs.25.83 lakhs (excluding Rs.2.67 lakhs towards salvage value of the old rotor retained by BHEL), on account of damage to the rotor caused by failure of a small item like gasket more so within the guarantee period.

7.06.04. *Unit IV*

(i) *Premature failure of generator/transformer*

A generator transformer of 125 MVA purchased from a firm of Kerala (1976) for Rs.31.50 lakhs and commissioned in March 1977 tripped in May 1978, causing damage to its low voltage coil of a single phase, as a result of which unit IV failed. A joint inspection (September 1978) by the representatives of the suppliers and the Board attributed the damage to the manufacturing defects in the copper conductor or in its insulation. The suppliers repaired the transformer (July 1978 to January 1979) free of charge. The Board, however, incurred an expenditure of Rs.8.43 lakhs on its transportation (Rs.8.11 lakhs) and transit insurance (Rs.0.32 lakh). The failure of the transformer on account of manufacturing defects, thus, resulted in an extra expenditure of Rs.8.43 lakhs in addition to loss of generation of 2508 lakh units involving loss of revenue of approximately Rs.669.64 lakhs during the period 12th May 1978 to 15th February 1979 (excluding 3 months for annual overhauling).

(ii) *Stator earthfault*

On 26th December 1979, unit IV failed on account of stator earthfault on its turbogenerator. The Board set up (January 1980) an enquiry committee to examine the circumstances leading to the damage. No report of the committee was, however, made available to audit. The Superintending Engineer-in-charge reported (January 1980) that the damage was attributable to loose laminations resulting in vibrations and hot spot in the generator. The generator was repaired by BHEL (February 1980) at a cost of Rs.1.46 lakhs and put on bars on 24th February 1980. No responsibility for the damage had been fixed although the failure of the unit resulted in loss of generation of 778.80 lakh units involving a revenue loss of Rs.233.64 lakhs.

7.06.05. *Auxiliary transformer for units III and IV*

A transformer of 16 MVA purchased from a firm of Bombay for Rs.10 lakhs and commissioned in May 1976 for reserve auxiliary supply to the generator of 110 MW sets, tripped in January 1978, causing damage to its tap changer and windings of two phases. The reasons for the damage to the transformer within

a period of one and half years against the normal life of 35 years were not ascertained. The suppliers repaired the transformer during the period June to September 1978. The expenditure incurred on repairs on account of premature failure of the transformer, including freight, insurance and value of copper scrap allowed to be retained by the repairing firm, amounted Rs.3.10 lakhs.

7.07. Excess consumption of power in auxiliaries

Part of the energy generated is consumed in auxiliaries and is not available for sale. The project estimates of 32 MW and 110 MW sets contemplated auxiliary consumption at the rate of eight *per cent* of generation. At the level of generation estimated in the project report, the annual consumption in the auxiliaries should not exceed 96.80 Mkw in 110 MW sets. The actual consumption in 110 MW sets, however, exceeded the norm during 1980-81 and 1981-82. The saleable energy that would have been available but for this excess consumption (after allowing for system losses) could have fetched an additional revenue of Rs.136.72 lakhs during 1980-81 (Rs.65.33 lakhs) and 1981-82 (Rs.71.39 lakhs).

The following table gives comparative figures of consumption in auxiliaries in respect of 110 MW sets for the three years up to 1981-82 :

<i>Description</i>	1979-80	1980-81	1981-82
	(In Mkw)		
Generation estimated in project report	1210.0	1210.0	1210.0
Actual generation	729.9	909.6	918.2
Actual consumption in auxiliaries	91.7	119.7	120.5
Normal consumption in auxiliaries at 8 <i>per cent</i> of generation estimated	96.8	96.8	96.8
Excess consumption	..	22.9	23.7
Saleable energy that would have been available but for excess consumption after allowing for system losses	..	19.3	19.2
		(Rupees in lakhs)	
Revenue loss attributable to excess consumption	..	65.33	71.04

7.08. *Excess consumption of materials*

Coal is the major raw material required for generation of power. During 1981-82, it accounted for approximately 49.4 and 57.2 per cent of the cost of generation in the 32 MW and 110 MW sets respectively. The other materials required for generation are fuel oil, turbine oil and forged steel balls for pulverisation of coal *etc.*

It was noticed in audit (June 1982) that compared to the normal consumption of these items as contemplated in the project reports the actual consumption during the entire period of plant operation, since inception, was excessive.

7.08.01. *Consumption of coal*

As per the detailed project report (September 1962), the boilers of the 32 MW sets were designed to burn coal of grade 'C' with calorific value of 4446 to 5112 kilo calories per kg and consumption of 0.635 kg per Kwh was envisaged. The power station, however, used 'A' Grade coal with calorific value of 5794 to 6158 kilo calories per kg, the requirement of which was estimated (October 1967) by the Superintending Engineer (Design and Construction) at 0.50kg per Kwh. As against this, the actual consumption, varied from 0.53 kg per Kwh in 1972-73 to 0.63 kg (coal with calorific value of 5794 kilo calories per kg in both the cases) per Kwh in 1981-82.

As for the 110 MW units, the project report (May 1970) envisaged consumption of grade 'C' coal with calorific value of 4500 kilo calories per kg at 0.60 kg per Kwh against which the actual consumption of coal with calorific value of 4658 to 5418 kilo calories per kg (the weighted average being 5058 kilo calories per kg) during 1976-77 to 1981-82 varied from 0.61 kg (1977-78) to 0.77 kg (1981-82) per Kwh.

Based on the normal consumption of coal at 0.50 kg per Kwh for 32 MW set and 0.60 kg per Kwh for 110 MW set, excess consumption of coal during the five years up to 1981-82 works out to 1.78 lakh tonnes (cost : Rs.340.25 lakhs) and 4.58 lakh tonnes (cost : Rs.947.84 lakhs) respectively. The reasons for the excess consumption of coal had not been analysed by the Management (March 1983).

It was, however, noticed in audit that one of the factors responsible for excess consumption of coal was excessive loss of steam due to leakages. To compensate the loss, demineralised water was being used as make up water. According to norms, the

usage of demineralised water should not exceed 5 *per cent* of steam required. Any consumption in excess of this norm indicates wastage of steam involving corresponding excess consumption of coal.

During the period of three years up to 1981-82 the actual consumption of demineralised water was found to range from 5.4 to 8.6 *per cent* in the case of 32 MW sets and from 6.4 to 7.1 *per cent* in the case of 110 MW sets. It is estimated that the resultant excess consumption of coal on this account during the period of three years up to 1981-82 was 0.44 lakh tonnes (Cost : Rs.97.69 lakhs).

7.08.02. Consumption of fuel oil

Light diesel oil and furnace oil are used as secondary fuels for (i) starting up the boiler furnace whenever generation falls below 70 *per cent* of the installed capacity, (ii) starting up the boiler from cold/no-load condition and (iii) controlling instability in the furnace on account of high moisture in coal or leakage of air due to erosion, constraints, *etc.*

The project estimate (October 1966) for the 32 MW sets did not indicate the extent of fuel oil required for operation of the plants. The actual consumption, however, varied from 9.7 kilolitres (1974-75) to 27.22 kilolitres (1977-78) per MkwH during 1974-75 to 1981-82. The table below indicates the consumption pattern of fuel oil in respect of 32 MW sets since 1974-75 :

Year	Energy generated (MkwH)	Fuel oil consumed (kilolitres)	
		Total	Per MkwH generated
1974-75	405	3933	9.70
1975-76	358	5576	15.58
1976-77	225	2898	12.90
1977-78	326	8879	27.22
1978-79	317	6195	19.55
1979-80	352	8307	23.60
1980-81	292	5371	18.40
1981-82	224	5132	22.90

It will be seen from the table that the consumption pattern varies widely without reference to energy generated. However, the following features are note-worthy :

(i) At approximately the same level of generation in 1976-77 (225 Mkw) and 1981-82 (224 Mkw) the consumption had varied from 12.90 kilolitres per Mkw to 22.90 kilolitres.

(ii) Similarly, against 358 Mkw in 1975-76 the consumption was 15.58 kilolitres per Mkw but against 352 Mkw in 1979-80 it increased to 23.60 kilolitres per Mkw.

Adopting 9.70 kilolitres per Mkw in 1974-75 as the base level norm, the excess quantity consumed during the period 1975-76 to 1981-82 works out to 0.22 lakh kilolitres valued at Rs.320 lakhs.

The project estimate (March 1977) for 110 MW sets envisaged consumption of fuel oil to the extent of five *per cent* of the total cost of coal consumed. This works out to about three kilolitres per Mkw at the price level of fuel oil in 1976-77. The actual consumption of oil, however, varied from 21.72 kilolitres (1977-78) to 9.10 kilolitres (1981-82) per Mkw. Taking 3 kilolitres as the norm, the excess consumption during the period 1977-78 to 1981-82 works out to 0.43 lakh kilolitres costing Rs.639.19 lakhs.

The Board has not investigated the excess consumption and abnormal variations in consumption levels from year to year (February 1983).

7.08.03. *Consumption of turbine oil*

Both the plants (32 MW and 110 MW) have two turbo sets each. For running these sets turbine oil is required. No consumption norm for 32 MW sets was available on record. For the 110 MW sets, however, the Erection/Operation Manual contemplates consumption of 0.38 kg (i.e. 0.40 litre) of turbine oil per running hour of each turbo set. The actual consumption of turbine oil during the period from 1978-79 to 1981-82, however, varied from 0.48 to 0.78 litre per hour in the case of 32 MW set, and from 1.97 to 8.10 litres per hour in the case of 110 MW sets.

The Management stated (September 1982) that (i) oil consumption in 32 MW sets was well within the practical limits. (ii) oil consumption norm for 110 MW sets (0.40 litre/hour) indicated in the Manual was not acceptable under the climatic

conditions in India, and (iii) higher consumption was on account of leakage, which could not be attended to as the machines could not be shut down merely for this purpose.

The Management's reply does not explain the wide variations in consumption rates from year to year. It does not also clarify why the leakage cited as a cause could not be attended to during normal periods of shut-down for annual maintenance and major overhauling and periods of shut down for rectification and repairs of defects.

As compared to the level of consumption in 1978-79, the excess consumption of turbine oil during the three years up to 1981-82 works out to 0.04 lakh litres (cost : Rs.0.48 lakh) in the case of 32 MW sets and 1.21 lakh litres (cost : Rs.11.89 lakhs) in the case of 110 MW sets.

7.08.04 *Consumption of forged steel balls*

The two boilers of 110 MW sets are provided with three coal mills each (including one as a stand-by). Forged steel balls are used in these coal mills for pulverising coal.

According to the Erection/Operation Manual, the requirement of steel balls would be 22.5 tonnes of 40 mm, 22 tonnes of 50 mm and 10 tonnes of 60 mm balls per mill for initial filling and 500 kg of 60 mm balls per week during operation. Calculated at this rate, the annual requirement of 60 mm balls should not exceed 156 tonnes.

As against the norms mentioned, the utilisation of steel balls during the four years up to 1981-82 was as follows :

Year	Consumption of balls of		
	40 mm	50 mm	60 mm
	(In tonnes)		
1978-79	—	—	188.00
1979-80	123.76	28.00	150.00
1980-81	11.28	18.72	372.23
1981-82	10.00	—	378.88

It was stated by the Management (September 1982) that 40 mm and 50 mm balls were consumed mainly during renovation/major overhauling of the plants. It was, however, not clear why the consumption of 40 mm and 50 mm balls should have been more than the initial filling levels indicated in the Manual. During 1979-80 alone, the excess consumption of these items, as compared to the norms fixed was of the order of Rs.5.36 lakhs (107.26 tonnes).

As regards 60 mm balls, the excess consumption during operation, as compared to the annual requirement of 156 tonnes, during the three years up to 1981-82 aggregated 471 tonnes costing Rs.30.38 lakhs. The Board had not investigated the reasons for excess consumption (February 1983).

7.09. *Thermal efficiency*

It was noticed in audit (June 1982) that thermal efficiency (output of electrical energy denoted as a percentage of the input of heat energy contained in the fuel used in generation) actually achieved by the 32 MW sets was substantially less than the efficiency guaranteed by the suppliers of the plants. In the case of 110 MW sets information regarding thermal efficiency was not available.

The relevant particulars for the three years up to 1981-82 are given below :

Particulars	Guaranteed thermal efficiency	Actual efficiency achieved		
		1979-80	1980-81	1981-82
		(per cent)		
32 MW sets	29	21.4	22.1	22.2
110 MW sets	Not available	23.3	23.2	22.9

The reasons for not achieving the thermal efficiency guaranteed by the manufacturers in the case of 32 MW sets were not analysed (February 1983).

7.10. *Cost of generation*

The revised project reports of 32 MW sets (October 1966) and 110 MW sets (March 1977) envisaged that cost of generation would be 6.05 paise and 14.92 paise per unit respectively. As against this the actual cost of generation during the three years

up to 1981-82 as computed by the Project Management was as under :

Particulars	Pro- ject pro- vision	32 MW sets			Pro- ject pro- vision	110 MW sets		
		1979-80	1980-81	1981-82		1979-80	1980-81	1981-82
(Paise per unit of energy)								
Coal	3.24	12.82	14.94	19.65	7.17	13.76	17.72	23.42
Fuel oil	..	3.04	3.32	7.37	0.36	1.69	2.59	3.07
Depreciation	0.77	1.39	1.65	2.11	2.20	3.26	2.74	2.61
Interest	1.66	2.09	2.42	2.98	3.93	6.98	5.62	5.40
Excise duty	..	1.35	1.35	1.35	..	1.35	1.35	1.35
Establish- ment, operation and main- tenance expenses etc.	0.38	3.48	5.59	6.27	1.26	5.46	5.65	5.11
Total cost	6.05	24.17	29.27	39.73	14.92	32.50	35.67	40.96

The increase in cost under the different heads mentioned was not analysed by the Board. However, it was seen (June 1982) in audit that in the revised project reports of 32 MW sets (October 1966) and 110 MW sets (March 1977), the cost of operation and maintenance, excluding coal and fuel oil, was estimated at Rs.15.77 lakhs and Rs.140 lakhs per annum respectively. As against this, the actual expenditure on operation and maintenance of the power station amounted to Rs.442.88 lakhs, Rs.581.60 lakhs and Rs.517.22 lakhs respectively during the three years up to 1981-82.

7.11. An analysis of manpower engaged by the power station and other points noticed in deployment of workers and staff are given below :

7.11.01. The project estimates for the 32 MW sets (1962) and the 110 MW sets (1970) envisaged staff requirement for operation and maintenance of the sets at 428 (7.1 per MW) and 502 (2.3 per MW) persons which were raised to 529 (8.3 per MW) and 1347 (6.1 per MW) persons in the revised project estimates for the 32 MW sets (1966) and the 110 MW sets (1977) respectively.

No reasons were on record for the upward revision of the staff strength in the revised estimates.

The table below indicates the staff actually employed during the three years up to 1981-82 and the personnel factor* of the power station as the whole :

Year	Staff required	Staff actually employed			Personnel factor	
		Regular	Permanent muster roll	Total	Revised project reports	Actual
1979-80	1876	1740	199	1939	6.6	6.8
1980-81	1876	1740	203	1943	6.6	6.8
1981-82	1876	1730	194	1924	6.6	6.8

As regards muster-roll workers, the Board issued instructions (January 1979) for dispensing with their services and accordingly the Management moved (May 1979) an application for retrenchment with the Prescribed Authority which, however, refused (August 1979) permission for retrenchment. The Management, thereafter filed (November 1979) a writ petition in the High Court ; the matter was subjudice (February 1983). Meanwhile, the muster-roll workers, during the pendency of above writ petition, sought regularisation of service, leave benefits, wages *etc.* and this case was also pending before Industrial Tribunal for adjudication (February 1983).

Besides the staff engaged on operation and maintenance, the power station had been engaging workers (skilled and unskilled) through the agency of contractors, regularly for operation, maintenance and routine works for which staff on regular basis had already been employed. During the three years up to 1981-82, average daily number of such contract labour employed was 128, 246 and 232 respectively.

In addition, overtime hours were also worked in the power station. Altogether, the staff employment position in the power station was as under :

Particulars	1979-80	1980-81	1981-82
Regular	1740	1740	1730
Permanent muster-roll	199	203	194
Contractors' workers	128	246	232
Overtime labour**	25	75	107
Actual personnel factor (per MW)	7.4	8.0	8.0

*Personnel factor denotes the number of personnel per MW of installed capacity.

**Overtime worked by staff converted into staff employed throughout the year.

The Technical Committee on Power, in its report (December 1972) to the State Government recommended that the personnel factor should be around 4 per MW. Compared to the norms recommended by the Technical Committee on Power, the deployment of extra manpower was 956, 1128 and 1127 in the three years up to 1981-82 respectively.

7.11.02. Overtime payments

The over time hours worked and the amounts paid during the three years up to 1981-82 are tabulated below :

Year	Overtime hours put in (Hours in lakhs)	Amount paid (Rupees in lakhs)
1979-80	0.72	2.67
1980-81	2.19	12.05
1981-82	3.12	19.00

The Factories Act, 1948 provides that the overtime hours put in by a worker should not exceed 50 hours in a quarter. A test check (June 1982) in audit revealed that in contravention of these provisions, the power station engaged the same worker/workers in certain divisions (boiler maintenance, turbine maintenance, electrical maintenance, coal handling, transport, etc.) to work up to 154 hours in a quarter (January-March 1982) on regular basis ; their number ranged from 17 to 65.

7.11.03. Contract labour

According to Board's orders (October 1971) workers could be engaged on daily rate basis to meet casual and emergent requirements. However, the power station engaged workers on daily rates on a continuous basis through the agency of contractors. These workers included skilled (electricians, cable jointers, fitters, welders, painters, drivers, riggers etc.) and unskilled (helpers, mazdoors etc.) workers. Particulars of contract labour engaged and wages paid during the three years up to 1981-82 were as under :

Year	Total mandays (in thousands)	Average daily man- power	Wages paid (Rupees in lakhs)
1979-80	46.8	128	3.72
1980-81	89.7	246	7.14
1981-82	84.6	232	6.86

The workers were generally engaged for cleaning, sweeping, routine maintenance and on other jobs in operation and maintenance divisions of the power station, without proper assessment of the job requirements.

The daily progress reports of the work done by such workers were being prepared by the contractors on which basis they were being paid. Verification of the workers daily attendance and measurement of work actually done by them, wherever feasible, were not done by the divisional authorities before making payments.

7.12. *Inventory Control*

Some of the important points noticed (June 1982) in the procurement and issue of coal and other items of stores are given below :

(a) *Coal*

(i) Coal was not weighed physically in the power station and receipts of coal were accounted for on the basis of despatch documents. The accounts of day-to-day consumption and book balances were kept on the basis of assessed rate of consumption with reference to the units generated, and physical verification was carried out at the end of each year on the basis of volumetric measurements. The position of shortage/excess found on physical verification with reference to these book balances during the six years up to 1981-82 reflected a net shortage of 88115 tonnes of coal costing Rs.165.77 lakhs. This was also treated as consumption in the accounts of the Board. As a results, wastage, pilferage, losses in transit etc., if any, remained undetected.

(ii) In accordance with the orders of the Government of India (August 1975), the price of coal is linked with heat contents. Coal supplies are analysed on the basis of test samples in the power house laboratory. During the years from 1977-78 to 1981-82 (information for the period prior to 1977-78 not available) the power station preferred claims for Rs.206.19 lakhs with the Coal India limited (CIL) as the coal supplied was found to be of inferior quality as compared to the quality indicated in despatch documents. The claims were not accepted by CIL on the grounds that the samples were drawn and analysed unilaterally by the power station and samples were not drawn jointly at the colliery ends. The Management has not

implemented any procedure for joint sampling (February 1983).

(iii) Payments for coal supplied are released centrally by the Board. The position of claims pending with the Railways for missing coal wagons up to March 1982 was as under:

Year	Quantity involved (In tonnes)	Approximate value (Rupees in lakhs)
1968-69 to 1978-79	965	₹ 0.65
1979-80	2005	3.53
1980-81	5362	10.00
1981-82	101639	178.88
	<u>109971</u>	<u>193.06</u>

Claims aggregating Rs.4.18 lakhs for the period up to 1979-80 were rejected by the Railways on the ground that these were not preferred within six months from the date of booking.

(b) *Other stores and spares*

(i) Though substantially large amounts are spent on purchases every year, annual purchase estimates were not prepared.

(ii) Purchases were made from time to time without proper assessment of requirements and available stock, resulting in accumulation of stocks as shown below :

	1979-80	1980-81	1981-82
	(Rupees in lakhs)		
Opening stock	130.50	394.80	528.26
Receipts	549.20	389.95	352.83
Total	679.70	784.75	881.09
Consumption	284.90	256.49	292.16
Closing stock	394.80	528.26	588.93
Closing stock in terms of month's consumption	16.6	24.7	24.2

(iii) As per orders of the Board stores materials received should be accounted for promptly and entries regarding shortages, damages, defects, etc., if any, should be reflected simultaneously in the measurement book. It was, however, noticed during test check (June 1982) that stores materials valuing Rs.31.31 lakhs (approximately) received against various orders placed from 1975-76 to 1981-82 had not been accounted for up to June 1982 mainly on the ground that the materials supplied were either not according to specifications (Rs.17.03 lakhs) or their checking reports from the indenting divisions were awaited (Rs.14.28 lakhs). The matter was not investigated (February 1983).

(iv) The Management had not prescribed any procedure for periodical verification and segregation of items rendered surplus to requirements. However, as per instructions issued by the Additional Chief Engineer (Panki Thermal Power Station) in April 1982, action was taken to sort out items of stores and sparts surplus to requirements. This revealed that stores and spares valuing Rs. 95.97 lakhs were lying unused for over two years as detailed below :

Category	Number of item	Value (Rupees in lakhs)
Workshop, transport and turbine spares	1522	52.07
Boiler spares	341	26.70
Electrical spares	308	11.25
Control and instrumentation spares	182	5.95
		95.97

No decision to declare these items as surplus and to dispose them of was taken (February 1983).

(v) Maximum, minimum and reordering levels of stocks had not been fixed.

(vi) Materials had not been classified into critical, non-critical, fast and slow-moving items.

(vii) Standardisation of the items and codification had not been introduced.

(viii) Purchase and stocking of insurance spares was not being done on a consolidated/pooled basis, though the Board had installed several 110 MW units.

(ix) No reserve limit of stocks had been fixed for major stores centres as well as the several site stores centres thereunder.

(x) There was no purchase and stores accounting manual.

(xi) Physical verification of stores and spares was not conducted/completed during the three years up to 1981-82. It was partially done in 1981-82 (in respect of 2272 items out of about 16000 items).

The physical verification of fuel oil carried out on 31st March 1978 revealed excess of 201 kilolitres of furnace oil (value : Rs.2.41 lakhs) over book balance. The matter has not been investigated (March 1983).

(xii) The stores accounts of the power station continue to be maintained on public works system contrary to the Board's decision (June 1966) to introduce commercial system by 1971-72. The value of stores and spares (Rs. 588.93 lakhs as on 31st March 1982) as per monthly accounts of receipts and issues compiled by different units of the project remained unreconciled as value accounts of closing stores as per periodical register of stock were not maintained separately by the accounts wing.

(xiii) Stock registers and registers of tools and plants were not being maintained up to date and reconciled periodically. The table below shows the periods up to which stock registers/tools and plant registers had been closed (February 1983) :

Name of Division	Period up to which registers compiled	
	Stock register	Tools and plant register
Panki Thermal Division (PTD)	March 1977	September 1977
Plant Stores Division (PSD)	September 1976	September 1976
Civil Maintenance Division (CMD)	September 1981	September 1978

7.13. Maintenance of accounts

(i) Settlement of accounts receivable and payable was not done promptly. As per the compiled accounts of the project, the outstanding balances under accounts receivable and accounts payable at the end of each of the three years up to 1981-82 were as follows :

Year	Accounts receivable		Accounts payable	
	Clearance during the year	Closing balance	Clearance during the year	Closing balance
	(Rupees in lakhs)			
1979-80	518.71	457.26	391.06	562.86
1980-81	392.12	899.26	760.29	911.42
1981-82	690.96	1504.38	701.34	1531.03

It was noticed that the partywise registers were not posted and working out of monthly closing balances was in arrears in several cases. Further, age-wise break-up of amounts outstanding under suspense heads had not been done.

(ii) The register of major and minor works, required to be maintained under Board's orders, reflecting work-wise expenditure through cash, stock and adjustment was not maintained. Similarly, the contractors' ledger had also not been maintained in proper form to indicate the progressive value of work done and also recovery position towards material issued to contractors.

7.14. Other topics of interest

7.14.01. Infructuous expenditure on construction of tubewells

Nine tubewells with a total designed capacity of 20 cusecs were constructed during 1975-76 and 1976-77 at a cost of Rs. 45 lakhs to ensure availability of make-up water for the 110 MW sets during periods of canal closure. The trial runs of the tubewells revealed (September 1976) unsatisfactory working of pumps. This was attributed by the Project Management (January 1977) to defect in vertical length of the tubewells. To rectify the defect, 15 submersible pumps (including six spare pumps) with a designed capacity of two cusecs each were purchased and installed (May 1978) at a cost of Rs.3.60 lakhs. When a notice was received (April 1979) from the Irrigation Department for closure of canal for maintenance purposes, the Project Management observed (May 1979) that the submersible pumps were giving inadequate

discharge below the designed capacity and the discharged water was not sufficient to meet the requirements. Besides, six tubewells were giving salty water, and one tubewell used for drinking water had failed on account of excessive sand and gravel. Underground pipeline had also failed at many points. The date of closure of canal was, therefore, postponed indefinitely and a new tubewell for drinking water was installed (May to September 1979) at a cost of Rs.3.44 lakhs. Meanwhile, another old tubewell used for drinking water failed (September-October 1979). The Superintending Engineer (Operation and Maintenance) observed (October 1979) that tubewell water which contained excessive chloride was not usable as make-up water. Hence, excluding one tubewell used for drinking water, eight tubewells intended for providing make-up water were closed. The expenditure of about Rs.40 lakhs incurred on the installation of these eight tubewells, thus, proved infructuous.

As an alternative arrangement, the Project Management submitted (May 1980) a scheme for construction of a small canal of about 20 km length to be connected to the existing feeder canal. Approval of the Board to the above scheme (estimated cost : Rs.636 lakhs revised to Rs.1083 lakhs in March 1981) was awaited (February 1983).

7.14.02. *Shortage of steel*

An assistant store-keeper in charge of steel store was placed under suspension (November 1975) by the Project Management for alleged misappropriation of steel. The physical verification carried out (February 1977) revealed shortage of 276.77 tonnes of steel of various descriptions costing Rs.6.99 lakhs. The services of the assistant store-keeper were terminated (September 1979) on the basis of the opinion given by the law cell of the Board that no assets were left over by him and that on account of lack of proper evidence, no useful purpose would be served in instituting a criminal case against him. A decision on the write-off of the loss involved was not taken by the Board (February 1983).

7.14.03. *Water charges*

Water for use in the power station is being drawn from the Lower Ganga Canal since September 1967. In accordance with the decision taken at a meeting held (February 1973) between the officers of the Board and the Irrigation Department, water charges (at the rates applicable to water consumed for non-agricultural purposes) together with charges for regular and special maintenance of the regulators are payable to Irrigation Department.

The basis for working out the quantum of water consumed was, however, not decided. The Management made lumpsum payments of Rs.1.20 lakhs and Rs.1.83 lakhs in December 1979 and November 1980 respectively for water consumed in 32 MW sets, against the Irrigation Department's claim of Rs.54.40 lakhs (maintenance charges : Rs.13.67 lakhs, water charges : Rs.16.41 lakhs and interest charges : Rs.24.32 lakhs) for the period up to March 1980 since inception. In regard to above, the Additional Chief Engineer (Panki) reported to the Member (Generation) in December 1979 that the Irrigation Department worked out consumption of water at 5 cusecs for 12 weeks and 6.5 cusecs for 40 weeks of the year against Management's calculation of 1.95 cusecs for the whole year. The final decision in the matter was still awaited (February 1983). No bills for water charges, maintenance charges *etc.* in respect of the water consumed in 110 MW sets, were available on record.

7.14.04. *Water cess*

Under the provisions of Water (Prevention and Control of Pollution) Cess Act, 1977, applicable from 1st April 1978, the Board is required to pay water cess to Uttar Pradesh Water Pollution, Prevention and Control Board (WPPCB) together with interest charges for delayed payment. No payment had, however, been made by the power station against bills for Rs.32.91 lakhs (including interest charges of Rs.2.15 lakhs) received from WPPCB for April 1978 to March 1980 on the ground that water cess was not payable in respect of water used for cooling of condensers and returned back to canal unpolluted. The WPPCB did not accept this contention and issued a show cause notice (November 1980) for imposing a penalty on arrears of payments due. Thereupon, the power station paid Rs.5 lakhs (December 1980). No further payment was made and bills for Rs.66.26 lakhs (including interest charges of Rs.7.52 lakhs) for the period up to March 1982 remained unpaid (February 1983).

7.14.05. *Extra expenditure due to variation in payment clause*

After inviting tenders, an agreement (value : Rs.83.08 lakhs) was executed by the Board with a firm of New Delhi in August 1973 for concrete and allied works in super-structure, sub-structure of power house building, auxiliary structure and equipment foundation of the Power Station (2×110 MW). According to the terms of agreement, the specified use of steel in RCC work was payable on standard weight (measurement) basis. In a test check (July 1980) in audit it was, however, noticed that the contractor was paid for fabrication charges of steel on actual weight basis

instead of on standard weight basis. This had resulted in excess payment of Rs.1.45 lakhs.

7.14.06. *Short recovery of fuel surcharge*

The rate schedules of the Board, in force from time to time, include a provision for levy of fuel surcharge on account of increase in cost of coal, furnace oil and freight thereon if it was five *per cent* or more. This surcharge is recoverable from large and heavy power consumers including Railways (for railway traction).

The tariff introduced from 1st August 1980 did not contain a provision for the levy of fuel surcharge. The Board modified the tariff (June 1981) in exercise of the powers conferred under Section 49 of Electricity (Supply) Act, 1948, and reintroduced fuel surcharge from 1st July 1981. It was, *inter alia*, provided therein that "the fuel surcharge due to increase in cost of coal, furnace oil and freight up to 1st August 1980 shall be taken as amalgamated in the tariff introduced from 1st August 1980" and that the fuel surcharge would be chargeable every month on further increase in the delivered costs thereof at Panki Thermal Power Station. According to this formula the surcharge actually became leviable from March 1981, as the increase in price of the items was over five *per cent*. Its introduction from 1st July 1981 resulted in a loss of revenue of Rs.529.33 lakhs (at 4.90 paise per unit) for 1080.258 million units billed for the period from March to June 1981.

7.15. *Summing-up*

(i) To meet increasing demand for power in Kanpur region, two units of 32 MW were set up at Panki in October 1967 and July 1968. Two more units of 110 MW each were installed in November 1976 and March 1977.

(ii) The actual expenditure incurred on installation of 32 MW sets was Rs.11.86 crores against the original estimated cost of Rs.6.82 crores (September 1962) revised to Rs.10.51 crores (October 1966). The two units were commissioned in October 1967 and July 1968 against the scheduled dates of July and August 1965 respectively. The completion report was not prepared (February 1983).

A claim for Rs.2.49 lakhs preferred by the Indian agents of the foreign supplier on account of escalation in price including devaluation effect was admitted in respect of the agent's commission though the claim was not admissible.

(iii) The two units of 110 MW were installed by BHEL. Against an estimated cost of Rs.35.20 crores (May 1970) revised to Rs.70 crores (March 1977), the actual expenditure incurred on the two units of 110 MW was Rs.73.61 crores (March 1982). An analysis of the reasons for the cost overrun was not attempted. Completion report was not prepared (February 1983).

In the case of these two units, the trial runs conducted were inadequate and full load could not be achieved either during trial runs or at any time thereafter.

(iv) (a) In the case of unit I of 32 MW, blades and diaphragms of 12th stage low pressure rotor failed in July 1972. A proposal for repairs/replacements at an estimated cost of Rs.80 lakhs was considered uneconomical and it was decided to run the unit with derated capacity of 29 MW (July 1977). In July 1980, extensive damages to other blades and diaphragms were noticed. To prevent further damages, repairs and replacements were decided upon and orders placed on the Yugoslav firm in December 1980. The supplies (estimated cost : Rs.143.30 lakhs) were awaited (February 1983). The resultant generation loss due to derating during the period 1975 to 1982 is estimated at 1.58 crore units per annum involving loss of revenue of approximately Rs.2.52 crores for the entire period.

(b) The 110 MW sets started posing problems immediately after commissioning BHEL, attended to the problems and claimed Rs.19.90 lakhs (January 1980) towards renovation expenses relating to 13 identified items. The claim was under arbitration (February 1983). In addition Board had already spent Rs.6.99 crores on capital repairs including premature replacements of some major parts (Rs.1.72 crores) and Rs.6.15 crores on other repairs during 1977-78 to 1981-82. A scheme involving an expenditure of about Rs.11.82 crores on renovation submitted by the Project Management in April 1982 to rectify the inherent design defects was awaiting approval of the Board/CEA (February 1983).

Proposals submitted by the Project Management (March 1982) for derating the capacity of these two 110 MW units to 85/90 MW were also awaiting approval of the Board/CEA (February 1983).

(v) Capacity utilisation of all the four units was on the lower side. Excessive outages and operation at low load had been cited as reasons for low capacity utilisation.

(vi) Against the acceptable limit of 4 *per cent* recommended by the Technical Committee on Power, the percentage of unscheduled outages ranged between 8.3 and 18.6 in the case of 32 MW sets and 11.9 and 24.5 in the case of 110 MW sets, during the three years up to 1981-82.

(vii) The actual time taken for annual maintenance and major overhauling (scheduled outages) was excessive as compared to the norms of 672 and 1344 hours recommended by the Technical Committee on Power.

(viii) On several occasions frequent break-downs leading to excessive outages occurred immediately after major overhauling/maintenance.

(ix) During the period from 1976 to 1982 there were frequent failures of the unit on account of explosion, fire, tripping, *etc.* resulting in heavy repair cost and loss of generation with consequent loss of revenue (Rs.11.99 crores).

(x) During the three years up to 1981-82 the auxiliary consumption in the 110 MW sets was excessive. The excess consumption involved loss of saleable power of approximately 38.6 Mkw involving a revenue loss of Rs.136.72 lakhs.

(xi) As compared with the normal requirement of coal of 0.50 kg per Kwh for 32 MW set and 0.60 kg per Kwh for the 110 MW set, the actual consumption was excessive. During the five years up to 1981-82 the cost of excess consumption was Rs.3.40 crores (1.78 lakh tonnes) in the case of 32 MW sets and Rs.9.48 crores (4.58 lakh tonnes) in the case of 110 MW sets.

(xii) No norms were fixed for fuel oil consumption for 32 MW sets. The consumption varied from 9.70 kilolitres to 27.22 kilolitres per Mkw during 1974-75 to 1981-82. Adopting a base level norm of 9.70 kilolitres per Mkw, excess consumption during the period from 1975-76 to 1981-82 worked out to 0.22 lakh kilolitres valued at Rs.3.20 crores.

In the case of 110 MW sets, the project estimate (March 1977) contemplated consumption of fuel oil at 5 *per cent* of cost of coal consumed. This worked out to 3 kilolitres per Mkw at 1976-77 price level. The actual consumption varied from 21.72 kilolitres (1977-78) to 9.10 kilolitres (1981-82) per Mkw. Taking 3 kilolitres as norm, the excess consumption during the 5 years up to 1981-82 works out to 0.43 lakh kilolitres (Rs.6.39 crores)

(xiii) There was excess consumption in the case of turbine oil required for running turbo-sets (Rs.12.37 lakhs) and forged

steel balls (Rs.30.38 lakhs) required for pulverising coal during the three years up to 1981-82. The Board has not investigated the reasons for excess consumption.

(xiv) In the case of 32 MW sets the thermal efficiency achieved during the three years up to 1981-82 was 22 *per cent* against 29 *per cent* guaranteed by the suppliers.

(xv) The revised project report of 32 MW and 110 MW sets envisaged that the cost of generation would be 6.05 paise and 14.92 paise per unit respectively. The generation cost had been continuously on the increase and touched 39.73 paise and 40.96 paise per unit respectively in 1981-82.

(xvi) In addition to regular staff and permanent muster roll, the Project Management had also been engaging contract labour for various jobs. Overtime was also a regular feature year after year. Against the personnel factor of 4 persons per MW the actual factor was 8 persons in 1981-82.

(xvii) Physical verification of stores and spares was not conducted/completed during the three years up to 1981-82 and normal stock levels were not fixed. Purchases were made without proper assessment of requirements resulting in built up of inventory. At the end of 1981-82, the closing stock was equal to 24 months' consumption.

There was no standardisation or codification of items nor was there classification of critical, non-critical, fast and slow moving items.

(xviii) In the case of coal consumption, figures were worked out theoretically with reference to units generated. Shortages found on physical verification on volumetric basis were treated as consumption. Hence wastage, pilferage, transit losses, *etc.* remained undetected.

(xix) Claims preferred by the Board for Rs.2.06 crores on account of inferior quality of coal supplies were rejected by Coal India Limited on the ground that samples were not drawn jointly at colliery ends. Claims pending with Railways for missing coal wagons at the end of 1981-82 amounted to Rs.1.93 crores.

(xx) An expenditure of Rs.40 lakhs incurred on installation of 8 tubewells during 1975-76 and 1976-77 including Rs.3.60 lakhs spent on submersible pumps was rendered infructuous as the tubewells were closed as the tubewell water contained excessive chloride and, hence, could not be used as make-up water.

(xxi) Physical verification carried out in February 1977 revealed shortage of 276.77 tonnes of steel costing Rs.6.99 lakhs. The services of the Assistant store-keeper held responsible for the loss were terminated (September 1979).

(xxii) Against bills for water charges totalling Rs.54.40 lakhs for the period up to March 1980 received from Irrigation Department in respect of water consumed in 32 MW sets, only Rs.3.03 lakhs were paid. No bills for water used in 110 MW sets were available on record.

(xxiii) Bills for Rs.66.26 lakhs for the period up to March 1982 received from WPPCB towards water cess, including Rs.7.52 lakhs as interest charges on delayed payments were not paid (February 1983).

The matter was reported to the Board/Government in December 1982 ; replies were awaited (March 1983).

SECTION VIII

AGRA ELECTRIC SUPPLY UNDERTAKING

8.01. Introduction

In December 1973, the State Electricity Board took over the business of a licensee Company at Agra, which was supplying energy and maintaining distribution lines within the municipal limits and formed Agra Electric Supply Undertaking (AESU) at Agra. The Special Officer appointed (August 1975) under Section 7-A (6) of the Indian Electricity Act, 1910 (as amended in February 1975), to determine the valuation of assets and liabilities, in his report (July 1982) valued the assets taken over at Rs.350.33 lakhs. The net amount payable was worked out to Rs.63.42 lakhs after allowing deductions of Rs.286.91 lakhs under Section 7-A (5) *ibid*.

8.02. Organisational set up

The AESU is under the charge of a Superintending Engineer and he is assisted by six Executive Engineers.

8.03. Activities

The main activities of the AESU are distribution and maintenance of supply in Agra town, giving service connections to new consumers, construction/strengthening of lines and substations for regular supply, installation and periodical testing of meters, billing and realisation of revenue from consumers within the municipal and cantonment limits of Agra.

8.04. Generation

(a) The Board took over Power Houses at Agra Fort (AFPS) and Jamuna Bank (JBPS) with installed capacity of 28 MW. The installed capacity of the Stations and their utilisation during the three years up to 1981-82 were as under :

	1979-80		1980-81		1981-82
	AFPS	JBPS	AFPS (MW)	JBPS	AFPS
Installed capacity	18	10	18	10	18
Maximum generation capacity	118.260	87.600	118.260	87.600	27.216
Actual generation	26.198	33.642	20.843	13.646	1.888
Capacity utilisation	22.2	34.8	<i>per cent</i>		6.9
			17.6	15.6	

The capacity utilisation showed downward trend from year to year. The low utilisation was attributed (June 1982) by the Management to non-matching capacity of boilers.

The Board decided (March 1981) to close down these Power Houses as these were having an adverse affect on the Taj Mahal.

JBPS was closed down in March 1981 and AFPS in June 1981. Tenders for disposal of machines were under finalisation (January 1983).

(b) *Cost of generation*

There was no system in the Undertaking to work out the cost of generation per Kwh. The expenditure on generation was also not booked separately although prescribed by the Board.

After excluding the proportionate expenditure on wages and salaries of staff, the cost of generation per unit available for sale as compiled in audit varied from 36 paise in 1979-80 to 58 paise in 1980-81 and to 79 paise in 1981-82 against the average revenue per unit sold at 46 paise in 1979-80, 47 paise in 1980-81 and 53 paise in 1981-82. The high cost of generation resulted in a loss of Rs.32.78 lakhs and Rs.4.05 lakhs during 1980-81 and 1981-82 respectively in addition to wages and salary of generation staff and cost of distribution, repairs and maintenance.

8.05. *Consumption of coal*

The norms for consumption of coal per Kwh of electricity generated were not fixed. The consumption of coal per unit during the three years up to 1981-82 was as under :

Year	Units generated		Quantity of coal consumed		Coal consumed per Kwh of energy produced	
	AFPS (Mkwh)	JBPS	AFPS (Tonnes)	JBPS	AFPS	JBPS
1979-80	26.198	33.642	44163	29781	1.69	0.89
1980-81	20.843	13.646	39434	20101	1.89	1.47
1981-82	1.888	..	4523	..	2.40	..

Reasons for increase in consumption of coal per Kwh of power generated from year to year were not investigated (March 1983).

In this connection the following points were noticed :

(i) *Purchase of weigh bridge*

Without stipulating any delivery period, AESU placed (April 1979) an order, on the basis of tenders, on a firm of Kanpur for supply of a weigh bridge (value : Rs.1.26 lakhs excluding sales tax and excise duty) for installation at JBPS for weighment of coal received by rail. The weigh bridge was received in January 1980 and was kept in the stores up to September 1981. Thereafter it was transferred to Varanasi Electric Supply Undertaking.

(ii) *Shortage of coal*

In the absence of weigh bridge at JBPS, the difference in weight of coal as indicated in the railway receipts (on the basis of which payments were made to supplier) and the quantity actually received in the power station was not ascertained.

Physical verification of coal conducted (October 1980) at JBPS revealed a shortage of 5095 tonnes (Value : Rs.12.74 lakhs) which had not been investigated so far (March 1983).

After closure of AFPS (June 1981) the book balance of coal was 7131 tonnes. On the basis of tenders (May 1982) 1250 tonnes of coal was sold at Rs.550.11 per tonne and up to 15th February 1983 only 613 tonnes were lifted. No physical verification was, however, conducted and action taken to dispose of the balance of 786 tonnes was not on record.

8.06. *Purchase of demineralising water plant*

(i) To save loss of steam by about 10 per cent and to run AFPS efficiently, the AESU invited tenders (April 1977) for purchase of a demineralising water plant and a water softening plant. Out of eight tenders received (May 1977) the rate of firm 'A' was the lowest (comparable cost : Rs.3.21 lakhs) for demineralising plant but the order was placed on firm 'B' (comparable cost : Rs.3.52 lakhs) on the recommendation of Superintending Engineer, Design Circle, Lucknow on the plea that the operating cost of equipment offered by firm 'B' would be cheaper by Rs.0.14 lakh per year against the initial higher cost of Rs.0.31 lakh. The plant was received in September 1978 and commissioned in March 1979).

It was noticed (June 1981) in a test check in audit that firm 'A' had quoted Rs.1.69 lakhs for demineralising water plant and Rs.2.83 lakhs for water softening plant in the two copies of the tender. But in one of the copies, the rates were shown by interchanging arrow mark. The comparative statement was finalised on the basis of arrow marked copy without obtaining clarification from the tenderer.

(ii) No details as to how the operating cost was considered cheaper were available on record.

(iii) There was no record to indicate whether the demineralising water plant was actually operated. Details of quantity of demineralising water produced and steam saved were also not available. No operator to operate the plant and a chemist to analyse the chemical components of raw water as demineralised water were appointed. As compared to 1978-79 the average coal

consumption had increased (1.47 kgs per Kwh in 1978-79 to

The entire expenditure on installation (Rs.3.52 lakhs) and therefore, unfruitful.

It was stated (June 1982) by the Management that the plant shifted to Lucknow ; but it had not been shifted (February 1983) .

8.07. Revenue collection

8.07.01. Growth of load and consumption of energy

The table below indicates the growth of consumers, connecting during the three years up to 1981-82 :

Category of consumers	1979-80				Average number of consumers
	Average number of consumers	Average connected load (KW)	Units sold (Mkwh)	Consumption per KW of connected load (Units)	
Domestic	55117	50424	37.68	747	56808
Commercial	398	3034	4.45	1467	421
Small, medium and mixed load	2575	39406	45.17	1146	2582
Large and heavy	35	8905	19.19	2155	39
Agriculture	145	892	1.32	1480	150
Public lighting	19	429	0.84	196	19
Water works	9	3080	0.50	3048	9
	58298	106170	118.15	1113	60028

1.89 kgs in 1980-81).
 operation of demineralising water plant (Rs.1.58 lakhs) was,
 was operated with the existing staff and that the plant was to be

ted load and consumption of energy per KW of connected load

1980-81			1981-82			
Average connected load(KW)	Units sold (MKwh)	Consumption per KW of connected load(Units)	Average number of consumers	Average connected load(KW)	Units sold (Mkwh)	Consumption per KW of connected load (Units)
47101	42.30	898	57999	40250	45.63	1133
3261	2.83	868	409	2981	4.24	1422
40757	44.59	1094	2547	42793	42.77	1000
9404	14.81	1575	40	9470	14.49	1530
921	1.38	1498	152	916	1.38	1506
429	0.90	210	19	429	0.96	224
3102	13.61	4242	10	3226	12.16	3769
104975	119.97	1142	61176	100065	121.63	1215

The average number of domestic consumers increased from 55117 during 1979-80 to 57999 during 1981-82, but the connected load decreased from 50424 KW during 1979-80 to 40250 during 1981-82. The reasons for decrease in the connected load were not analysed. The consumption of energy per KW of connected load decreased in the case of consumers of commercial, small, medium and mixed loads, large and heavy power consumers during 1980-81 and 1981-82 as compared to that in 1979-80. The low consumption by large and heavy power consumers was attributed by the Management (June 1982) to power cuts imposed from August 1979 onwards.

No exercise was, however, carried out to ascertain the reasons for the low consumption of energy per KW of connected load and to determine the extent to which the decline was due to :

- theft and leakage of energy,
- under recording of consumption by meters, and
- underbilling of consumers having defective/stopped meters and locked premises.

8.07.02. *Meter reading and issue of bills*

Under the orders of the Board (July 1970) a connection given to a new consumer is required to be entered in the consumers' ledger within one month from the date of connection and the first bill is to be issued thereafter as soon as the meter reading is taken. While Maintenance and Distribution Divisions are responsible for giving new connections for light and fan consumers and Test and Meter Divisions for power consumers, the billing is done by the Commercial Division on receipt of meter readings. There was, however, no system to ensure that billing was done in all the cases where new connections were given. A test check (June 1982) of records of an Assistant Engineer (out of four) responsible for giving light and fan connections revealed that out of 257 cases of new connections given during June 1981 to January 1982 billing was not done up to April 1982 in any case.

8.07.03. *Provisional billing for jammed/stopped meters*

As per Board's order (October 1976) if the meter of a consumer is found jammed/stopped, the assessment is to be based on the maximum demand and consumption recorded during the preceding three months.

In the following cases, AESU billed the consumers, whose meters were found jammed/stopped, on the basis of minimum

charges instead of on the basis of average consumption of preceding three months :

Group number and category of consumers	Period	Number of consumers billed	Number of consumers provisionally billed	Percentage of consumers provisionally billed
150 (Power)	February 1982	2606	1818	69.8
151	March 1982	10216	4139	34.4
152 } Light and fan	February 1982	7530	2508	33.3
153 }	March 1982	19485	7968	40.9
154 }	February 1982	20038	7995	39.9

Reasons for not following the Board's order were not on record. A high percentage of provisional billing, thus, resulted in lesser realisation of revenue.

The metering protection transformer installed at the premises of a consumer was damaged on 12th October 1980. It was repaired/set right on 28th January 1981. The consumer was billed during October 1980 on the basis of average consumption for preceding three months but subsequently the assessment was revised (December 1980), without the approval of Chief Engineer (Commercial), on the basis of highest consumption during the same months during the last three years. The same procedure was followed up to January 1981. Thus, non-observance of Board's orders (October 1976) resulted in short assessment of Rs.0.49 lakh (including Rs.0.01 lakh as electricity duty) from October 1980 to January 1981.

8.07.04. Revenue arrears

(a) The table below indicates the position of assessment, realisation and arrears during the three years up to 1981-82 :

Year	Assessment (including miscellaneous revenue and electricity duty)	Realisation	Arrears as at the close of the year	Percentage of arrears to revenue realised
(Rupees in lakhs)				
1979-80	573.67	556.27	78.45	14.1
1980-81	620.98	581.29	118.14	20.3
1981-82	695.36	698.22	115.28	16.5

Reasons for large accumulation of arrears as noticed in audit (June 1982) were :

- failure to disconnect promptly the supplies of the consumers who failed to pay bills in time,
- difficulties in disconnecting essential services for non-payment in the case of Government installations and essential services *e.g.* water works, public lighting and other important heavy power consumers, and
- non-payment of bills by consumers due to incorrect meter readings and issue of cumulative bills.

(b) The category-wise break-up of arrears at the close of three years up to 1981-82 was as under :

Category	1979-80	1980-81 (Rupees in	1981-82 lakhs)
Domestic and commercial	48.13	57.41	55.65
Small and medium industries	12.75	26.56	16.10
Large and heavy industries	13.58	19.46	24.55
Public lighting	..	0.59	..
Private tubewells	0.96	1.28	1.48
Water works	..	10.38	14.54
Board's employees	2.04	2.46	2.96
Mixed load	0.99	..	..
	78.45	118.14	115.28

Except in the case of domestic/commercial, small and medium power industries and mixed load consumers the arrears had accumulated from year to year since 1979-80. The decrease in accumulated arrears during 1981-82 in respect of domestic and small and medium power consumers was owing to downward revision of previous assessments (and not due to collection of arrears) as detailed below :

Months	Domestic light and fan		Small and medium power industries	
	Units (Mkwh)	Amount (Rupees in lakhs)	Units (Mkwh)	Amount (Rupees in lakhs)
April 1981 to March 1982	12.73	68.17	7.62	38.43

Reasons for such heavy downward revision, without assigning any reasons, during such a short period were not on record. The undertaking had not so far (March 1983) carried out any exercise to locate the faulty areas and take corrective action.

The sanction of the competent authority for reduction/adjustment of 20.35 Mkw units affecting the assessed value of electricity charges and electricity duty to the extent of Rs. 106.60 lakhs was, however, not on record. The bill-wise details of reduction of earlier assessment were also not on record.

8.07.05. *Dues against disconnected consumers*

Arrears against consumers where supplies remain disconnected for more than six months due to default in payment are withdrawn from consumers operative account and transferred to inoperative account for separate pursuance. Such dues are realised only in cases where the consumers subsequently turns up either for permanent disconnection or for reconnection of disconnected supply. The arrears in respect of 758 such consumers (Rs.176.25 lakhs) withdrawn and transferred to inoperative accounts were lying without any recovery proceeding. The following table indicates the group-wise position of inoperative accounts as on 31st March 1982 :

Group	Number of inoperative accounts	Amount (Rupees in lakhs)
Power	71	172.46
Light and fan	687	3.79
	758	176.25

Year-wise break-up of the amount was not available with the Undertaking (February 1983).

As against the total arrears of Rs.321.27 lakhs (operating arrears Rs.145.02 lakhs and inoperative arrears Rs.176.25 lakhs) as on 31st March 1982 as per the computer control report, the arrears as shown in the monthly revenue accounts were as follows :

Category	Arrears of revenue as on 31st March 1982 (Rupees in lakhs)
Domestic/commercial	55.65
Small and medium power	16.10
Private tube-wells	1.48
Total	73.23

The Management stated (February 1983) that arrears shown by computer were incorrect. This difference of arrears as per computer accounts and revenue accounts had not been reconciled (February 1983).

8.07.06. Issue of recovery certificates

In case of failure to pay the dues against demand notices issued, recovery certificates are to be issued to the Collector for realisation of dues as arrears of land revenue. The table below indicates the position regarding issue of recovery certificates, certificates returned by the Collector, realisation of the amount by the Collector and the amount outstanding at the close of the three years up to 1981-82 :

	1979-80		1980-81		1981-82	
	Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)	Number	Amount (Rupees lakhs)
Opening balance of recovery certificates	279	2.56	300	7.33	56	1.94
Recovery certificates issued during the year	42	4.87	123	3.42	2	0.08
Total	321	7.43	423	10.75	58	2.02
Recovery made during the year	21	0.10	30	0.16	6	0.56
Recovery certificates returned without realisation	..	..	337	8.65	41	1.24
Recovery certificates pending at the close of the year	300	7.33	56	1.94	11	0.22

The number of recovery certificates returned without realisation included 338 certificates for Rs.5.35 lakhs returned by the revenue authorities on the ground of non-existence of the consumers. There was nothing on record to show the action taken to investigate these cases. The remaining 40 recovery certificates (Rs.4.54 lakhs) were withdrawn during 1980-81 and 1981-82 on the ground of wrong issue of recovery certificates (Rs.4.43 lakhs) and acceptance of payment from consumers directly (Rs.0.11 lakh).

The revenue authorities recover collection charges from the consumers wherever collection is made by them. In cases where the recovery certificates are withdrawn, the Board is liable to pay the collection charges; for instance in one case it was noticed that where the recovery certificate for Rs.3.86 lakhs was withdrawn in 1981-82, the Collector, Agra claimed (October 1981 and May 1982) Rs.0.40 lakh as collection charges, which amount was yet to be paid (February 1983).

The cases of wrong issue of certificates had, however, not been investigated so far (March 1983).

8.07.07. *Payment by cheques*

In September 1977 the Board issued instructions that payment by cheques from a consumer whose cheque was dishonoured even once should not be accepted thereafter. It was, however, noticed in audit (June 1982) that in a number of cases the Undertaking continued to receive cheques from consumers whose cheques were dishonoured, thus, giving unauthorised moratorium in clearing the dues without facing disconnection. There was no check to ensure the payment of dishonoured cheques since reverse entries required to be made in the consumers' ledger after dishonour of cheques were not being made.

8.07.08. *Checking of premises of consumers*

In order to check theft/misuse of energy by the consumers, the Board has prescribed surprise check to be conducted by a team consisting of an Assistant Electrical Inspector, Inspector of Vigilance Section and Assistant Engineer/Executive Engineer of the area concerned. The team has to meet at a place decided by the Superintending Engineer every morning to decide the area and consumers' premises to be checked during the day.

Raids were, however, conducted from time to time by Assistant Engineer under orders from Superintending Engineer. No record was, however, made available to show the details of consumers' premises checked, irregularities noticed and the consumers in whose cases fresh assessments were to be done. There was, therefore, no check to ensure that all the cases requiring action as a result of surprise checks were reported to the Commercial Division.

The details of reports of surprise checks received and assessments made, as per records maintained by the Commercial Division, during the three years up to 1981-82 were as under :

Year	Number of cases received in Commercial Division	Number of cases where assessment was required to be made	Percentage of consumers in whose cases irregularities were noticed to total number of cases raided	Cases where assessment made Number	Amount (Rupees in lakhs)	Number of cases where assessment made or not was not mentioned
1979-80	128	128	100	128	1.62	..
1980-81	187	159	85	152	1.32	7
1981-82	452	390	86	253	8.86	137

Of the cases checked, the percentage of consumers using electrical energy unlawfully ranged between 85 and 100 during the three years. In this connection it was observed that the position of assessment was not recorded in 144 cases during 1980-81 (7 consumers) and 1981-82 (137 consumers).

8.07.09. *Voluntary load disclosure scheme*

In order to overcome unauthorised increase in the connected loads by the small and medium industrial consumers up to 100 HP (75 KW) including private tubewells, a scheme was introduced by the Board in August 1979 giving an option to consumers to declare voluntarily the additional load which they might have been using, for getting the same regularised within three months. Executive Engineers were empowered to sanction additional load up to 25 HP so declared. In November 1980 the Board extended the facility of disclosure of additional load allowing moratorium up to 31st January 1981 and the details of applications so received as well as the additional load sanctioned were to be communicated to Chief Zonal Engineer by February 1981.

It was noticed in test check in audit (June 1982) that there was delay in finalising cases of sanction of additional loads declared by the consumers. Out of 173 and 233 consumers who had applied for additional load during 1979-80 and 1980-81 respectively, most of the cases (1979-80, 131 ; 1980-81 ; 143) were finalised in April and May 1982 by billing additional amount

(Rs.8.30 lakhs). Remaining 42 cases of 1979-80 and 90 cases of 1980-81 were pending finalisation (December 1982).

8.08. *Large and heavy power consumers*

8.08.01. *Power cut*

Due to shortage of power in the State, the State Government imposed power cut ranging from 33.33 to 66.66 *per cent* (effective from 21st August 1979) on the highest demand recorded in any month during the 12th months period from August 1978 to July 1979 or the contracted demand whichever was less, in respect of heavy, medium and continuous process industries. Any excess over the permissible demand was liable to a penalty of Rs.100/200/300 per KVA for the first, second and subsequent defaults, apart from disconnection.

A test check in audit (June 1982) disclosed that eight consumers under power cut provisions had rendered themselves liable to penalties (August 1979 to February 1981) aggregating Rs.15.50 lakhs which had, however, not been levied on the ground that the consumers were connected with local generating stations. No orders of Board/Government for such exemption were on record.

It was also noticed in audit that when the actual demand of the consumers was less during the period they were not billed for 75 *per cent* of the contracted demand, but were billed at the rate which would be applicable had the power cut been imposed.

8.08.02. *Undercharge of revenue from cold storage units*

The power cut imposed by Government from August 1979 was not applicable to cold storage units. Such consumers were, therefore, required to be charged each month at 75 *per cent* of the contracted demand or the actual demand whichever was higher. In test check (June 1982) it was, however noticed that in order to give them advantage, AESU allowed the benefit of the power cut to these units also in the months when their demand was less. Consequently they were charged less than 75 *per cent* of the contracted demand in those months. This resulted in an undercharge of Rs.1.02 lakhs in the case of six units during November 1979 to July 1981. It was also noticed that in the months when their demand was more than that permissible under the power cut and penalty was leviable if power cut was imposed, these consumers were exempted from power cut.

During August 1980 to January 1981, a large power consumer was billed only for minimum consumption guarantee instead of demand charges at 75 *per cent* of the contracted demand and

balance amount as per minimum consumption guarantee. This resulted in excess refund of Rs.0.16 lakh to the consumer by way of adjustment of minimum consumption guarantee during 1980-81.

It was stated by the Management (June 1982) that the consumer was being billed now.

8.08.03. *Irregular grant of allowance*

To check the accuracy of the existing meters, check meters are installed at the premises of large and heavy power consumers either at the request of the consumer (on payment of Rs.30) or at the instance of the Board. In case the meter is found fast/slow by more than three *per cent*, necessary adjustment is made in the bills of the consumer for the period of six months prior to the installation of check meter.

In the case of a consumer of Agra, the check meter installed showed during April-June 1979 that the original meter was correct. But a second check meter was installed on 20th July 1979 without any request from the consumer. On the basis of the readings of second check meter, the original meter was found fast by 5.2 *per cent* and the consumer was allowed refund of Rs.0.20 lakh (including Rs.0.01 lakh towards calculation mistake) in June 1980 for the period February — July 1979 and the second check meter installed in July 1979 was made the billing meter.

Justification for installing the second check meter was not on record.

8.08.04. *Irregular grant of development rebate*

As per rate schedules applicable to large and heavy power consumers, development rebate at 10 *per cent* on the amount of the bill is allowed to new industrial units (excluding cold storages) for a period of three years.

The AESU had, however, allowed the development rebate to a cold storage in the bills from April 1977 to January 1980 resulting in an undercharge of revenue of Rs.0.49 lakh.

8.08.05. *Waiver of minimum charges*

The consumers are required to pay the amount of bills within seven days from the due date of payment failing which the supply of the consumer is liable to be disconnected.

The supply of a heavy power consumer was disconnected on 15th June 1978 on account of non-payment of dues amounting to

Rs.0.40 lakh up to April 1978. The total dues up to the date of disconnection amounted to Rs.0.61 lakh. However, the additional Chief Engineer decided (March 1979) that it was a case of wrong disconnection and waived minimum charges of Rs.1.47 lakhs for six months from the date of disconnection. Neither any responsibility for wrong disconnection was fixed nor reasons for wrong disconnection recorded.

8.09. *Losses in transmission and distribution*

The table below indicates the details of power available for sale, power sold and transmission and distribution losses during the three years up to 1981-82 :

	1979-80	1980-81	1981-82 (Mkwh)
Power available for sale from own generation	52.720	29.779	1.556*
Power taken from Grid	100.168	131.616	142.239
Total power available for sale	152.888	161.395	143.795
Power sold	118.155	119.975	121.638
Losses in transmission and distribution	34.733	41.420	22.157
Percentage of losses to power available for sale	22.7	25.7	15.4
Overall percentage of loss for the Board	18.8	15.8	18.9

It would appear from the the above that losses in transmission varied between 15.4 and 25.7 *per cent*. No norm for the transmission losses had been prescribed. There was also no system to analyse the reasons for heavy losses during 1979-80 and 1980-81.

8.10. *Inventory control*

8.10.01. During test check in audit (June 1982) the following deficiencies in inventory control were noticed :

(a) Materials were not categorised into critical and non-critical or fast and slow moving items.

(b) Maximum, minimum and reordering levels of stock items were not fixed.

(c) Annual physical verification of stores is required to be conducted once in a year. It was, however, noticed that in respect of JBPS no physical verification was carried out

*Only one unit was in operation for three months i.e. up to 23rd June 1981.

since its take over in December 1973. In AFPS physical verification of stores was carried out for the first time in 1979-80 and covered only 523 items out of 1100 items.

8.10.02. *Surplus and obsolete stores*

Out of the inventory holding of Rs.65.36 lakhs as on 31st March 1982, stores items valuing Rs.12.92 lakhs were assessed (April/May 1982) as surplus to requirement. The amount included the following items :

(a) Stores items valuing Rs.3.30 lakhs of the stock taken over from the ex-licencee and declared surplus/obsolete in March 1980.

(b) Materials valuing Rs.1.27 lakhs obtained from Allahabad Electric Supply Undertaking in August 1979.

(c) Generating studded and side wall tubes valuing Rs.3.27 lakhs imported from U. K. were received at Agra in June 1980 and May 1981 against an order placed in November 1974, on a U. K. firm.

The Management stated (February 1983) that materials were received when no decision to close the power stations was taken.

(d) Bearings of various sizes valuing Rs.0.19 lakh received in May 1980 against purchase order of March 1980 were lying in stores.

8.10.03. *Consumption of material*

As per the system adopted by the Board each section holder is required to maintain stock registers for recording receipt and issue of material against sanctioned estimates. On the basis of the monthly stock account of the section holders, progressive expenditure is to be booked in the works register. A completion report is required to be prepared after completion of work.

It was, however, observed that while the Undertaking continued to allot a job number to each work after approval of estimate, the system of booking of issue of material to the job was not followed. The system of maintaining stock accounts by the section holders also was not being followed (March 1982).

This resulted in following deficiencies :

(a) No effective control over issue of material against a job and its comparison with estimates to find out excess issues, if any, with reference to progressive details of material issued against a work is enforced.

(b) Completion reports of the works completed up to December 1982 are not prepared, and

(c) Material from stores were issued to District Mains Engineers without obtaining countersignature of the Assistant Engineer or Executive Engineers. Instances were also noticed where materials were issued against indents having no reference to the specific jobs for which the materials were required.

(d) Against a work order issued (March 1978) by the Executive Engineer (Construction) on a firm of Agra for fabrication of 138 sets of suspension type cross arms, 5996 kgs of steel (value : Rs.0.24 lakh) was supplied to the firm during April—June 1978 without obtaining any security deposit. The firm which was required to complete the supply within 15 days from the date of issue of steel, supplied only 30 sets in September 1979. The balance of 4650 kgs of steel (value : Rs.0.19 lakh) still remained with the firm. As the firm did not return the material, report was lodged with the Police in March 1980. Results of Police investigation were awaited (February 1983).

The same firm against an order placed in December 1979, supplied in February 1980, angle iron brackets (value : Rs.0.08 lakh). Instead of adjusting the payment for the supplies against the outstanding quantity of steel, payment was released to the firm in March 1980.

(e) Stores materials were issued for maintenance and repair of lines and sub-stations without preparation of estimates or allotment of job numbers. The old and un-serviceable material against which new material was issued was not accounted for in stock.

(f) Against agreements entered into with 21 consumers in December 1979 for giving supply to private tubewells, 36122 metres of conductor (value : Rs.0.72 lakh) was required as per estimates for completion of lines. During February to December 1980, 41.985 metres of conductor was issued for the work. Of this, 14.185 metres (value : Rs.0.28 lakh) were stolen from the site in March 1980 as no security arrangement was made. There was no record to show as to how the line was completed in March 1981 with a quantity of 27,800 metres of conductor against the requirement of 36,122 metres.

(g) During test check (June 1982) in audit it was noticed that material worth Rs.0.33 lakh was issued on 13 works in excess of the requirement including Rs.0.20 lakh on 33 KV Kamla Nagar Water Works lines.

It was stated by the Management (June 1982) that the Junior Engineers concerned were being asked to explain the position. Further progress was awaited (March 1983).

(h) Against the work of Dayalbagh Foundry Nagar line, 9,636 metres of conductor and 596 kgs. of earthwire (value : Rs.0.86 lakh) were issued without issue of supports, etc. even before the allotment of job number. Of this quantity, 1,850 metres of conductor and 263 kgs of earthwire (value : Rs.0.18 lakh) were in excess of the requirement.

In test check in audit (June 1982) it was further noticed that material valuing Rs.0.80 lakh was issued during April—August 1980 to a private party without debiting miscellaneous advance and without any reference to the work order. It was stated by the Management (June 1982) that the material had been consumed on a line. No record in this regard was, however, furnished (March 1983).

8.11. *Deposit works*

As per procedure prescribed by the Board the consumer is required to deposit with the Board, the estimated cost of the line in full before start of the work. On completion of the line, a completion report is required to be prepared and the excess of expenditure over the estimated amount is to be recovered from the consumer or surplus, if any, to be refunded to the consumer.

The Undertaking, however, did not maintain any record of works taken up under deposit head showing the estimated cost, advance deposited by the consumers and up to date expenditure. The completion reports were also not prepared. There was, thus, no system to ensure that expenditure incurred by the Board on behalf of the consumers was recovered in full.

A test check in audit (June 1982) of the records of the deposit works disclosed the following :

(a) The work of construction of 11 KV overhead lines from Power Station Agra Fort to Barrack Road for Defence Establishment was taken up in August 1975 and was completed in June 1980. The completion report of the work was not prepared. Analysis of expenditure incurred on

the work conducted in audit disclosed that the Undertaking had incurred an expenditure of Rs.11.20 lakhs (excluding the cost of switchgear, the issue of which could not be traced) during the period from August 1975 to June 1980 against the estimated cost of Rs.7.23 lakhs (amount deposited by the consumer in March 1975). The AESU had not taken any action to investigate the excess expenditure (Rs.3.97 lakhs) and for its recovery. Besides, the Undertaking had issued rails valuing Rs.0.10 lakh for the work in November 1980 while the work had already been completed in June 1980 for which no justification was on record. The Undertaking had issued 40.96 kms of conductor and 147 rails against the requirement of 19.47 kms and 40 rails. The justification for the excess issue of material (Rs.2.48 lakhs) was not indicated.

Though this was pointed out in audit (June 1982) no analysis was conducted by the Management in other cases (March 1983).

(b) Against an estimate for Rs.1.54 lakhs for construction of 11KV line for giving supply to a consumer, the consumer had deposited Rs.0.88 lakh. A work order was issued in October 1980 to a contractor of Agra for execution of the job. The contractor had been issued stores material worth Rs.0.54 lakh in September 1980, *i.e.* prior to issue of the work order. As the consumer did not deposit the full cost, the work was stopped (November 1980.)

The materials issued for the work had neither been returned to stores nor their use on the work verified (March 1983).

8.12. Transformers

(a) The Undertaking did not maintain details of transformers installed at various sub-stations.

The table below indicates the position of distribution transformers owned by the Undertaking as on 31st March 1981 :

Number of transformers of various capacities installed at various sub-stations at the time of takeover of the undertaking on 18th December 1973		150
Transformers issued from Stores for installation/replacement during December 1973 to March 1981		232
	Total	382
Damaged transformers received back during December 1973 to March 1981	60	
Total number of transformers available at site	196	256
Transformers unaccounted for		126

The above transformers of various capacities valuing Rs.82.24 lakhs (approximately) remained unaccounted for.

This was pointed out in audit in June 1981 but the Undertaking had not devised any system to update the account of the transformers (March 1983).

(b) The Undertaking did not maintain account of the damaged transformers received. These were accounted for, for the first time in March 1982. Of the total 90 transformers of various capacities accounted for, the physical verification conducted by the Junior Engineer in March 1982 disclosed the following position :

(i) A quantity of 40,123 litres of transformers oil (value : Rs.2.01 lakhs approximately) was found short. Out of 90 transformers, 87 transformers were found to have no transformer oil.

(ii) 109 HT and 104 LT leg coils (value not ascertained) were found short.

(iii) Of the 90 transformers, only tanks (without any accessory) were found in 24 cases.

There was no record to indicate whether the Undertaking had taken any action to assess the loss and to investigate the matter for fixing responsibility.

It was stated by the Management (June 1982) that the matter was being looked into.

(c) *Transformer oil*

Under the existing orders of the Board, used transformer oil is required to be returned to stores and proper account of transformer oil along with the reasons for short recovery of oil from transformers is required to be maintained. The Undertaking, however, did not analyse reasons for short receipt of transformer oil from the transformers. The table below indicates the quantities of transformer oil issued and received back :

Year	Quantity of transformer oil issued	Quantity of used oil received back (In litres)
1976-77	18392	627
1977-78	4738	865
1978-79	1083*	..
1979-80	318*	..
1980-81	8977	75
1981-82	8396	..
	41904	1567

Quantity issued was small due to non-availability of oil in stock from December 1978 to November 1979.

During test check in audit (June 1982) the following points were noticed :

(i) One 3 MVA transformer was sent for repairs to a firm of Mathura in January 1981. Seven drums of oil (value : Rs.0.15 lakh approximately) drained out of this transformer was not returned to stores by the Junior Engineer.

(ii) At the time of installation of one 5 MVA transformer at JBPS, 1566 litres of oil (value : Rs.0.18 lakh), spilled in the night of 29th January 1981 during centrifuging of the transformer. This was not detected and prevented by the staff on duty. No responsibility for the loss had yet been fixed so far (January 1983).

(iii) The Undertaking obtained (July 1976) one 5 MVA transformer filled with oil up to the brim (3850 litres). Although the transformer remained idle in stores up to July 1978, a quantity of 4180 litres of oil (value : Rs.0.38 lakh) was issued for this transformer in March 1977 against 1463 litres of oil received back. In July 1978 the transformer was carried to AFPS for installation when again shortage of oil was noticed which was not assessed. The transformer could not be commissioned as it required repairs, for which an estimate of Rs.0.50 lakh was prepared (October 1980) after giving credit for 1600 litres of transformer oil.

Thus, there was an excess issue/shortage of transformer oil of 4967 litres (value : Rs.0.50 lakh) in respect of the transformer which had not been put to use. The transformer was installed in February 1982 after repairs.

8.13. *Non-accountal of meters*

The total number of consumers in AESU increased from 50,513 at the time of its takeover in December 1973 to 62,321 as on 31st March 1982. Against the increase of 11,808 consumers, the Test and Meters Section had obtained 32,198 meters (Stores Section : 17,547 ; consumers : 14,651).

The Test and Meters Section did not maintain proper account of meters received, issued and also of defective meters, which were not returned to stores. Thus, 20,390 meters remained unaccounted for (value: Rs.20.89 lakhs approximately).

8.14. Work orders

As per delegation of powers, the Assistant Engineers are empowered to get the works of urgent nature executed by issue of work orders up to Rs.7,500 and the Executive Engineers up to Rs.10,000 for each work, by inviting short-term limited enquiries. For this purpose a list of approved contractors is required to be maintained. The works exceeding Rs.10,000 are required to be got executed by inviting open tenders.

The Assistant Engineers/Executive Engineers of the Undertaking were frequently placing work orders without justifying the urgency and without preparation of estimates.

A test check (June 1982) in audit disclosed the following points in the works carried out through work orders.

(a) The Undertaking got 1519 trees cut through contractors by issuing three work orders during August -November 1980 at a cost of Rs. 0.08 lakh. There was no account of the wood recovered. As per duties prescribed by the Board, the work of the tree cutting was to be done by the line staff only .

(b) The work of resagging and redrawing of lines was got done at a cost of Rs. 0.44 lakh by issuing eleven work orders during June to December 1981 by the Assistant Engineers of Maintenance Division I . No survey report requiring resagging and redrawing of lines was prepared. No justification as to why the work could not be done by the line staff was also on record. It was also observed that no resagging or redrawing of lines was considered necessary by the Maintenance and Distribution Division incharge of the other half of Agra town.

(c) Frequent work orders for carriage of transformers from stores to sites and *vice versa* or from one site to another were placed by various Assistant/Executive Engineers of the Undertaking. During June 1981 to May 1982 a number of work orders for Rs.0.99 lakh were placed for this purpose by various officers.

(d) In eleven work orders for carriage/transportation (Rs.0.22 lakh) of eleven damaged transformers from various sites to stores and taking transformers for replacement from stores, there was no accountal either of the damaged transformers at stores or for the issue of the replacement.

8.15. *Manpower*

(a) The table below indicates the position of sanctioned and actual strength of staff in the Undertaking at the close of the three years up to 1981-82 :

Category of staff	Sanctioned strength			Actual strength as on 31st March		
	1979-80	1980-81	1981-82	1980	1981	1982
Officers	22	22	22	26	27	24
Supervisory staff	38	27	27	55	55	62
Ministerial staff	117	124	124	120	120	130
Operating staff						
—Skilled	612	612	618	712	712	670
—Unskilled	217	241	247	432	432	415
Other (Muster roll)	..	..	..	104	104	104
	1006	1026	1038	1449	1450	1405

In spite of excess over sanctioned strength, the Undertaking paid Rs.0.47 lakh, Rs.3.05 lakhs and Rs.0.81 lakh as overtime to generating staff during the three years up to 1981-82 respectively. The others were also paid Rs.0.72 lakh, Rs.1.96 lakhs and Rs.1.63 lakhs as conveyance charges during 1979-80 to 1981-82 respectively for attending office outside office hours.

(b) *Non-transfer of staff engaged in generation : avoidable expenditure.*

Consequent upon the closure of both the power stations in March/June 1981 the staff engaged exclusively in generation work became surplus. As on 1st April 1981 there were 119 persons engaged at JBPS out of which only 40 persons were transferred during April 1981 to March 1982 and an expenditure of Rs.8.33 lakhs was incurred on pay and allowance of the staff during the year 1981-82.

In the case of AFPS which was closed on 24th June 1981, out of 184 persons, only 100 could be transferred up to March 1982 and an expenditure of Rs.12.79 lakhs was incurred during July 1981 to March 1982 on the pay and allowances of retained staff meant for generation, coal and ash handling.

8.16. *Other points of interest*

8.16.01. *Unauthorised expenditure*

During a 15 day strike (8th to 22nd December 1978) by the employees, the Undertaking spent a sum of Rs.3.13 lakhs on unusual items like food and tea including *bidis*, cigarettes, cashew nuts, etc. (Rs.1.47 lakhs), wages to casual labour appointed on muster roll (Rs.0.79 lakh), vehicles including hire charges of private taxis (Rs.0.56 lakh), accommodation in hotels and tents (Rs.0.20 lakh) and others (Rs.0.11 lakh).

In this connection it was noticed in audit (June 1982) that :

- approval of the competent authority for incurring the expenditure on such unusual items was not on record ;
- although the departmental vehicles were pooled and kept at a Police Station for use as and when required, a number of taxis were hired at Rs.150 per day but the details of journeys and distances covered were not on record ;
- the number of persons employed on muster roll and details of work done by them were not on record ; and
- the number of tents and blankets hired were also not on record.

It was stated by the Management (June 1982) that the matter was under investigation by the Enquiry Commission of the Board.

8.16.02. *Non-replacement of copper conductor*

The Board ordered (October 1970) immediate replacement of existing copper conductor by aluminium conductor since the copper conductor being a costly item was prone to theft. The AESU, however, did not take action to replace the conductor and did not have any record to show the extent of line having copper conductor. It was noticed in test check (May 1981) in audit that from April 1976 to March 1981, 15397 kgs of copper conductor (value : Rs.3.23 lakhs) was stolen from the lines.

8.16.03. *Cash register machines*

The Undertaking placed (March 1977) an order on a firm of New Delhi for the purchase of two imported cash register machines for collection of cash from consumers. These machines were received by the Undertaking in March 1978 at a cost of Rs.1.91 lakhs (including customs duty of Rs.0.80 lakh). The machines remained idle in packed condition up to October 1980 when these

were sent back to the firm for check up, reasons for which were not on record. One machine had been installed (January 1983) and the other was still lying with the firm (January 1983).

It was stated by the Management (February 1983) that the machines were to be housed in an air conditioned room and exemption from excise duty for the air conditioning equipment was still awaited (January 1983).

The Undertaking, however, did not show the records justifying the purchase, the conditions in which it was to be installed, inspection reports of the defects and the reasons for which the machines had been allowed to be kept by the private party.

8.16.04. *Non-recovery for displaying of kiosks*

Kiosks are displayed on the Board's electric poles of Agra town. It came to the notice of the Undertaking in November 1979 through Executive Engineer (Maintenance and Distribution) that Nagar Mahapalika recovered charges for display of kiosks from the owners of the products displayed. The Undertaking, however, did not charge anything from Nagar Mahapalika on the ground that it was mutually agreed between Nagar Mahapalika and the Undertaking in July 1979 that no octroi on the incoming coal to power house would be realised by the Nagar Mahapalika and in exchange the Undertaking would allow them the free display of kiosks on the electric poles. No agreement in this regard was on record. The Undertaking also did not work out the amount of octroi payable to the Mahapalika and the realisations from display of kiosks. Even after the closure of both the power stations by June 1981, when receipt of coal had been stopped, the Undertaking had been allowing free display of kiosks to Nagar Mahapalika without getting anything in return. The actual loss of revenue on this account had not been assessed. It was stated by the Management (January 1983) that the position would be reviewed.

8.17. *Summing-up*

(i) The AESU was taken over (value of assets : Rs.350.33 lakhs) by the Board in December 1973. Net amount payable to ex-licensee worked out to Rs.63.42 lakhs after allowing deduction of Rs.286.91 lakhs under Section 7-A (5) of Indian Electricity Act, 1910.

(ii) The Undertaking purchased a weigh-bridge for Rs.1.26 lakhs in January 1980, which was not installed in JBPS but later (September 1981) transferred to Varanasi Electric Supply Undertaking.

(iii) A quantity of 5095 tonnes of coal (value : Rs.12.74 lakhs) was found short during physical verification in October 1980 of the stocks of JBPS. The shortage had not been investigated (March 1983). After closure of AFPS (June 1981) 1250 tonnes of coal was sold at Rs.550.11 per tonne and was being lifted. Action for disposal of balance quantity of 786 tonnes was not on record.

(iv) A demineralising water plant was installed (March 1979) at a cost of Rs.3.52 lakhs to improve the efficiency of AFPS and to save fuel cost but the consumption of coal per Kwh of power generated had increased from 1.47 kgs in 1978-79 to 1.89 kgs in 1980-81. The entire expenditure on installation (Rs.3.48 lakhs) and operation of demineralising water plant (Rs.1.58 lakhs) was, therefore, unfruitful.

(v) There were abnormal delays in billing new consumers.

(vi) The revenue arrears rose from Rs.78.45 lakhs as on 31st March 1980 to Rs.115.28 lakhs as on 31st March 1982 inspite of the fact that arrears of Rs.106.60 lakhs were reduced during 1981-82 for which no details could be shown. There was no reconciliation between arrears shown in computer billing with those shown in the accounts.

(vii) An analysis made in audit disclosed that even by excluding the pay and allowances of generation staff there was a loss of Rs.36.83 lakhs during 1980-81 and 1981-82 in generation of power by the Unit as compared to average realisation.

(viii) The closing stock of inventory of Rs.65.36 lakhs as on 31st March 1982 included stores worth Rs.12.92 lakhs surplus to its requirements including obsolete stores of Rs.3.30 lakhs.

(ix) For deposit works taken up by the Undertaking details of works taken up, amount of advances obtained and the expenditure incurred had not been maintained.

(x) There was no proper account of transformers installed. There were 126 transformers (value:Rs.82.24 lakhs approximately) which remained unaccounted for as on 31st March 1981. The damaged transformers when accounted for in March 1982 heavy shortages were noticed and in 24 out of 90, only tanks (without any accessory) were accounted for. The loss had not been assessed and investigated.

(xi) The staff employed was much in excess of the sanctioned strength. Even after closure of power houses in March and June

1981. all staff employed in the generating station were not transferred resulting in payment of idle wages of Rs.21.12 lakhs during 1981-82.

(xii) During a strike in December 1978, the Undertaking spent Rs.3.13 lakhs on unusual items including food, tea, cigarettes, *bidis* and cashew nuts (Rs.1.47 lakhs), hiring of taxis (Rs.0.56 lakh) *etc.* without keeping any details of expenditure or sanction of competent authority.

(xiii) The Undertaking did not have the details of lines with copper conductor. In spite of Board's orders, copper conductor was not replaced resulting in theft of conductor.

The matter was reported to the Board/Government in December 1982 ; replies were awaited (February 1983).

SECTION IX

LOSS OF REVENUE

9.01. *Non-segregation of circuits*

According to the tariff applicable to large and heavy power consumers, if the energy supplied for industrial and processing purposes is utilised for domestic purpose also, such consumption should be segregated and metered separately. Consumption recorded separately should be charged under appropriate rate schedule. In case separate metering is not arranged, the entire consumption should be charged at higher rates applicable to mixed load.

It was, however, noticed (June 1981) in test check of Electricity Distribution Division II, Rae Bareli that one large power consumer of Rae Bareli, whose domestic supply was not segregated during May to October 1978, was charged under tariff applicable to large power consumer instead of under mixed load. This resulted in an undercharge of Rs.0.34 lakh.

The matter was reported to the Board/Government in August 1981/October 1982 ; replies were awaited (March 1983) .

9.02. *Short billing*

Assistant Engineer (Meters) reported (26th November 1979) that the 'Y' phase of a consumer at Agra was found connected in the reverse order. The Electricity Distribution Division, instead of placing a check meter to find out the average consumption for three months as required under orders of the Board, presumed that the meter (defective) was recording two-third of the actual consumption and assessed the consumer (for the period from January 1979 to January 1980) accordingly. On 24th January 1980, the defective meter was replaced. The consumption of electricity during the months of February, March and April 1980, as recorded by the new meter, was 10570 units, 10648 units and 7522 units respectively (average consumption being 9580 units per month) . On this basis, the consumer was liable to be assessed for 124540 units for the period from January 1979 to January 1980 (13 months) , instead of 55682 units actually billed. This resulted in short billing of Rs.0.24 lakh (68858 units) .

The Divisional Officer stated (December 1980) that the consumer would be billed accordingly.

The matter was reported to the Board/Government in February 1981/November 1982 ; replies were awaited (March 1983) .

9.03. *Non-assessment of revenue*

As on 1st January 1981 there were 1032 Janata service connections in Electricity Distribution Division II, Basti. During test check in audit (July 1981) it was noticed that no assessment was made in respect of these consumers since April 1979. Even at the flat rate of Rs.5 per connection. (at Rs.5 per point, taking into account a minimum of one point per connection) the amount of revenue not assessed works out to Rs.1.33 lakhs (April 1979 to February 1982). The Divisional Officer stated (December 1982) that billing had since been done in March 1982. Particulars of recovery, if any, were awaited. Responsibility for non-assessment was not fixed (December 1982).

The matter was reported to the Board in December 1981 and to Government in November 1982 ; replies were awaited (March 1983).

9.04. *Non-recovery of penalty*

In Commercial Division, Ghaziabad the permissible demand of 150 HP (equivalent to 132.3 KVA) of a bulk consumer of Ghaziabad was incorrectly taken as 150 KVA. This resulted in non-recovery of penalty of Rs.0.54 lakh for the drawal of power by the consumer in excess of permissible demand during December 1979 to July 1980.

The matter was reported to the Board/Government in January 1983 ; replies were awaited (March 1983).

9.05. *Grant of inadmissible rebate*

The rate schedule applicable to large power consumers provided for a development rebate of 15 *per cent* up to May 1979 and 10 *per cent* from June 1979 onwards on the amount of bill for new industrial units for a period of three years from the date of initial supply. The development rebate was not admissible to cold storages as these were processing units.

In test check (April 1981) it was noticed that the Electricity Distribution Division II, Faizabad allowed development rebate of Rs.1.31 lakhs to six cold storages during April 1971 to June 1980 which was not admissible to them. On raising the bills by the Division, three consumers (amount outstanding : Rs.0.89 lakh) filed writ petition which was pending (December 1982).

The Divisional Officer stated (November 1982) that one consumer had paid the bill (Rs.0.11 lakh) in March 1982, line of one consumer had been disconnected and another consumer had represented the case which was under consideration of the Board.

The matter was reported to the Board/Government in October 1981/January 1983; replies were awaited (March 1983).

9.06. *Under assessment*

The rate schedule HV-I applicable to large power consumers provides for billing of demand charges at prescribed rates on the demand which was to be taken at 75 *per cent* of the contracted demand or the actual maximum demand during a month, whichever was higher.

A test check in audit (September 1981) indicated that Varanasi Electric Supply Undertaking levied demand charges on the actual maximum demand even though it fell short of 75 *per cent* of the contracted demand which resulted in short recovery of Rs.1.19 lakhs (13 consumers) during June 1979 to July 1981.

The Superintending Engineer of the Undertaking stated (August 1982) that as pointed out by Audit, bills were issued to these consumers. Ten consumers had paid the bills (Rs.0.84 lakh) and three consumers had filed writs and obtained stay orders from the High Court. The decision was awaited (February 1983).

The matter was reported to the Board in April 1982 and to Government in January 1983; replies were awaited (March 1983).

9.07. *Incorrect application of tariff*

A consumer of Phoolpur (Allahabad) was sanctioned a load of 980 KVA from October 1976 (increased to 2000 KVA and to 4000 KVA from September 1977 and July 1979 respectively) for project site development and construction work. Up to September 1980 the consumer used the power for this purpose and only from October 1980, the power was used for industrial purposes.

As prescribed by the Board (April 1973), the load sanctioned to large and heavy power consumers for construction purposes was to be billed under mixed load tariff but the consumer was billed by Electricity Commercial Division, Allahabad under rate schedule applicable to heavy power consumers using power for industrial purposes from the date of giving connection. This resulted in under assessment of revenue of Rs.44.60 lakhs.

The matter was reported to the Board in September 1981 and to Government in December 1982; replies were awaited (March 1983).

9.08. *Undercharge*

According to the Board's order (February 1980) all rolling mills, arc and induction furnaces and mini-steel plants were to be

billed at a flat rate of 36.5 paise per Kwh instead of at the rate applicable to heavy power consumers. The new rate was effective from 1st August 1979. A consumer of Kanpur having a contracted load of 8700 KVA had in addition, 2950 KVA in respect of iron and steel foundry. Although bills of other consumers having rolling mills, mini-steel plants *etc.* were adjusted in accordance with the new rate, no adjustment in respect of bills of this consumer for the steel foundry mill was carried out for the period from 1st August to 3rd September 1979 which resulted in an undercharge of Rs.0.36 lakh.

The matter was reported to the Board/Government in January 1983 ; replies were awaited (March 1983).

9.09. *Grant of inadmissible rebate*

The Board authorised (December 1976) a rebate of 25 *per cent* in demand charges and 33 *per cent* in minimum charges for the period from 12th October 1974 to 31st August 1975, in respect of all industrial consumers covered under rate schedule HV-2A and HV-2B, provided they filed an affidavit before the Executive Engineer concerned, that no case in respect of demand/minimum charges under schedule HV-2A and HV-2B was pending in any law court, accompanied by a certificate from the All India Manufacturers Organisation (AIMO) to that effect. The rebate was not to be allowed in cash but was adjustable against subsequent bills.

A consumer of Kanpur to whom the benefit was not admissible under the said orders was allowed (January 1980) a rebate of Rs.0.48 lakh by Kanpur Electricity Supply Administration (credit allowed in the bill of March 1980).

The consumer had not submitted any certificate from the AIMO and the writ petition withdrawn by him of his own accord related to revision of tariff and not with reference to demand/minimum charges.

Orders of the Board for allowing the inadmissible rebate were not obtained.

The matter was reported to the Board/Government in January 1982/January 1983 ; replies were awaited (March 1983).

9.10. *Loss of revenue*

On the basis of negotiations, Electricity Distribution Division I, Ghaziabad finalised an agreement (June 1969) with a firm of Ghaziabad for displaying kiosks on electric poles in Ghaziabad

town at Rs.2000 per annum. The agreement was valid for an initial period of five years and renewable on year to year basis thereafter. After the expiry of initial period of the five years the agreement could be terminated by either party after giving one year's notice in writing. The firm stopped making payments after 16th March 1973 but the notice terminating the agreement was given in October 1975. Tenders were invited in June 1974 when the highest offer received was for Rs.2500 per annum but to avoid legal complications with the former firm neither the work was awarded nor agreement executed. Tenders were again invited in July 1981 when the highest offer of a local firm for Rs.36414 per annum was accepted and an agreement was executed (November 1981) for a period of three years.

Due to not taking timely action for the termination of the first agreement on completion of initial period in June 1974 and not awarding the work (on the basis of tenders invited in June 1974 and July 1981) the Board lost a revenue of Rs.0.27 lakh up to November 1981 for which no responsibility was fixed (March 1983).

The matter was reported to the Board/Government in December 1981/October 1982 ; replies were awaited (March 1983).

9.11. *Short recovery*

For giving power supply to a consumer of Aligarh through independent feeder, an estimate for Rs.1.51 lakhs was prepared (March 1980). The amount was deposited by the consumer in full in April 1980.

During test check in audit (September 1981) of Electricity Distribution Division II, Aligarh, it was noticed that the rates indicated in the estimate were not the current issue rates but earlier issue rates. This resulted in undercharge of Rs.0.63 lakh from the consumer (material : Rs.0.52 lakh and labour : Rs.0.11 lakh). The Divisional Officer stated (October 1981) that the estimate was being revised and the amount would be recovered from the consumer.

The matter was reported to the Board in December 1981 and to Government in November 1982 ; replies were awaited (March 1983).

9.12. *Jammed/stopped meters*

As per the Board's orders (October 1976) if the meter of a consumer is found jammed/stopped, the assessment is to be based on the maximum demand and consumption recorded during the preceding three months.

It was noticed (August 1980 and March 1982) that in the case of six consumers (two in Electricity Distribution Division I, Gorakhpur and four in Electricity Distribution Division, Unnao) billing of consumers, whose meters were found jammed/stopped was done on the basis of minimum charges/average consumption instead of on the basis of maximum demand and consumption recorded during the preceding three months. This resulted in an undercharge of Rs.0.96 lakh (Rs.0.83 lakh—Gorakhpur—February 1978 to March 1980 ; Rs.0.13 lakh—Unnao—September 1980 to February 1982).

The Divisional Officer, Gorakhpur stated (October 1982) that Rs.0.69 lakh were realised from the consumer in December 1981 and recovery of Rs.0.14 lakh was awaited from another consumer .

The matter was reported to the Board in March/June 1982 and to Government in December 1982/January 1983 ; replies were awaited (March 1983).

9.13. *Non-levy of additional charge*

According to tariff applicable to licencees, heavy and large power and mixed load (above 100 KW) consumers, if the monthly bill is not paid by the due date, the consumer is liable to pay an additional charge of seven paise per Rs.100 or part thereof per day of delay, on the unpaid amount.

In a test check in audit (August 1980) it was noticed that the Lucknow Electricity Supply Undertaking had not recovered the additional charge for delayed payment from 11 consumers during March 1979 to July 1980 resulting in an undercharge of Rs.3.44 lakhs .

Similarly, the Electricity Commercial Division, Allahabad did not recover the additional charge in respect of a consumer for delay in payment of bills (May 1978 to February 1979) resulting in an undercharge of Rs.1.10 lakhs (July 1981).

On being pointed out (August 1980) by audit LESU raised bills for the additional charge for the period covering up to September 1980 except in two disputed cases (Rs.0.01 lakh) and recovery of Rs.0.12 lakh, from six consumers, had been made.

The matter was reported to the Board in September 1981/February 1982 and to Government in December 1982 ; replies were awaited (March 1983).

9.14. *Non-levy of surcharge*

According to the tariff applicable to small/medium power consumers (effective from 12th October 1974) and to private tubewells/pump-sets for irrigation purpose (effective from 1st November 1974), in the event of monthly bills not being paid by the due date, the consumer is liable to pay a surcharge of 12 *per cent* on the amount of the bill, excluding arrears, if any. In case the payment is delayed beyond six months (reckoned from the first day of the month following the due date for payment) the consumer is also liable to pay an additional surcharge of two *per cent* per month or part thereof for the period of such delay.

It was noticed in test check in audit (July 1980) that in Electricity Distribution Division II, Dhampur the surcharge of two *per cent* per month for delayed payment was not levied (November 1974 to May 1979) in respect of 29 consumers resulting in an undercharge of Rs.0.95 lakh.

The matter was reported to the Board/ Government in September/December 1982; replies were awaited (March 1983).

9.15. *Non-recovery of instalments*

Under the commercial scheme for giving connections for private tubewells and pump-sets on priority basis (introduced with effect from July 1972), if the expenditure to be incurred by the Board to provide the connection is up to Rs.4000 an amount of Rs.700 is to be recovered from the consumer. For an expenditure in excess of Rs.4000 but up to Rs.6000 an amount of Rs.1050 is to be recovered from the consumer. The recoveries are to be effected in ten equal annual instalments, the first instalment being recoverable before energising the pump-sets. If the expenditure is in excess of Rs.6000 the entire amount in excess of Rs.6000 is recoverable in lumpsum.

A test check in audit (July 1981) revealed that the instalments falling due from April 1973 to March 1979 involving Rs.4.96 lakhs from 717 consumers in Electricity Distribution Division I, Basti, were not recovered (September 1982).

Similarly Electricity Distribution Division II, Bulandshahr had not recovered (September 1980) the second and subsequent instalments involving Rs.1.39 lakhs which fell due between April 1973 and April 1980 from 233 consumers (205 consumers at Rs.70 each and 28 consumers at Rs.105 each), to whom connections were given during 1972-73 and 1973-74 under the scheme.

The matter was reported to the Board in December 1980/January 1983 and to Government in October 1982/January 1983 ; replies were awaited (March 1983) .

9.16. *Power cut*

During 1979-80 (effective from 21st August 1979) due to power shortage, the State Government imposed power cuts ranging from 33.33 to 66.66 *per cent* on the highest demand recorded in any month during 12 months from August 1978 to July 1979 or the contracted demand, whichever was less, in respect of heavy, medium and continuous process industries. Any excess over permissible demand was liable to a penalty of Rs.100/200/300 per KVA for the first, second and subsequent defaults respectively apart from disconnection.

A test check (September 1981) of the records of Electricity Distribution Division, Hathras disclosed that two consumers did not observe the power cut imposed on them from time to time and rendered themselves liable to a penalty of Rs.0.28 lakh. This was not levied on the ground that the maximum demand indicator of the trivectometer of the consumers could not be reset to zero due to late receipt of orders from the higher authorities.

Similarly in test check in audit (September 1980) of Kanpur Electricity Supply Administration it was noticed that 20 consumers had rendered themselves liable to penalties aggregating Rs.6.43 lakhs which had not been levied. The reasons for not levying penalties were not on record.

The matter was reported to the Board/Government in November/December 1982 ; replies were awaited (March 1983) .

SECTION X

OTHER TOPICS OF INTEREST

10.01. *Embezzlement of cash*

An employee of Electricity Test Division I, Moradabad, who was entrusted with the work of Cashier in August 1979, absconded from duty from 23rd March 1981. On opening the cash chest (25th April 1981) in the presence of Tahsildar, deputed by Collector, Moradabad, a sum of Rs. 8336.44 was found short. It was noticed (November 1981) in audit that a sum of Rs.0.51 lakh which was meant for payment to the Regional Provident Fund Commissioner (RPFC), Kanpur and drawn during February 1980 to February 1981 (eight cheques) by endorsing the cheques in favour of the employee, instead of paying the amount by cheques to RPFC, was not deposited by the employee with RPFC. Report was lodged (April 1981) with the Police and the employee was placed under suspension (May 1981).

Neither any responsibility for the loss was fixed nor any recovery effected (March 1983).

The matter was reported to the Board/Government in December 1981/November 1982; replies were awaited (March 1983).

10.02 *Short receipt of material*

An order placed (July 1980) by Electricity Transmission Division, Saharanpur on a firm of Calcutta for supply of 25.5 tonnes of steel stipulated 90 per cent payment against railway receipt. An advance payment of Rs. 0.81 lakh (90 per cent value of 25 tonnes of steel) was made (December 1980) to the firm on presentation of two railway receipts dated 6th December 1980 for 25 tonnes of steel.

Only 1.5 tonnes steel was received at the railway station, Saharanpur on 25th December 1980 against the railway receipts. The delivery of this material was not taken till February 1983 from the Railways as they did not agree to give the weighment certificate for the short supply of 23.5 tonnes of steel (value; Rs.0.73 lakh). When the matter was taken up with the firm it reiterated (December 1981) that the actual steel despatched was 25 tonnes as per railway receipt.

The Divisional Officer stated (February 1983) that a civil suit had been filed (March 1982) against the Railways, insurance company and the supplier as they did not accept the claim. Further progress was awaited (March 1983).

The matter was reported to the Board/Government in March 1981/October 1982; replies were awaited (March 1983).

10.03. *Shortages in stores*

Shortage of 1835 kgs of copper scrap valuing Rs.0.48 lakh was noticed (June 1979) in Electricity Stores Division, Faizabad (Bahraich Centre) at the time of handing over charge by the Assistant Storekeeper. FIR was lodged (July 1979) with the Police and the Assistant Storekeeper was suspended (July 1979). After complete verification of stores (March 1980) total shortage of stores against the Assistant Storekeeper worked out to Rs. 1.11 lakhs. Neither a report was lodged with the Police for the balance amount (Rs. 0.63 lakh) nor any action initiated for recovery (March 1983).

The matter was reported to the Board/Government in October 1982; replies were awaited (March 1983).

10.04. *Misappropriation of stores*

A junior engineer on transfer from Muzaffarnagar Electric Supply Undertaking to Electricity Test Division, Muzaffarnagar was relieved on 28th March 1978 without handing over charges of the stores held by him. The physical verification of the stores carried out (April 1978) by Sub-divisional Officer, Muzaffarnagar revealed shortage of stores worth Rs. 1.10 lakhs. FIR was lodged with the Police (June 1978) and the official was suspended (September 1978). Results of investigation by Police were awaited (March 1983). Departmental enquiry was also initiated against the junior engineer and an enquiry officer was appointed (July 1981) whose findings were awaited (March 1983).

The matter was reported to the Board/Government in October 1981/November 1982; replies were awaited (March 1983).

10.05. *Short supply of material*

After inviting a short-term tender, a purchase order was placed (January 1980) by Tanda Thermal Power Project, on a firm of Calcutta for supply of 140 tonnes of mild steel. According to the terms and conditions of the order, 95 per cent payment was to be made through bank draft to the representative of the firm

against invoice and despatch documents and five *per cent* within 30 days thereafter or on receipt of materials. Material was required to be inspected before despatch by an authorised representative of the Board.

The firm submitted (February 1980) an invoice for 154 tonnes of steel and requested for acceptance of 10 *per cent* variation in the quantity of supply over the quantity ordered which was accepted (April 1980) by the Board though only 140 tonnes of steel was inspected (March 1980) by the representative of the Board. The representative of the firm who visited the project on 5th June 1980 for obtaining payment, informed of the arrival of wagons at the project site and obtained payment of Rs. 5.01 lakhs (95 *per cent* value) on 17th June 1980 against documents. Since the visual inspection of the material showed short supplies, the firm was requested (June 1980) to depute its representative for joint inspection. As the firm failed to depute any representative, the project authorities got the material surveyed by a licensed surveyor on 23rd September 1980 whose report indicated that the value of material received was Rs. 1.40 lakhs (weight 40 tonnes) only as against Rs. 5.01 lakhs paid to the firm. The delivery of the material was not taken up to October 1980 on the grounds of non-furnishing of recorded certificate by Railways and waiver of demurrage (Rs. 0.21 lakh) and wharfage charges (Rs. 0.33 lakh) imposed on the consignment.

It was stated by the Project Authorities (October 1980) that the question of waiver of demurrage/wharfage charges was under correspondence with Railways and delivery of consignment was being arranged as per railway rules. Further progress was awaited (March 1983).

The matter was reported to the Board/Government in February 1981/January 1983; replies were awaited (March 1983).
10.06. *Excess payment*

The Electricity Sub-Station Design Circle, Lucknow, placed (May 1976) an order on a firm of Bombay for supply of five 100 KVA auto-transformers (value : Rs.52.73 lakhs) which included the cost of first filling of transformer oil plus 10 *per cent* extra oil.

In a test check (July 1981) in audit it was noticed that in the case of one transformer supplied by the firm (March 1978) to Electricity Transmission Division, Saharanpur, the transformer oil was sufficient only for first filling and 10 *per cent* extra oil (4720 litres) was not supplied. This resulted in excess payment of Rs.0.40 lakh being the cost of extra-oil not supplied but paid for in March 1978. Action taken to recover the cost was awaited.

The matter was reported to the Board in September 1982 and to Government in January 1983; replies were awaited (March 1983).

10.07. *Unauthorised payment*

A purchase order placed (June 1979) by the Central Purchase Division, Obra, on a firm of Delhi for supply of white metal grade 90 (250 kgs at Rs. 148 per kg) and grade 80 (100 kgs at Rs. 128 per kg) conforming to specification IS : 25/66, stipulated that only 20 per cent quantity of each item would be despatched by the firm in first instalment without prior inspection and the balance would be despatched only on receipt of intimation from the division after approval of the first lot.

The firm supplied the first lot of 20 per cent of the quantity ordered in June 1979 and 90 per cent payment (Rs.0.11 lakh) was released (July 1979) against despatch documents. The firm, without any instruction from the division despatched the balance quantity also in July 1979 and the division, without ascertaining the quality of material of the first lot, made 90 per cent payment (Rs.0.36 lakh) to the firm (August 1979).

On verification, the material supplied in the first lot was found (September 1979) to be inferior quality. Subsequent analysis (December 1979) by Metallurgical Engineering Department of Banaras Hindu University, Varanasi, also indicated that the composition of the material did not conform to the required specification. The firm, which was informed (September 1979) about the rejection of the material, refused (February 1980) to replace or take the material back and the same being unfit for use in the power house, was lying in the stores. Responsibility for irregular acceptance of material and payment of Rs.0.36 lakh for second lot of material had not been fixed (December 1982).

The matter was reported to the Board/Government in February 1981/November 1982 ; replies were awaited (March 1983).

10.08. (a) *Avoidable payments of wharfage charges*

In May and June 1980, a firm of Lucknow supplied tower parts (value : Rs.8.43 lakhs) by rail to Pratapgarh for 220 KV Sultanpur-Phoolpur transmission line. Delivery of consignments could not be taken from the Railways by Electricity Transmission Division I, Allahabad for want of funds and due to late receipt of intimation from bank. This resulted in payment of Rs.0.81 lakh towards wharfage. Of this, a sum of Rs.0.24 lakh was re-

covered (March 1981) from the firm due to late receipt of railway receipt.

The matter was reported to the Board/Government in April 1981/October 1982 ; replies were awaited (March 1983).

(b) For 220 KV Nehtaur-Moradabad line a consignment of tower parts was received by rail (May 1981) from a firm of Bombay. The delivery of the consignment was obtained (July 1981) by Electricity Transmission Division, Bijnor after payment of Rs.0.40 lakh as demurrage to Railways.

Similarly 400 KV Sub-station Division Virbhadra, Rishikesh paid Rs.0.91 lakh as demurrage and wharfage to Railways during April 1980 to August 1981 due to delay in obtaining delivery of consignments. The delay was attributed to non-availability of funds.

The matter was reported to the Board in November 1981 and to Government in November 1982 ; replies were awaited (March 1983).

10.09. *Expenditure on surplus staff*

Two hundred and thirty skilled coolies/patrolmen were employed in Electricity Transmission Division, Sitapur (209) and Electricity 400 KV Sub-station Division, Sarojnagar, Lucknow (21) against sanctioned posts of 136 and 12 respectively during 1980-81 and 1981-82. In April 1980 the Board declared 82 posts of skilled coolies/patrolmen surplus against the strength of the two divisions and directed the divisions to transfer those persons with immediate effect for deployment at newly created Divisions at Rae Bareli and Sultanpur. These 82 employees were not transferred and were continued in their parent divisions and the incidence of their pay and allowances during 1980-81 and 1981-82 worked out to Rs.7.40 lakhs (information about 1982-83 was awaited).

The matter was reported to the Board/Government in May/November 1982; replies were awaited (March 1983).

10.10. *Delay in completion of work*

The work of design, manufacture, testing, insallation and commissioning of multifire system to protect the transformers at 400 KV Sub-station, Sultanpur was awarded (July 1978) on the basis of tenders, to a firm of New Delhi for Rs.10.10 lakhs excluding the cost of cast iron double flanged (CIDF) pipes which were to be supplied to the firm by the Board. The work was to be completed by June 1979. As the Board failed to supply the

pipes, the contractor stopped the work (March 1981). The expenditure of Rs.7.05 lakhs towards running payments to the contractor up to March 1979, therefore, remained unfruitful (December 1982).

For the procurement of CIDF pipes, the 400 KV Sub-station Design Circle, Lucknow, placed, on the basis of tenders, an order in January 1980 on a firm of Ghaziabad for Rs.1.59 lakhs. The pipes were to be supplied within two months. The firm supplied (March 1981) pipes valuing Rs.0.17 lakh including those inspected (July 1980) by the Board's officers at the works of the firm which were not found conforming to the specifications.

The Superintending Engineer, therefore, directed (April 1981) the Divisional Officer, Sultanpur to recover Rs.0.17 lakh paid (March 1981) to the firm and also initiate legal action since it was considered to be a case of cheating and forgery.

To meet the requirement of pipes another order was placed (September 1981) on a firm of Calcutta at an extra cost of Rs.0.57 lakh which was also recoverable from the Ghaziabad firm as liquidated damages in terms of the agreement entered with the firm.

The multifire system had not been commissioned (February 1983). No action was, however, taken to recover the liquidated damages (Rs.0.57 lakh) and the payment of Rs.0.17 lakh made for rejected pipes.

The matter was reported to the Board/Government in December 1981/November 1982 ; replies were awaited (March 1983).

10.11. *Rejection of claim for not providing joint inspection*

The Varanasi Electric Supply Undertaking received (November 1976) a consignment of 322.6 tonnes of coal supplied by Coal India Limited (CIL) which according to the report of Assistant Engineer (Generation) contained 50 to 60 *per cent* stones and shale. Instead of keeping this coal separately for joint inspection, it was unloaded and mixed up in the coal stock at power house. The representative of CIL could not, therefore, assess the position and the claim preferred (November 1976) for Rs.0.44 lakh including Rs.0.16 lakh on account of freight was rejected (July 1977).

The matter was reported to the Board/Government in December 1981/October 1982 ; replies were awaited (March 1983).

10.12. *Non-recovery of interest for delayed/non-supply of cement*

According to the circulars issued (May 1975 and September 1978) by the Cement Controller, Government of India, the cement manufacturers/sole selling agents were required to supply cement within 15 days from the date of receipt of advance payments failing which they were liable to pay interest on the amount of advance at 14 per cent per annum for the period exceeding 15 days.

In test check (September 1981) in audit of the records of Electricity Stores Division, Kanpur, it was noticed that against the advance payment (Rs.10.88 lakhs) made during March 1979 to April 1981 by the Division, the cement manufacturers had neither supplied cement within the stipulated period of 15 days nor paid interest (Rs.0.56 lakh) due in terms of the aforesaid circulars. Besides, a sum of Rs.2.04 lakhs being the balance amount of advances, paid during April 1980 to April 1981 was also lying with them unrefunded (March 1983).

The matter was reported to the Board/Government in November 1981/October 1982; replies were awaited (March 1983).

10.13. *Delay in construction*

According to the orders of the Board (August 1966) the actual cost of construction of line is recoverable from the consumers for giving supply through independent feeder. Six consumer of Electricity Distribution Division II, Ghaziabad deposited Rs.1.29 lakhs towards estimated cost of construction of lines during March 1974 to March 1975. The tentative estimates (prepared in 1974-75) were subject to adjustment on preparation of final estimates. As there was delay in construction of line, the Chairman ordered (May 1977) that construction of the lines of all industrial consumers who had already deposited the cost of line be constructed at the earliest. The independent feeders were constructed in May 1980 at a cost of Rs.3.41 lakhs. Thus, due to abnormal delay, the Board had to incur an extra expenditure of Rs.2.12 lakhs which had not been recovered from the consumers because as per orders of Chairman they were not to be charged at the current rate but on the basis of estimates prepared earlier.

The matter was reported to the Board/Government in December 1981/October 1982; replies were awaited (March 1983).

10.14. *Non-recovery of cost of wooden poles*

The Electricity Distribution Division, Bareilly supplied 1200 wooden poles to Co-operative Electricity Supply Society, Lucknow

in April and December 1971. The bills for Rs.1.61 lakhs being the cost of the poles were raised in January 1975 (Rs.0.23 lakh) and April 1975 (Rs. 1.38 lakh). These bills were not paid (December 1982) by the society as there were some differences in the number of poles sent by the division and those received by the society. The Divisional Officer stated (February 1983) that the demand raised by the Board was correct and efforts were being made to recover the amount from the society at Board's level.

The matter was reported to the Board/Government in December 1981/November 1982; replies were awaited (December 1982).

10.15. *Repair of transformer*

Against a rate contract executed (December 1974) by the Board with a firm of Lucknow for repair and testing of damaged transformers, 91 transformers of Electricity Distribution Division Pilibhit were repaired by the firm at a cost of Rs.2.59 lakhs. Of these, 29 transformers failed (November 1977 to December 1978) within the guarantee period of repair. As per terms of the contract, the firm was required to repair these transformers free of cost but the firm had not done it and these were lying in un-serviceable condition in the division (December 1982). The repair cost of Rs.1.17 lakhs in respect of these 29 transformers had, therefore, become infructuous.

The matter was reported to the Board/Government in April 1981/October 1982; replies were awaited (March 1983).

10.16. *Avoidable payment of interest*

The Varanasi Electric Supply Undertaking invited tenders (September 1979) for the supply of 3800 seamless condenser brass tubes. Of the two tenders received (October 1979) the lowest offer of a firm of Kota stipulating full payment against despatch of documents through bank including bank charges and payment of overdue interest, was accepted. The order was placed (January 1980) without obtaining any clarification about the rate of overdue interest and the date from which it would become payable.

The firm despatched the tubes between April and September 1980. Due to non-availability of funds, the retiring of despatch documents sent by the supplier through bank was delayed by 5 to 74 days. The bank, at the instance of the firm, charged overdue interest at 20 per cent of the amount of bills from the date of issue of bank intimation which amounted to Rs.0.35 lakh.

The Additional Chief Engineer stated (August 1982) that vigorous efforts were made to obtain the funds from the Board but the fact remained that the Board could not manage it earlier.

The matter was reported to the Board/Government in January 1983 ; replies were awaited (March 1983) .

10.17. *Unauthorised payment of sales tax*

According to terms and conditions of purchases against International Development Agency (IDA) credit, excise duty on finished products was reimbursable to suppliers by the Government of India as cash assistance. It was not to be paid by the purchaser (Board) and was to be claimed directly by the suppliers. Since the excise duty was not payable by the purchaser, it was not to form part of sale price of goods for the purpose of levy of sales tax.

Against tenders invited (October 1979) by the Superintending Engineer, Electricity Stores Procurement Circle III, Lucknow for supply of conductor, transformers, insulators meters *etc.* against the IDA credit, three firms of Patna and one firm of Lucknow charged and were paid (August 1980 to January 1981) sales tax (Rs.0.70 lakh) on the amount of excise duty. The firms were requested (March 1981) by the Board to refund the amount of sales tax charged on excise duty but the recovery of the same was awaited (March 1983) .

The matter was reported to the Board/Government in December 1982 ; replies were awaited (March 1983).

10.18. *Delay in finalisation of tenders*

The Executive Engineer, Electricity Purchase Division, Kasimpur (Aligarh) invited (July 1978) tenders for purchase of aluminium brass tubes. On opening of the tenders in August 1978 it was found that the specification of the tubes mentioned in the tender notice was incorrect. Five firms submitted their offers against the tender notice out of which one firm of Bombay quoted the rate for correct specifications of the tubes ; the firm rate being Rs.63.85 per kg *plus* Re.1 per kg for testing, but the offer was not considered.

Fresh tenders were invited (October 1978) for the correct specification and the lowest rate quoted by a firm of Kota was for Rs.71.17 per kg *plus* Re. 1 per kg for testing charges ; FOR Kota. These tenders were opened on 24th October 1978, but were not finalised within the validity period which were got extended up to 31st March 1979. The tenders could not be finalised even

within the extended validity period with the result, the lowest tenderer increased the rate to Rs.86.30 per kg plus Rs.2.50 per kg for testing charges. The order was finally placed (June 1979) at the increased rate.

Delay in finalisation of tenders, thus, resulted in an extra expenditure of Rs.1.22 lakhs. Had the tender been invited for correct specification there would have been a further saving of Rs.0.60 lakh.

The matter was reported to the Board/Government in October 1982 ; replies were awaited (March 1983).

10.19. *Non-reduction of rates of reduced aluminium content*

(i) In the tenders opened (May 1976) by the Electricity Stores Procurement Circle I, Lucknow, the rates for supply of 'Weasel', 'Rabbit' and 'Dog' conductors offered by the tenderers, the quantum of aluminium contents per km was envisaged at 86.8 to 87 kg, 144.8 to 145 kg and 288 to 288.3 kg for 'Weasel', 'Rabbit' and 'Dog' conductors respectively. Since a subsidy on purchase of aluminium conductors was payable by the Government of India, the mode of calculation for arriving at the aluminium content per km as advised by the Government of India and worked out (October 1976) by the Circle was 86.54, 144.76 and 287.46 kg per km for 'Weasel', 'Rabbit' and 'Dog' conductors respectively.

While placing orders with 26 firms (October 1976), the reduced aluminium contents as worked out by the Circle were incorporated in the technical particulars of supplies without effecting corresponding reduction in the rates for reduced aluminium contents. This resulted in an extra benefit of Rs.2.40 lakhs to the suppliers.

(ii) Similar benefit (Rs.1.03 lakhs) were allowed by the Electricity Stores Procurement Circle II in the case of orders for 'Weasel' and 'Rabbit' conductors placed against tenders opened in February 1977.

The matter was reported to the Board/Government in December 1982 : replies were awaited (March 1983).

10.20. *Defective supply of capacitor bank*

To eliminate fluctuations in voltage, one capacitor bank of 1008 KVAR capacity supplied (September 1974) by Bharat Heavy Electricals Limited (BHEL) (value : Rs.0.98 lakh) was commissioned at Kasganj sub-station in May 1976. It stopped functioning

(April 1977) and on testing (April 1977) it was noticed that its voltage transformer was damaged. The matter was referred to BHEL in August 1977 for repair but was not pursued thereafter and the capacitor bank has been lying unrepaired (January 1983).

The Divisional Officer, Electricity Distribution Division, Etah stated (May 1982) that with the energisation (July 1981) of 132/33/11 KV Kasganj sub-station the difficulty of voltage fluctuation was overcome.

The matter was reported to the Board/Government in April 1981/November 1982; replies were awaited (March 1983).

10.21. *Unrecovered dues*

Electricity charges are required to be paid by the consumer by the due date specified in the bill. If a consumer fails to make payment of electricity dues by the due date, his supply may be cut off after seven days, from the date of notice, and a demand notice may be served on him after the expiry of 30 days from the due date of payment specified in the bill. If, however, the consumer fails to pay the bill within 30 days of service of the demand notice, the electricity dues are to be recovered as arrears of land revenue, and recovery certificates therefor are to be sent to the Collector for realising the dues.

In respect of 24 consumers recovery certificates for Rs.1.08 lakhs were issued by Electricity Distribution Division III, Bulandshahr (February 1978 to February 1980) after one to five years from the due date for payment. In these cases, the Collector expressed (March-April 1980) his inability to realise the amount as either the consumer were not traceable or they did not own any property.

Similarly in respect of 78 consumers recovery certificates for Rs. 0.30 lakh were issued by Electricity Commercial Division, Bareilly (February to December 1980) after one to five years of due date of payment. In these cases, the Collector expressed (July to September 1981) his inability to realise the amount as the whereabouts of some of the consumers were not traceable, some had expired and some did not own any property.

The matter was reported to the Board/Government in December 1981/October 1982; replies were awaited (March 1983).

SECTION XI
UTTAR PRADESH STATE ROAD TRANSPORT
CORPORATION

11.01. Introduction

The Uttar Pradesh State Road Transport Corporation was established on 1st June 1972 under the Road Transport Corporations Act, 1950.

11.02.01. Capital

Under Section 23 (i) of the Act the capital contributions by the Central Government and State Government as on 31st March 1979 was as under :

	As on 31st March		Percentage increased
	1978	1979	
	(Rupees in lakhs)		
Central Government	495.10	559.50	13.0
State Government	1650.00	2133.00	29.3
Total	2145.10	2692.50	25.5

11.02.02 Guarantees

The table below indicates the details of guarantees given by Government for the repayment of loans raised by the Corporation and payment of interest thereon :

Particulars	Year in which guaranteed	Amount guaranteed*	Amount outstanding as on 31st March 1982*		
			Principal	Interest	Total
Banks	1972-73, 1973-74 and 1975-76	1325	450.00	..	450.00
Industrial Development Bank of India (Bill discounting scheme)	1975-76 to 1977-78	1300	1.00	0.63	1.63
		2625	451.00	0.63	451.63

*Figures as per Finance Accounts are Rs. 1605 and Rs. 4.90 lakhs. Differences are under reconciliation.

11.02.03 Financial position

The table below summarises the financial position of the Corporation under the broad headings for the three years up to 1978-79 :

	1976-77	1977-78	1978-79
			(Provisional)
			(Rupees in lakhs)
Liabilities			
Capital	1725.00	2145.10	2692.50
Reserves and surplus	58.60	68.95	79.08
Borrowings	3467.92	2927.90	3122.46
Trade dues and other current liabilities	3074.41	3181.11	3582.45
Total	8325.93	8323.06	9476.49
Assets			
Gross block	8039.95	8651.07	9861.73
Less : Depreciation	3513.94	4180.96	5023.03
Net fixed assets	4526.01	4470.11	4838.70
Capital work-in-progress	7.65	..	..
Investment	92.08	92.08	92.08
Current assets, loans and advances	3605.72	3628.70	4169.93
Accumulated losses	94.47	132.17	375.78
Total	8325.93	8323.06	9476.49
Capital employed	5057.32	4917.70	5426.18
Capital invested	5192.92	4990.97	5814.96

Note : Capital employed represents net fixed assets *plus* working capital

Capital invested represents the paid-up capital *plus* long-term loans and free reserves.

11.02.04. *Working results*

The following table gives details of the working results of the Corporation for the three years up to 1978-79 :

	1976-77	1977-78	1978-79
			(Provisional)
			(Rupees in lakhs)
Operating Revenue	5653.98	6018.27	6754.44
Expenditure	5429.83	5920.47	6923.27
Surplus (+)/Deficit (—)	(+)224.15	(+)97.80	(—)168.83
Non-operating Revenue	204.89	221.14	267.91
Expenditure	308.09	354.95	346.47
Deficit	103.20	133.81	78.56
Total			
Revenue	5858.87	6239.41	7022.35
Expenditure	5737.92	6275.42	7269.74
Net profit (+)/Net loss (—)	(+)120.95	(—)36.01	(—)247.39
Interest on capital and long-term loans	353.45	383.64	380.01
Interest on short-term loans	18.21	34.88	30.03
Total return on capital employed	492.61	382.51	162.65
Total return on capital invested	492.61	347.63	132.62
		(per cent)	
Rate of return on capital employed	9.6	7.8	3.0
Capital invested	9.5	7.0	2.3

11.03. *Operational performance*

The table below indicates the operational performance of the Corporation for the three years up to 1981-82 :

	1979-80	1980-81	1981-82
			(Provisional)
Route kilometres	263178	287748	284862
Number of operating depots	75	75	93

	1979-80	1980-81 (Provisional)	1981-82
Average number of vehicles held*	5713	5769	5996
Average number of vehicles on road	4484	4526	4650
Percentage utilisation	78	78	78
Kilometres covered (in lakhs)			
—Gross	4063.21	4327.11	4045.00
—Effective	3972.00	4227.85	3942.00
—Dead (including departmental)	91.21	99.26	103.00
Percentage of dead kilometres to gross kilometres	2.7	3.0	2.6
Average kilometres per vehicle per day	217	219	210
Passenger kilometres scheduled (in lakhs)	4209.45	4559.35	N. A.
Passenger kilometres operated (in lakhs)	3653.59	3731.14	3929.79
Occupancy ratio	86.8	81.8	N.A.
Average number of breakdowns per lakh kms	0.10	0.11	0.11
Average number of accidents per lakh kms	0.28	0.18	0.18
Average revenue per effective km (Paise)	209	218	282
Average expenditure per effective km (Paise)	206	241	289
Profit (+)/Loss (—) per km (Paise)	(+)3	(—)23	(—)7

11.04. Lucknow Region

11.04..01. Introduction

The Uttar Pradesh State Road Transport Corporation had 18 regions with 93 depots as on 31st March 1982.

The Lucknow Region of the Corporation has eight depots at Sitapur, Rae Bareli, Bara Banki, Lakhimpur, Charbagh, Kaiserbagh, Amausi and City Bus at Lucknow and a Regional Workshop at Lucknow.

*Vehicles include buses, taxis and trucks.

11.04.02. *Organisational set-up*

Regional Manager is the over all incharge of the Region. The work at depots is looked after by five Assistant Regional Managers and at Regional Workshop by the Service Manager.

11.04.03. *Working results*

(a) The working results of the Region based on the provisional accounts for the three years up to 1981-82 are indicated below :

	1979-80		1980-81		1981-82	
	Owne buses	Hire buses	Owne buses	Hire buses	Owne buses	Hire buses
	(Rupees in lakhs)					
Operating						
Income	510.79	150.32	531.46	181.47	752.46	90.31
Expenditure	569.62	100.80	690.27	136.62	868.50	49.72
Excess(+) Deficit(-)	(-)58.83	(+)49.52	(-)158.81	(+)44.85	(-)116.04	(+)40.59
Non-operating						
Income	21.74	..	11.39	..	27.80	..
Expenditure	33.01	..	38.90	..	54.25	..
Deficit (-)	(-)11.27	..	(-)27.51	..	(-)26.45	..
Total pro- fit(+)/ loss (-)	(-)70.10	(+)49.52	(-)186.32	(+)44.85	(-)142.49	(+)40.59
Total reve- nue kms (in lakhs)	257.28	74.57	256.78	93.89	279.41	31.74
Operating revenue per km	1.99	2.02	(Rupees) 2.07	1.93	2.69	2.85
Operating expenses per km	2.21	1.35	2.61	1.46	3.11	1.57
Operating loss (-)/ profit(+) per km	(-)0.22	(+)0.67	(-)0.54	(+)0.47	(-)0.42	(+)1.28

The Region has been incurring losses since 1972-73. The accumulated loss as on 31st March 1982 amounted to Rs.576.09 lakhs.

(b) Depot-wise working results of the Region for the three years up to 1981-82 were as under :

Name of the depot	1979-80			1980-81			1981-82		
	Expenditure	Income	Net profit(+)/loss (-)	Expenditure	Income	Net profit(+)/loss (-)	Expenditure	Income	Net profit(+)/loss (-)
(Rupees in lakhs)									
Charbagh	157.23	168.37	(+)11.14	178.20	156.22	(-)21.98	204.93	197.03	(-)7.90
Kaiserbagl.	177.20	189.03	(+)11.83	219.18	195.08	(-)24.10	220.24	216.55	(-)3.69
Rae Bareli	108.07	114.53	(+)6.46	130.32	125.95	(-)4.37	163.17	160.94	(-)2.23
Sitapur	116.77	125.63	(+)8.86	139.17	135.08	(-)4.09	131.43	128.79	(-)2.64
City Bus	113.20	64.12	(-)49.08	123.04	61.67	(-)61.37	139.55	83.38	(-)56.17
Amausi	10.96	21.17	(-)9.79	75.88	50.32	(-)25.56	84.00	50.93	(-)33.07
Bara Banki*	..	..	..	..	..	..	14.88	15.21	(+)0.33
Lakhimpur*	..	..	..	..	..	..	14.27	17.74	(+)3.47
Total	703.43	682.85	(-)20.58	865.79	724.32	(-)141.47	972.47	870.57	(-)101.90

*These depots (Bara Banki and Lakhimpur) commenced operation from June 1980 and February 1981 respectively

The Region operated its buses in January and February 1982 for the *Ardh Kumbh Mela* 1982 and earned Rs.3.93 lakhs against the total expenditure of Rs.5.71 lakhs as worked out by the Management. The details of total number of buses operated and total dead kilometres run in the *Mela* were not on record. The reasons for the loss were also not investigated (March 1983).

The Management stated (November 1982) that after the formation of the Corporation the cost of major items of consumption had increased up to 300 *per cent* while the fares were increased only up to 101 *per cent*.

11.04.04. Fleet position

(a) As on 31st March 1982, the Region had a fleet strength of 504 buses (Tata 400, Leyland 104). Out of 504 buses, 94 buses were more than 8 years old, 170 buses were more than 5 years old but less than 8 years and 240 buses were less than 5 years old.

As per norms fixed by the Corporation in 1970 a bus should be replaced after it has covered 4.8 lakh kilometres (3 lakh kms prior to renovation and 1.8 lakh kms after renovation). The composition of buses in terms of kms operated as on 31st March 1982 was as follows :

Depots	Kilometres covered		
	More than 4.8 lakh kms	More than 3 lakh kms but less than 4.8 lakh kms	Less than 3 lakh kms
	(Number of buses)		
City bus	9	42	40
Charbagh	28	26	33
Kaiserbagh	28	21	37
Rae Bareli	23	25	43
Sitapur	15	21	15
Amausi	1	6	35
Bara Banki	23	7	2
Lakhimpur	1	2	21
Total	128	150	226

As on 31st March 1982 the Region had 128 buses (25 *per cent*) which had completed their prescribed life and were awaiting replacement.

As per norm, a bus is required to be renovated after it had operated three lakh kilometres. There were 133 buses in the Region, as on 31st March 1982, which had covered more than three lakh kilometres but had not been renovated.

(b) Fleet strength

The Region provides a reserve calculated at 25 per cent of the buses required for operating schedules, (15 per cent in the depots, 5 per cent in the Regional Workshop and 5 per cent in the Central Workshop) to cover break-downs, servicing and repairs. The number of buses held in the depots (including off-road buses) and the number of buses required (including reserve at 15 per cent of the number of schedules) as at the close of the three years up to 1981-82 were as shown below :

Name of the depot	Number of scheduled buses	Reserve at the rate of 15 per cent	Total number required	Number of buses on road (including reserve)	Number of off-road buses	Total number of buses held in the depot	Excess (+)/ Shortage (-)
As on 31st March 1980							
Charbagh	66	10	76	69	14	83	(+) 7
Kaiserbagh	77	12	89	78	13	91	(+)2
City bus	79	12	91	85	14	99	(+)8
Amausi	29	4	33	26	3	29	(-)4
Sitapur	47	7	54	49	12	61	(+)7
Rae Bareli	56	8	64	57	13	70	(+) 6
Total	354	53	407	364	69	433	(+) 26
As on 31st March 1981							
Charbagh	69	10	79	72	15	87	(+)8
Kaiserbagh	71	11	82	73	15	88	(+)6
City bus	71	11	82	73	14	87	(+)5
Amausi	38	6	44	41	10	51	(+)7
Sitapur	49	7	56	49	12	61	(+)5
Rae Bareli	62	9	71	63	12	75	(+)4
Bara Banki	17	3	20	14	--	14	(-)6
Lakhimpur	8	1	9	8	--	8	(-)1
Total	385	58	443	393	78	471	(+)28
As on 31st March 1982							
Charbagh	66	10	76	67	20	87	(+)11
Kaiserbagh	66	10	76	66	20	86	(+)10
City bus	76	11	87	84	7	91	(+)4
Amausi	34	5	39	35	7	42	(+)3
Sitapur	41	6	47	41	10	51	(+)4
Rae Bareli	78	12	90	77	14	91	(+)1
Bara Banki	22	3	25	22	10	32	(+)7
Lakhimpur	19	3	22	19	5	24	(+)2
Total	402	60	462	411	93	504	(+)42

Shortage of spare parts and reconditioned assemblies were the main reasons attributed by the Management (October 1982) for holding more buses in reserve.

11.04.05. *Operational performance*

11.04.05.01. The following table gives the details of total operations of the Region (both hired and own buses) during the three years up to 1981-82 :

Average number of schedules	1979-80	1980-81	1981-82
	Not Available	Not Available	Not Available (In lakhs)
Scheduled kilometres	388.71	461.31	435.04
Gross kilometres operated	338.46	358.31	318.21
Effective kilometres operated	331.85	350.67	311.15
Dead kilometres	6.61	7.64	7.06
			(Per cent)
Operational efficiency	85.4	76.0	71.5
Percentage of dead kms to gross kms	1.9	2.1	2.2
			(Rupees in lakhs)
Operating earnings	661.11	712.93	842.77
Operating expenses	670.42	826.89	918.22
			(Paise)
Earning per effective km	199.22	203.30	270.86
Expenditure per effective km	202.03	235.80	295.11
Operating loss per effective km	2.81	32.50	24.25

It will be seen that operational efficiency had declined from 85.4 per cent in 1979-80 to 71.5 per cent in 1981-82. The fall of operational efficiency was attributed (November 1982) by the Management to (i) shortage of spare parts, tyres and assemblies and (ii) non-availability of adequate number of buses.

11.04.05.02. *Fleet utilisation*

The following table indicates the details of fleet utilisation during the three years up to 1981-82 :

	1979-80	1980-81	1981-82
Average number of buses held during the year	429	463	504
Average number of buses on road per day	361	386	410
Percentage of off-road buses to buses held	15.8	16.6	18.6
Total gross kilometres (In lakhs)	263.89	264.42	286.47
Average distance (Gross kilometres) operated per bus on road			
For the year	73100	68503	69871
Per day	200	188	191
Total seat kilometres offered (In crores)	167.23	166.90	190.00
Total passenger kilometres availed (in crores)	118.73	111.83	138.70
Occupancy ratio (per cent)	71.0	67.0	73.0

As compared to 1979-80 the gross km covered increased by 8.5 per cent only in 1981-82 against the increase of 17.5 per cent in fleet during this period, which indicates under utilisation of the fleet. Although the number of buses increased from 429 (1979-80) to 463 (1980-81), the occupancy ratio had gone down to 67 (1980-81) from 71 (1979-80) due to engagement of private buses in excess of requirement.

The Management stated (February 1983) that fall in average distance operated per bus was due to (i) increase in number of buses under city bus operation, and (ii) non-availability of spare parts, tyres and assemblies.

11.04.05.03. Dead kilometres

The following table gives the details of dead kilometres of Corporation's buses during the three years up to 1981-82 :

	1979-80	1980-81	1980-82 (In lakhs)
Gross kilometres	263.89	264.42	286.47
Kilometres operated (effective)	257.28	256.78	279.41
Dead kilometres	6.61	7.64	7.06
Percentage of dead kilometres to gross kilometres	2.5	2.9	(Per cent) 2.5

The total operating cost in respect of the dead kilometres during the three years up to 1981-82 worked out to Rs.52.13 lakhs approximately.

The percentage of dead kilometres to gross kilometres in Kaiserbagh Depot was 5.5 per cent in 1979-80 and it increased to 5.8 per cent in 1980-81 and 7.4 per cent in 1981-82. The incidence of dead kilometres attributable to avoidable and unavoidable factors was not analysed by the Management.

11.04.05.04. Regularity

The table below gives depot-wise position of average scheduled trips and the trips actually operated during the three years up to 1981-82 :

	Names of the depots						
	Char- bagh	Kaiser- bagh	Rae Bareli	Sita- pur	Lakh- impur	Amausi bus	City Banki
1979-80							
Average trips to be operated	4274	7762	5505	7063	NA	14681	43743 NA

Names of the depots

	Char- bagh	Kaiser- bagh	Rae Bareli	Sita- pur	Lakhim- pur	Ama- usi	City bus	Bara Banki
Actual trips operated	3703	6790	4997	5236	NA	7636	24836	NA
Percentage regularity	87	87	91	74	NA	50	56	NA
1980-81								
Average trips to be operated	4875	9502	5309	6648	NA	14467	39218	NA
Actual trips operated	3699	7214	4518	4425	NA	7502	21037	NA
Percentage regularity	76	76	85	67	NA	52	54	NA
1981-82								
Average trips to be operated	5116	6552	7019	4268	914	10978	39718	2875
Actual trips operated	3800	5024	5298	2395	732	5976	18310	2353
Percentage regularity	74	77	75	56	80	54	46	82

NOTE—N.A. represents not available.

The reasons attributed by the Management (October 1982)¹ for decline in regularity in services were (i) increase in off-road buses as well as old fleet and (ii) non-availability of buses from workshop and it was also stated that action for steamlining the supply of spare parts and maintenance of old fleet was being taken.

11.04.05.05. Oils and lubricants

(a) The table below indicates the expenditure on high speed diesel oil and lubricants during the three years up to 1981-82 :

Year	Amount spent on		Total operating expenses	Percent- age of fuel and lubri- cants to operat- ing ex- penses
	High speed diesel oil	Lubricants oil and grease		
	(Rupees in lakh)			
1979-80	88.54	15.36	670.42	15.5
1980-81	132.21	15.17	826.89	17.8
1981-82	200.81	18.98	918.22	23.9

Although substantial amounts are spent on oil and lubricants, no attempts were made to analyse the increase due to price rise and operational inefficiency.

(b) *High speed diesel oil*

The Corporation had fixed (June 1970) the norm of consumption at 5.5 kms per litre of high speed diesel oil (HSD) for buses plying in plains.

The kms obtained per litre of HSD oil in different depots of the region during the three years up to 1981-82 are indicated below :

Name of depot	1979-80 (Average kilometres per litre of HSD)	1980-81	1981-82
Charbagh	4.6	4.3	4.1
Kaiserbagh	4.5	4.3	4.3
City bus	3.8	3.8	3.9
Amausi	3.4	3.2	2.7
Sitapur	4.5	4.6	3.5
Lakhimpur	..	..	4.6
Rae Bareli	4.2	4.3	4.2
Bara Banki	..	3.5	4.1

Based on the norm of 5.5 kms per litre of HSD, the excess consumption of HSD works out to 4998 kilolitres (value : Rs.130.71 lakhs) during the three years up to 1981-82.

As stated (October 1982) by the Management, reasons for excess consumption of HSD oil and lubricants as compared to norm were (i) old fleet, (ii) speed maintained by the drivers being much less than the norm and (iii) poor condition of roads. In respect of Amausi depot the records were not made available to Audit as they were stated to be with the State Vigilance Department.

(c) *Engine oil*

Engine oil is required for topping up oil levels in the engines. The Region had fixed the norm of consumption at 400 kms per

litre of engine oil. The table below indicates depot-wise consumption of engine oil during the three years up to 1981-82 :

Name of depot	1979-80 (Average kilometres per litre of oil)	1980-81	1981-82
Charbagh	397	474	485
Kaiserbagh	341	416	610
City bus	199	195	248
Amausi	157	145	200
Sitapur	247	282	343
Lakhimpur	..	..	556
Rae Bareli	247	370	377
Bara Banki	..	419	250

Based on the norm of 400 kilometres per litre of engine oil, the excess consumption worked out to 56 kilolitres (value : Rs.5.15 lakhs) during the three years up to 1981-82.

Excess consumption of engine oil was attributed by the Management (November 1982) to (i) non-availability of spares and existence of push start vehicles (ii) non-observance of prescribed maximum speed of 50 kms by drivers and (iii) non-replacement of reconditioned assemblies received from Roadways Central workshop, Kanpur in time.

11.04.05.06. Tyres

The expenditure incurred on tyres, tubes and flaps during the three years up to 1981-82 is given below :

Year	Total operating expenses	Expenditure on tyres	Percentage of expenses on tyres to total operating expenses
	(Rupees in lakhs)		
1979-80	670.42	32.95	4.9
1980-81	826.89	51.91	6.3
1981-82	918.22	54.17	5.9

The following table indicates the average performance of the tyres removed in various depots during the three years up to

1981-82 against the prescribed norm of 1,10,000 kms (80,000 kms before retreading and 30,000 kms after retreading):

Year	Number of tyres removed		Average life	
	New	Retreated	New (in Kilometres)	Retreaded
City Bus				
1979-80	324	335	66083	22101
1980-81	268	543	67895	19538
1981-82	170	327	60564	17779
Kaiserbagh				
1979-80	542	424	70443	19275
1980-81	380	469	77443	18717
1981-82	365	209	74242	22983
Charbagh				
1979-80	502	285	69908	14267
1980-81	479	326	70791	18116
1981-82	564	178	58797	15000
Amausi				
1979-80	..	..	..	..
1980-81	32	36	70776	29051
1981-82	182	68	59344	28701
Barabanki	Not available			
Rae Bareli				
1979-80	339	151	66288	22927
1980-81	371	134	65819	19821
1981-82	467	153	66535	28300
Sitapur				
1979-80	302	..	71893	..
1980-81	327	..	70489	..
1981-82	307	90	68139	22206
Lakhimpur				
1979-80	..	..	..	..
1980-81	..	..	..	..
1981-82	132	7	39797	24343

It was noticed that :

(i) Prompt and complete investigation of premature failure of tyres for the purpose of prevention of their recurrence and fixing responsibility was not done.

(ii) Tyre rotation in order to avoid uneven wear of tyres was not done.

The tyre cards of tyres removed and scrapped during the three years up to 1981-82 (except for January to March 1982) were not produced to Audit as these were reported to have been eaten away by white ants. A test check (June 1982) in audit of tyre cards of tyres scrapped during January to March 1982 disclosed cases where new tyres had to be scrapped (without retreading) due to delay in removal for retreading after covering the expected normal life, e.g., in Regional Workshop, 85 new tyres were scrapped during January to March 1982 as these were not removed for retreading in time and had covered 80125 to 99799 kms.

The table below indicates the extra expenditure on the use of tyres in three depots, viz. City bus, Kaiserbagh and Charbagh during the three years up to 1981-82 as the tyres failed to render the prescribed life :

Year	Number of tyres removed	Total kms covered by removed tyres (in lakhs)	Tyres required as per norm of 1,10,000 kms per tyre	Number of tyres excess used	Approximate expenditure on excess tyres used (Rupees in lakhs)
<i>City Bus depot</i>					
1979-80	659	288.15	262	397	10.74
1980-81	811	288.05	262	549	14.85
1981-82	497	161.10	147	350	9.47
<i>Kaiserbagh depot</i>					
1979-80	966	463.53	421	545	14.74
1980-81	849	382.07	347	502	13.58
1981-82	574	319.02	290	284	7.68
<i>Charbagh depot</i>					
1979-80	787	401.60	365	422	11.42
1980-81	805	398.15	362	443	11.98
1981-82	742	358.21	326	416	11.25

The reasons for excessive use of tyres were not investigated by the Management (February 1983).

11.04.05.07. Engines

A minimum average service life of 3.80 lakh kms (2.80 lakh kilometres before reconditioning and one lakh kilometres after

reconditioning) was fixed (June 1970) for an engine. The following three years up to 1981-82 :

Name of depot	Year	Number of engines removed			
		Less than 1 lakh kms		1 lakh and above but less than 2 lakh kms	
		New	Reconditioned	New	Reconditioned
Charbagh	1979-80	1	23	2	18
	1980-81	..	24	2	15
	1981-82	..	30	2	5
Rae Bareli	1979-80	..	28	..	1
	1980-81	..	17	3	7
	1981-82	23	..	1	3
Sitapur	1979-80	..	15	1	5
	1980-81	..	26	1	4
	1981-82	..	21	..	2
Lakhimpur	1979-80				
	1980-81	Included in	Sitapur up to March 1982		
	1981-82				
Amausi	1979-80	..	..	..	..
	1980-81	..	..	..	..
	1981-82	2	3	2	..
Barabanki	Not available				
Kaiserbagh	Not available				
City Bus Service	Not available				

ing table indicates the performance of engines removed during the

after rendering service for

2 lakh and above but less than 3 lakh kms 3 lakh and above but less than 3.8 lakh kms 3.8 lakh kms and above

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Reasons for premature failure of engines were not analysed by the Management (February 1983).

11.04.05.08. Batteries

The Management as well as manufacturers of various makes of batteries have fixed 12 months as the minimum life of a battery. No norm/life of battery in terms of kilometres was fixed. The table below indicates the performance of batteries removed during the three years up to 1981-82 :

Name of depot	Year	Number of batteries removed after rendering service for					
		Less than 3 months	3 months and above but less than 6 months	6 months and above but less than 9 months	9 months and above but less than 12 months	12 months and above but less than 15 months	15 months and above
Charbagh	1979-80	..	2	5	26	81	16
	1980-81	..	6	2	5	65	27
	1981-82	..	9	6	..	27	17
Rae Bareli	1979-80	..	..	8	31	61	..
	1980-81	2	2	3	3	88	..
	1981-82	..	..	1	15	70	..
Amausi	1979-80	..	..	..	2	6	2
	1980-81	..	..	2	3	8	15
	1981-82	3	3	2	..	3	7
Sitapur	1979-80	..	1	24	31	32	24
	1980-81	..	2	2	20	29	29
	1981-82	..	2	14	20	23	24
Lakhimpur	1979-80	..	..	..	..	..	..
	1980-81	..	..	..	..	..	..
	1981-82	3	3	2	..	3	7
Barabanki		Not available					
Kaiserbagh		Do.					
City Bus Service		Do.					

Reasons for premature failure of the batteries had not been analysed by the Management (February 1983).

11.04.05.09. *Refund of road tax*

According to Uttar Pradesh Motor Vehicle Taxation Act, 1935, if a vehicle remains off-road for a continuous period of not less than 30 days from the date the road tax or instalment thereof was last paid, a refund of tax equivalent to 1/12 of the annual rate of tax payable in respect of such vehicle is admissible on surrender of registration documents for each complete month during which the vehicle had remained off-road. The Act further prescribes that no claim for refund shall be entertained unless it is presented within three months from the date on which it becomes due. It was noticed that claims for refund of road tax aggregating Rs.0.50 lakh pertaining to March 1977 to January 1978 in respect of 42 vehicles were not lodged by the Region within the time limit prescribed and as such refund of the amount could not be obtained (February 1983).

A test check (July 1982) in audit of records further revealed that refund of road tax amounting to Rs.0.80 lakh in respect of Charbagh depot (Rs.0.67 lakh pertaining to April 1979 to July 1981) and City bus depot (Rs.0.13 lakh pertaining to January 1980 to December 1981) could not be obtained as the registration documents were not surrendered in time.

11.04.06. *Taxi operation*

The taxis are intended mainly for plying on hire but the distance mainly covered by taxis was on departmental trips, *i.e.* for inspection *etc.* as shown below :

	1979-80	1980-81	1981-82
Number of taxis held	8	9	10
	(Kilometres in lakhs)		
Dead kilometres	0.06	0.06	0.08
Departmental kilometres	1.86	1.29	2.11
Revenue kilometres	1.38	1.28	2.20
Total kilometres	3.30	2.63	4.39
	(per cent)		
Percentage of dead and departmental kilometres to total kilometres	58.2	51.3	50.0

The operational cost of taxis was not worked out (February 1983).

11.04.07. *Repairs and maintenance of buses*

11.04.07.01. There is a two-tier system for maintenance and overhauling of buses. A workshop is attached to each depot (except Bara Banki and Lakhimpur depots) for day to day maintenance and repairs and there is a Regional Workshop at Lucknow for major overhauling of buses and reconditioning of unit assemblies. The maintenance of buses attached to Bara Banki and Lakhimpur depots is done by Kaiserbagh and Sitapur depots respectively.

11.04.07.02. *Depot workshop*

The depot workshops of the Region undertake preventive maintenance of vehicle after completing 2000, 4000, 8000, 16000 and 32000 kms.

In June 1980 the Corporation revised the maintenance schedules in order to keep 100 *per cent* vehicles on road in each depot. A vehicle coming to depot workshop for routine repairs and maintenance was required to be out-sheded for operation either on the same day or on the next day and the hold-up time in depot workshop was not to exceed 8 hours. A test check in June 1982 of records of Kaiserbagh and City Bus depots revealed that while vehicles were out-sheded the same day after carrying out 4000 kms, 8000 kms and 16000 kms servicing, the hold-up time of buses for 32000 kms servicing ranged from one to 37 days in the Kaiserbagh depot and 3 to 58 days in City bus depot during 1981-82. The position of other depots was as under :

Name of depot	Hold -up time for the vehicle in 1981-82	
	Minimum days	Maximum days
Sitapur	1	8
Lakhimpur	Not available	
Rae Bareli	2	109
Charbagh	2	231
Barabanki	Not available	
Amausi	1	18

A test check (July 1982) of the records of the workshops of Charbagh, Kaiserbagh and City bus depots disclosed the following :

- (a) Though the servicing schedule based on distance covered was prescribed for the maintenance of buses, there was no system to ensure that buses were serviced regularly.

(b) The details of quantum and value of labour engaged for repairs of buses were not indicated in the job cards maintained in the depot workshops.

(c) Buses were kept off-road in the depot workshops for want of engines, tyres and other spare parts for prolonged periods (up to 87 days in City bus depot).

(d) Periodical inspection of equipment, tools and other fixed assets was not carried out though it was required to be carried out at least once a year.

(e) Each depot has a stores section which draws monthly requirements of spare parts from Regional Stores. No maximum, minimum or reordering levels were fixed. Items not available in stock were purchased locally as and when required.

(f) The programme of repairs to be undertaken at a depot workshop and the time required to complete a job were not prescribed. Mechanics' diaries showing the work done by workers from day to day were not maintained.

11.04.07.03. *Regional workshop*

(a) The Regional Workshop at Lucknow undertakes preventive maintenance of vehicles after completing one lakh kilometres and carries out heavy repairs of vehicles and reclamation of major spare parts. It has three production shops :

- Mechanical reconditioning shop (undertakes reconditioning of front-axle, rear-axle, water pump, steering, booster and pressure plate, etc.)
- Electrical reconditioning shop (undertakes reconditioning of self-starter and dynamo).
- Body repair shop (includes upholster, blacksmith, tin-smith, carpentry, painting, electrical and battery sections).

The production capacity of the various shops of the Regional Workshop was not assessed/fixed (February 1983).

(b) The following table indicates the actual load and the work done in the Regional Workshop during the three years up to 1981-82 :

	1979-80	1980-81	1981-82
Gross kilometres covered (in lakhs)	263.89	264.42	286.47
Actual work load (number of vehicles)	264	264	286
Actual work done (number of vehicles)	91	97	55
rtfall (number of vehicles)	173	167	231

The reasons advanced (November 1982) by the Management for the shortfall in production/maintenance of vehicles were, meagre receipts of reconditioned assemblies and stores from the Central Workshop, Kanpur.

As against the earlier norm of 30 days prescribed (reduced to 15 days by the Corporation in May 1980) for maintenance and repairs of buses after covering one lakh kilometres, the average time taken in the Regional Workshop for one lakh kilometres maintenance of vehicles was as under :

Number of vehicles detailed in the workshop

Year	Upto 15 days	16 to 30 days	31 to 45 days	Above 45 days
	(In numbers)			
1979-80	5	9	17	60
1980-81	7	17	14	59
1981-82	2	6	7	40

As the norm prescribed was not observed by the Region, there was loss of revenue of Rs.5.78 lakhs, Rs.10.02 lakhs and Rs.8.91 lakhs during 1979-80, 1980-81 and 1981-82 respectively for the vehicle-days lost.

11.04.08. Manpower

11.04.08.01. The following table shows the staff position of the Region at the end of each of the three years up to 1981-82 :

	1979-80	1980-81	1981-82
Administrative	213	185	221
Traffic	476	483	461
Drivers and conductors	1859	1835	1981
Maintenance	831	821	839
Others	477	458	485
Total	3856	3782	3987

It was noticed (November 1982) in audit that as compared to 1979-80 the number of buses had increased by 8 per cent in 1980-81 but the number of drivers and conductors deployed thereon decreased by 1.3 per cent. On the other hand in 1981-82 the number of buses increased by 9 per cent as compared to an increase of 8 per cent in the number of drivers and conductors. Reasons for such disproportionate increase/decrease were not analysed for remedial action (March 1983).

11.04.08.02 *Vehicle staff ratio*

In July 1978, the Corporation had fixed the staff ratio per scheduled vehicle at 7.5 persons (overall). The actual ratio per scheduled vehicle for the three years up to 1981-82 was as follows :

	1979-80	1980-81	1981-82
Total number of schedules in operation	351	386	413
Total staff employed (excluding conductors employed on private buses)	3856	3782	3987
Bus staff ratio	11.0	9.8	9.6

The Management stated (October 1982) that (i) reorganisation of the Region in July 1978, (ii) decrease in number of operational buses and (iii) non-transfer of excess staff because of outside pressure, were mainly responsible for excessive bus staff ratio than the norm.

11.04.08.03. *Overtime allowance*

Though the actual bus staff ratio was high as compared to the prescribed norm, the Region had paid overtime allowance during the three years up to 1981-82 as shown below :

Name of depot	Over time allowance paid during					
	1979-80		1980-81		1981-82	
	Work-shop	Traffic	Work-shop	Traffic	Work-shop	Traffic
	(Rupees in lakhs)					
Charbagh	1.31	0.50	1.59	0.71	2.11	1.64
Kaiserbagh	1.28	0.33	1.60	0.76	2.05	1.23
City Bus	1.44	0.41	2.06	0.63	2.96	0.81
Amausi	0.11	0.49	0.33	1.18	0.91	1.64
Sitapur	0.18	0.26	0.26	0.40	0.59	0.77
Lakhimpur	..	..	..	..	0.03	0.10
Rae Bareli	0.16	0.47	0.26	0.71	0.50	0.79
Barabanki	..	..	..	0.12	..	0.44
Total	4.48	2.46	6.10	4.51	9.15	7.42

11.04.09. *Value of stores*

11.04.09.01. The table below indicates the opening balance, consumption and closing balance of stores at the end of the three years up to 1979-80 :

	1977-78	1978-79	1979-80
	(Rupees in lakhs)		
Opening balance	46.36	33.78	29.86
Receipts including local purchases	98.62	113.80	97.03
Stores consumed	101.66	103.22	86.93
Closing balance	33.78	29.86	32.75
Closing balance in terms of months' consumption	4.0	3.5	4.5

The level of inventory (in terms of months' consumption) had increased in 1979-80 as compared to 1978-79 and 1977-78. The Management stated (November 1982) that sometimes vital items and assemblies were stocked keeping in consideration the future non-availability of these items in the market as well as to maintain the fleet. It was further stated (March 1983) that vital items, considered necessary for stocking in consideration of future non-availability, were not identified.

11.04.09.02. The following points were noticed (November 1982) in test check in audit :

(a) During the three years up to 1981-82, 1835, 1224 and 711 bus revenue days respectively were lost due to non-availability of spare parts in the City Bus depot.

(b) Shortages of stores valued at Rs.22.20 lakhs which were noticed by the Management during 1974-75 to 1977-78 (no physical verification done after 1977-78) are yet to be investigated (March 1983). Reports in respect of all these cases were lodged with the Police.

11.04.10. *Sundry debtors*

(a) The sundry debtors during the three years up to 1981-82 were as under :

As on 31st March	Debts due from		Total book debts
	Government departments/undertakings	Private parties	
	(Rupees in lakhs)		
1980	134.41	12.49	146.90
1981	145.74	12.97	158.71
1982	163.46	13.86	177.32

Debtors as on 31st March 1982 (Rs.177.32 lakhs) included a sum of Rs.5.60 lakhs which represented amount deposited by the Region in Lucknow treasury prior to 1975 but not traceable in the records of the treasury.

(b) Though according to credit policy of the Corporation, no credit facility was to be allowed to private parties, yet a sum of Rs.13.86 lakhs was outstanding against private parties on account of hire charges of buses/taxis. Effective action taken for recovery of dues was not intimated (March 1983).

(c) No confirmation from various parties of the balances due from them had been obtained.

(d) Party/year-wise break-up of the sundry debtors was not made.

11.04.11. *Costing system and internal audit*

Internal audit system was introduced in the Region in August 1978 but the scope of work, periodicity and quantum of checks to be exercised in internal audit had not been prescribed (February 1983).

11.04.12. *Other points of interest*

11.04.12.01. *Purchase of lubrichem 30/50 additive oil*

In November 1980 the General Manager observed that with the use of lubrichem additive oil alongwith engine oil, the oil change period of the engine of the bus is doubled. From July 1978 to November 1981, the Region purchased 8712 litres of lubrichem oil at a rate of Rs.28.90 per litre from a firm of Howrah. Out of the same, the region consumed 5192 litres (May 1982). No data were available in the Region to indicate whether the oil change period of engine had doubled, as anticipated. As due to use of lubrichem oil, 19 crank shafts of engine valuing Rs.2.09 lakhs had broken, the use of lubrichem oil was discontinued (January 1980) and 3520 litres of lubrichem oil (value : Rs.1.02 lakhs) was lying in stock (February 1983).

11.04.12.02. *Idle machine*

One hydraulic tyre mounting and dismounting machine (value : Rs.0.24 lakh) received in the Region (July 1979) was allotted to Charbagh depot (April 1982) which was not installed/ utilised and was lying in Regional Store (February 1983).

11.04.12.03. *Delay in release of vehicles for operation*

In accordance with the norm prescribed (November 1970) by the Transport Commissioner, the vehicles received in the Regional Workshop from Central Workshop, Kanpur are required to be put to operation the same day. During 1979-80 to 1981-82 there was a delay of one to 51 days (61 vehicles delayed for 537 days) in delivering the vehicles to the depots for operation resulting in revenue loss of Rs.1.61 lakhs.

11.04.12.04. *Fitness certificates*

Fresh fitness certificates for each vehicle is required to be obtained within two days of expiry of the existing certificate. Delay in obtaining the fresh fitness certificate for the next year results in curtailment of service with loss of income.

A test check (June 1982) of records of Charbagh, Sitapur and Amausi depots revealed that during the three years up to 1981-82 the delay (86 vehicles for 4224 days in Charbagh; 26 vehicles for 238 days in Sitapur and 67 vehicles for 430 days in Amausi) in obtaining the fresh certificates of fitness ranged from 3 to 192 days resulting in revenue loss of Rs.14.66 lakhs. Information in respect of other depots was not available.

11.04.12.05. *Guns*

Six guns (cost : Rs.0.18 lakh approximately) were lying in the Region since the date of their purchase in 1966 as the posts of gunmen were not sanctioned (February 1983).

11.04.13. *Summing-up*

(i) More than 25 *per cent* of the total buses (504 buses) were in operation after completing their prescribed life.

(ii) As on 31st March 1982, there were 133 buses which though due for renovation were not renovated.

(iii) The Region has been incurring losses since 1972-73 and the accumulated loss as on 31st March 1982 amounted to Rs.576.09 lakhs.

(iv) The consumption of high speed diesel oil and engine oil was excessive as compared to the prescribed norms. Excess consumption in three years up to 1981-82 was Rs.135.86 lakhs.

(v) Performance of tyres and engines was far below the prescribed norms. The premature failure of tyres was not investigated properly to fix up responsibility.

(vi) Cases regarding refund of road tax involving refund of Rs.0.50 lakh were not lodged. Refund of Rs.0.80 lakh toward road tax could not be obtained as the documents were not surrendered in time.

(vii) There was inordinate delay in the preventive maintenance of buses in the depots and Regional Workshops.

(viii) The staff bus ratio per scheduled vehicle was high as compared to the prescribed norm.

(ix) Cases of delay in obtaining fresh fitness certificates were noticed which resulted in a loss of revenue of Rs.14.66 lakhs.

The matter was reported to the Management/Government in November 1982; replies were awaited (February 1983).

11.05. OTHER TOPICS OF INTEREST

11.05.01. *Mis-appropriation of stores*

A Storekeeper of the Tyre Retreading Workshop, Kanpur was absent from duty from 31st August to 5th September 1980. On his return on 6th September 1980 he suspected some shortages in 42 items of stores. On physical verification conducted on 7th September 1980 shortages of items worth Rs.0.47 lakh were detected. As a result of departmental investigation (November 1980), the storekeeper and another worker were found responsible for the shortages. Charge sheet was served on them in June and August 1981. On receipt of reply for the charge sheets, Service Manager of Tyre Shop was appointed (November 1981) as enquiry officer. His report had not been received (February 1983) in spite of repeated reminders. Further action in the matter was awaited (March 1983).

The matter was reported to the Management/Government in October 1981/November 1982; replies were awaited (March 1983).

11.05.02. *Excess payment*

The Corporation placed an order (November 1973) on a firm of Bihar for supply of soldering tin at the rate of Rs.29 per kg. Any increase in rates in proportion to increase in rate of metal at the time of supply of the material was payable only on the production of documentary proof by the firm. Roadways Central Workshop, Kanpur, made a payment (June 1974) at the rate of Rs.75 per kg for 600 kgs of soldering tin without obtaining any documentary proof towards increase in rates. The rate was later revised by the firm to Rs.66 per kg and corresponding refund

was made by the firm (March 1975). Even after this refund, excess payment to the firm worked out to Rs.0.25 lakh (including taxes). The matter was taken up with the firm in May 1978 ; thereafter it was not pursued. Recovery/adjustment was awaited (March 1983) .

The matter was reported to the Management/Government in October 1981/November 1982 ; replies were awaited (March 1983).

11.05.03. *Avoidable extra consumption of material*

The Service Manager of Tyre Retreading Workshop, Kanpur observed (December 1977) that tyres of certain makes received for retreading from the regions were slightly smaller in outer diameter (40 inches) than the standard dimension ($40\frac{3}{4}$ inches). For retreading these smaller size tyres, the existing matrixes of standard size were not suitable and in the process of retreading, outer dia needed extra layer of retreading material of 3 kgs per tyre (approximate cost Rs.55 per tyre) to fit in a standard diameter matrix. During 1979-80 and 1980-81, 11250 kgs of tyre retreading material (value : Rs.2.06 lakhs) was consumed in excess in retreading of such smaller size tyres due to non-availability of the matrixes of the required size though the same was brought to the notice of the Deputy General Manager, Roadways Central Workshop by the Service Manager in December 1977 and again in December 1978.

The matter was reported to the Management in October 1981 and to Government in December 1982 ; replies were awaited (March 1983) .

11.05.04. *Printing of way bills, tickets, etc.*

On the basis of tenders the Corporation entrusted (1st June 1978) the work of printing of way bills and tickets for Agra region to a local press for a period of three months. The printing work in respect of other forms was also allotted (May 1978) to this press for the year 1978-79 by the Superintendent, Printing and Stationery (SPS), Allahabad at six *per cent* less than the schedule of rates prescribed by him. In this connection following points were noticed (April 1981) in audit :

(a) *Excess payment of printing charges*

Although the arrangements made with the press were for a limited period, *i.e.* printing of tickets/way bills up to September 1978 and for other forms up to March 1979, the region continued

to get the work done by the press without obtaining competitive rates. For other forms, where the press was selected to do the work for 1978-79 at six *per cent* less than the SPS schedule of rates, the deduction of six *per cent* from printing charges was not made from the bills of the press which resulted in an excess payment of Rs.0.81 lakh during 1979-80 and 1980-81.

(b) *Excess issue of paper*

Schedule of rates of SPS was not available in the region and the payments were made to the press after ascertaining the rates from SPS.

A test check of the paper account disclosed an excess issue of paper valuing Rs.1.37 lakhs during June 1978 to March 1981. Other points noticed were as under :

(i) Paper account was not checked properly and out of Rs.1.37 lakhs a single calculation mistake resulted in excess issue of paper worth Rs.0.06 lakh.

(ii) Spoilage of paper allowed in printing was in excess of the norm prescribed by SPS.

(iii) The above amount includes Rs.0.48 lakh on account of short sized blank tickets accepted against issue of paper for standard size tickets.

(iv) Lesser number of forms/pages were accepted while adjustment of paper was allowed for standard number of pages/forms resulting in excess issue of paper valuing Rs.0.15 lakh.

(v) Although the Region was required to ensure that the paper supplied to press was not changed no such verification was done. There were a number of complaints from the depots about printing on poor quality and 'Khaki' paper against supply of good quality paper by the Corporation.

(c) *Non-deduction of income tax*

Under the provisions of Income-tax Rules, a deduction of two *per cent* on account of income tax is required to be made from the payments made to a private party if the amount payable exceeds Rs.5000. Default in doing so is punishable with arrest, detention in prison and also with fine. The Region, however, did not deduct any income tax from the bills of the press during 1978-79 to 1980-81 which worked out to Rs.0.55 lakh, on the ground that the Corporation's headquarters had not issued instructions in this regard.

The matter was reported to the Management/Government in November 1981/December 1982; replies were awaited (March 1983).

11.05.05. *Loss due to non-availing of subsidy*

To overcome the difficulties faced by the industrial units due to irregular power supply, Government decided (May 1980) to give a subsidy of 25 per cent of the cost of diesel generating sets purchased by the industrial units. The scheme was to be implemented by the U. P. Fimancial Corporation as an agent of Government. A diesel generating set of 63 KVA (cost : Rs.1.05 lakhs) was supplied (February 1981) by a firm of Lucknow to Varanasi region against a supply order placed (September 1980) by the Corporation. The Varanasi region did not avail of the subsidy as it was not aware of such orders. Responsibility for non-availing of the subsidy of Rs.0.26 lakh had not been fixed (March 1983).

The matter was reported to the Management/Government in November 1980/October 1982 ; replies were awaited (March 1983).

11.05.06. *Extra payment*

Two orders were placed by the Corporation (July and August 1980) on a firm 'A' of Kanpur for supply of 100 tonnes channel and 375 tonnes of angle iron at Rs.4750 and Rs.4075 per tonne respectively. Extended delivery period of both orders was up to 31st January 1981. The firm 'A' repeatedly informed the Corporation that due to non-payment of the dues, it was unable to complete the supply against the above orders within the delivery period and demanded an increase at Rs.499 per tonne (with effect from 8th February 1981) which was allowed to the firm (March 1981) on the plea that firm's dues could not be paid due to shortage of funds with the Corporation during January 1981. This resulted in an extra payment of Rs.0.65 lakh (excluding sales tax) on 130 tonnes material supplied after March 1981 at the enhanced rates.

The matter was reported to the Management/Government in November 1981/October 1982 ; replies were awaited (March 1983).

11.05.07. *Extra payment*

An order was placed (November 1979) by the Corporation on a firm of Ghaziabad for supply of toughend safety glasses (4166 sqm to Central Workshop and 1790 sqm to Allen Forest Workshop) against the rate contract of the Standing Committee (Transport Association), New Delhi (valid for the period from 1st November 1979 to 31st August 1980). The delivery was to be made immediately (not later than June 1980) as per delivery schedules to be given by the consignees. Up to June 1980 delivery schedules were not indicated by both the consignees. Rates against the rate contract were enhanced (August 1980) by the Standing Committee

with effect from 1st July 1980 by 15 *per cent.* Due to not giving delivery schedule in time, toughend safety glasses worth Rs.3.79 lakhs were supplied (August 1980 to February 1981) by the firm at enhanced rates resulting in an extra payment of Rs.0.49 lakh.

The matter was reported to the Management/Government in November 1981/October 1982; replies were awaited (March 1983).

SECTION XII

UTTAR PRADESH STATE WAREHOUSING CORPORATION

12.01. *Introduction*

The Uttar Pradesh State Warehousing Corporation was established in March 1958 under Section 28 (1) of the Agricultural Produce (Development) and Warehousing Act, 1956 replaced by Warehousing Corporations Act, 1962.

12.02. *Paid-up Capital*

The paid-up capital of the State Warehousing Corporation was Rs.405.50 lakhs (State Government : Rs.205.25* lakhs and Central Warehousing Corporation : Rs.200.25 lakhs) as on 31st March 1982 against the paid-up capital of Rs.336.50 lakhs (State Government : Rs.170.25 lakhs, Central Warehousing Corporation : Rs.166.25 lakhs) as on 31st March 1981.

12.03. *Guarantees*

The table below indicates the details of guarantees given by Government for repayment of loans raised by the Corporation and payment of interest thereon :

Particulars	Year of guarantee	Amount guaranteed	Amount outstanding as on 31st March 1982		
			Principal	Interest	Total
(Rupees in lakhs)					
State Bank of India	1977-78 (1123.00)	₹ 1168.00	1009.50	79.16	1088.66
	1981-82 (45.00)				

*Figure as per Finance Account is Rs. 150 lakhs. Difference is under reconciliation.

12.04. *Financial position*

The table below summarises the financial position of the Corporation under broad headings for the three years up to 1981-82 :

	1979-80	1980-81	1981-82 (Provisional)
(Rupees in lakhs)			
Liabilities :			
Paid-up capital	282.50	336.50	405.50
Reserve and surplus	724.50	804.90	909.80
Borrowings	1025.00	1125.30	1064.30
Trade dues and other current liabilities	261.81	270.00	216.79
Total	2293.81	2536.70	2596.39
Assets :			
Gross block	1554.54	1839.44	2073.42
Less: Depreciation	124.37	179.49	241.59
Net fixed assets	1430.17	1659.95	1831.83
Capital work-in-progress	..	60.41	54.59
Current assets, loans and advances	857.37	809.78	703.41
Miscellaneous expenditure	6.27	6.56	6.56
Total	2293.81	2536.70	2596.39
Capital employed*	2025.73	2199.73	2318.45
Capital invested†	2023.90	2258.61	2379.60

*Capital employed represents net fixed assets plus working capital.

†Capital invested represents paid up capital plus long-term loans plus fixed reserves.

12.05. *Working results*

The following table gives the details of the working results of the Corporation for the three years up to 1981-82 :

Particulars	1979-80	1980-81	1981-82 (Provisional)
		(Rupees in lakhs)	
Income			
Warehousing charges	489.61	488.54	515.75
Other income	12.50	11.56	14.50
Total	502.11	500.10	530.25
Expenses :			
Establishment charges	133.23	157.75	175.82
Interest	79.74	81.68	82.66
Other expenses	176.01	157.10	151.32
Total	388.98	396.53	409.80
Profit before tax	113.13	103.57	120.45
Provision for tax	..	..	..
Other appropriations	90.31	81.10	93.75
Amount available for dividend@	22.84	23.09	26.70
Dividend paid	22.60	23.08	..
Total return on :			
—Capital employed	192.87	185.17	203.11
—Capital invested	192.87	185.17	203.11
Rate of return on :		<i>(Per cent)</i>	
—Capital employed	9.5	8.4	8.8
—Capital invested	9.5	8.2	8.1

@Includes surplus from previous year.

12.06. *Operational performance*

The following table gives the details of the storage capacity created, capacity utilised and other information about the performance of the Corporation for the three years up to 1981-82 :

Particulars	1979-80	1980-81	1981-82 (Provisional)
Number of stations covered	139	142	144
Storage capacity created up to the end of the year (tonnes in lakhs)			
Owned	7.74	8.39	9.03
Hired	6.63	3.71	3.67
Total	14.37	12.10	12.70
Average capacity utilised during the year (tonnes in lakhs)	14.43	11.71	12.86
Percentage of utilisation	100.4	96.8	101.2
Average revenue per tonne per year (Rupees)	34.80	42.70	41.75
Average expenditure per tonne per year (Rupees)	26.96	33.86	32.26
Profit per tonne	7.84	8.84	9.49

12.07. *Shortage of stores and cash*

During physical verification of stock and cash at the time of transfer of charge by the Warehouse Manager posted at Mirzapur (September 1981) 83 tonnes of brown urea (value : Rs.1.91 lakhs)

was found short, besides cash shortage of Rs.500. During preliminary departmental enquiry, it was reported (October 1981) that the misappropriation of stores/cash was done in connivance with two clerks posted at the warehouse. The officials were placed under suspension (November 1981) and FIR was lodged with the Police (December 1981); final report was awaited (March 1983).

The Management/Government stated (February 1983) that the cash (Rs.500) was later found in a separate envelope in the cash chest. One of the assistants approached the High Court for stay of the suspension order and the request for vacation pending before the High Court (February 1983).

It was further stated by the Management that the individual employee is insured for Rupees one lakh and collectively for Rs.10 lakhs for fidelity guarantee. The claim lodged (December 1981) with the insurance company was pending (February 1983).

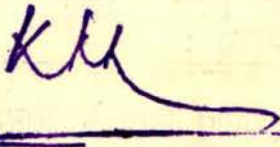
12.08. *Avoidable expenditure on repairs*

The Corporation entered (December 1978) into an agreement with Uttar Pradesh Rajkiya Nirman Nigam (UPRNN) Limited for erection and commissioning of a cold storage (total cost : Rs.14.11 lakhs) of 4000 tonne capacity.

The cold storage was handed over to the Corporation and commissioned in August 1980. During July to December 1981 certain defects/shortcomings due to bad workmanship were noticed by the Corporation and it was decided (March 1982) to get the repairs done at the risk and cost of UPRNN. The rectification of defects was carried out at a cost of Rs.0.64 lakh (insulation in ceiling : Rs.0.38 lakh, repairs to electrical installation : Rs.0.17 lakh and repairs of cracks in building : Rs.0.09 lakh). The recovery of the amount from UPRNN was awaited (February 1983).

The Management/Government stated (January 1983) that the matter was taken up with UPRNN but they have not responded

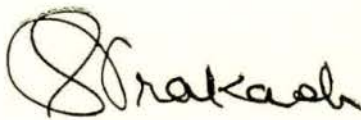
in spite of reminders. The matter was being closely pursued with them.



 (K. KRISHNAN)
 Accountant General (Audit)-II
 UTTAR PRADESH

ALLAHABAD :
 THE **LUCKNOW.**
 The 20th March 1984

Countersigned


 (GIAN PRAKASH)

NEW DELHI : *Comptroller and Auditor General of India*

THE
 23rd March 1984

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APPENDICES

(Reference :

Statement showing summarised financial results

Serial number	Name of the Company	Name of the administrative department	Date of incorporation	Period of accounts	Total capital invested
1	2	3	4	5	6
1	Agra Mandal Vikas Nigam Ltd.	Kshetriya Vikas	31st March 1976	1981-82	134.25
2	Auto Tractors Ltd.	Industries	28th December 1972	1981-82	1424.04
3	Harijan Evam Nirbal Varg Nigam Ltd.	Harijan Evam Samaj Kalyan	25th June 1976	1981-82	82.81
4	Prayag Chitrakoot Krishi Evam Godhan Vikas Nigam Ltd.	Animal Husbandry	7th December 1974	1981-82	50.00
5	Uttar Pradesh Electronics Corporation Ltd.	Industries	30th March 1974	1981-82	668.92
6	*Uptron Capacitors Ltd.	Industries	13th March 1978	1981-82	149.43
7	*Uptron Instruments Ltd.	Industries	15th November 1979	1981-82	51.12
8	*Uptron Powertronics Ltd.	Industries	30th April 1977	1981	50.43
9	*Uptron Sempack Ltd.	Industries	23rd May 1977	1978-79	2.55
10	Uttar Pradesh Export Corporation Ltd.	Industries	20th January 1966	1981-82	257.95
11	*Bhadohi Woollens Ltd.	Industries	14th June 1976	1981-82	167.70
12	Uttar Pradesh (Poorva) Ganna Beej Evam Vikas Nigam Ltd.	Co-operative	27th August 1975	1981-82	15.71
13	Uttar Pradesh (Paschim) Ganna Beej Evam Vikas Nigam Ltd.	Co-operative	27th August 1975	1981-82	24.64
14	Uttar Pradesh (Rohilkhand Tarai) Ganna Beej Evam Vikas Nigam Ltd.	Co-operative	27th August 1975	1981-82	31.06
15	Uttar Pradesh State Leather Development and Marketing Corporation Ltd.	Industries	12th February 1974	1981-82	105.05
16	Uttar Pradesh Matsya Vikas Nigam Ltd.	Animal Husbandry	27th October 1979	1981-82	59.41
17	Uttar Pradesh Rajya Utpadan Nigam Ltd.	Vidyut Power	25th August 1980	1981-82	1395.00
18	Uttar Pradesh State Cement Corporation Ltd.	Industries	29th March 1972	1981-82	11164.16
19	Uttar Pradesh State Industrial Development Corporation Ltd.	Industries	29th March 1961	1981-82	2191.48

DIX A

paragraph 1.02 page 1)

of the working of Government Companies

(Figures in columns 6 to 10, 12 and 13 are in lakhs of Rupees)

Profit(+)/ loss (-)	Total interest charged to profit and loss account	Interest on long- term loan	Total return on capital invested (7+9)	Perce- ntage of total return on capital invested	Capital employed	Total return on capital employed (7+8)	Perce- ntage of total return on Capital employed 14
7	8	9	10	11	12	13	14
(-)6.93	4.24	0.82	(-)6.11	..	118.05	(-)2.69	..
(-)177.90	36.15	20.88	(-)157.02	..	1222.83	(-)141.75	..
(+)5.35	..	..	5.35	6.5	82.67	5.35	6.5
(-)0.38	..	..	(-)0.38	..	44.85	(-)0.38	..
(+)23.96	17.84	17.84	41.80	6.2	399.61	41.80	10.5
(+)2.09	41.95	15.39	17.48	11.7	227.66	44.04	19.3
(+)7.12	3.69	3.69	10.81	21.1	63.65	10.81	17.0
(+)8.04	9.33	2.45	10.49	20.8	102.97	17.37	16.9
..	..	..	..	..	2.55	..	..
(+)2.33	10.81	8.02	10.35	4.0	248.09	13.14	5.3
(-)14.38	19.54	15.68	(+)1.30	0.8	55.61	5.16	9.3
(+)0.96	27.94	..	0.96	6.1	173.80	28.90	16.6
(-)8.44	..	..	(-)8.44	..	327.36	(-)8.44	..
(+)5.99	23.66	..	5.99	19.3	159.86	29.65	18.5
(+)3.71	2.36	0.86	4.57	4.4	344.04	6.07	1.8
(-)1.00	..	..	(-)1.00	..	50.91	(-)1.00	..
..	..	..	..	..	160.67	..	..
(-)65.72	15.61	11.56	(-)54.16	..	2177.51	(-)50.11	..
(+)161.98	27.83	27.58	189.56	8.6	2184.93	189.81	8.7

Serial number	Name of the Company	Name of the administrative department	Date of incorporation	Period of accounts	Total capital invested
1	2	3	4	5	6
20	*Uttar Pradesh Digitals Ltd.	Industries	8th March 1978	1981-82	21.90
21	*Uttar Pradesh Tyres and Tubes Ltd.	Industries	14th January 1976	1980-81	185.27
22	Uttar Pradesh State Sugar Corporation Ltd.	Sugar Industries	26th March 1971	1981-82	6723.25
23	*Chandpur Sugar Co. Ltd.	Sugar Industries	18th April 1975	1981-82	600.91
24	*Chhata Sugar Co. Ltd.	Sugar Industries	18th April 1975	1981-82	606.10
25	*Nandganj Sihori Sugar Co. Ltd.	Sugar Industries	18th April 1975	1981-82	1457.48
26	Uttar Pradesh State Textile Corporation Ltd.	Industries	2nd December 1969	1981-82	5346.89
27	*Uttar Pradesh State Spinning Mills Company (No. I) Ltd.	Industries	20th August 1974	1981-82	2665.81
28	*Uttar Pradesh State Spinning Mills Company (No. II) Ltd.	Industries	20th August 1974	1981-82	240.01
29	Varanasi Mandal Vikas Nigam Ltd.	Kshetriya Vikas	31st March 1976	1981-82	79.14
30	*Uttar Pradesh Carbide and Chemicals Ltd.	Industries	23rd April 1979	1981-82	324.17
31	Kumaon Mandal Vikas Nigam Ltd.	Parvatiya Vikas	30th March 1971	1980-81	257.69
32	*Kumaon Anusuchit Janjati Vikas Nigam Ltd.	Parvatiya Vikas	30th June 1975	1979-80	26.54
33	Uttar Pradesh Bhumi Sudhar Nigam Ltd.	Agriculture	30th March 1978	1980-81	115.73
34	Uttar Pradesh Development Systems Corporation Ltd.	Planning	15th March 1977	1980-81	65.36
35	Uttar Pradesh Nalkoop Nigam Ltd.	Irrigation	25th May 1976	1980-81	992.54
36	Uttar Pradesh Panchayati Raj Vitta Nigam Ltd.	Panchayati Raj	24th April 1973	1980-81	110.02
37	Uttar Pradesh State Brassware Corporation Ltd.	Industries	12th February 1974	1980-81	184.50
38	Allahabad Mandal Vikas Nigam Ltd.	Kshetriya Vikas	31st March 1976	1979-80	48.58
39	Garhwal Mandal Vikas Nigam Ltd.	Parvatiya Vikas	31st March 1976	1978-79	165.00

DIX A—(Contd.)

(Figures in columns 6 to 10, 12 and 13 are in lakhs of Rupees)

Profit(+)/ loss(--)	Total interest charged to profit and loss account	Interest on long- term loan	Total return on capital invested (7+9)	Percent- age of total return on capital invested	Capital employed	Total return on capital employed (7+8)	Percent- age of total return on capital employed
7	8	9	10	11	12	13	14
(+)0.38	1.12	1.12	1.50	6.8	19.24	1.50	7.8
..	..	..	..	..	10.94	..	..
(+)1050.23	588.84	128.49	(-)921.74	..	2460.05	(-)461.39	..
(+)112.62	58.85	33.16	145.78	24.3	672.25	171.47	25.5
(+)7.57	68.26	41.93	49.50	8.2	543.25	75.83	14.0
(-)310.32	187.77	138.27	(-)172.05	..	780.71	(-)122.65	..
(-)1.44	76.39	67.53	66.09	1.2	2887.27	74.95	2.6
(-)143.65	94.85	69.30	(-)74.35	..	1422.28	(-)48.80	..
(-)0.06	..	..	(-)0.06	..	49.77	(-)0.06	..
(+)3.63	2.97	2.70	6.33	8.0	71.50	6.60	9.2
..	..	..	..	..	66.53	..	..
(+)5.09	2.10	1.80	6.89	2.7	233.12	7.29	3.2
(+)1.03	..	..	(+)1.03	3.9	26.52	1.03	3.9
(-)2.69	..	..	(-)2.69	..	111.03	(-)2.69	..
(+)6.14	..	..	6.14	9.4	162.71	6.14	3.8
(+)2.65	..	..	2.65	0.3	620.31	2.65	0.4
(+)4.31	0.68	0.68	4.99	4.5	105.74	4.99	4.7
(-)9.87	10.41	0.98	(-)8.89	..	173.34	0.54	0.3
(-)0.23	1.68	..	(-)0.23	..	47.51	1.45	3.1
(-)6.99	..	..	(-)6.99	..	279.07	(-)6.99	..

Serial number	Name of the Company	Name of the Administrative department	Date of incorporation	Period of Accounts	Total capital invested
1	2	3	4	5	6
40	*Handloom Intensive Development Project (Bijnor) Ltd.	Industries	13th September 1976	1978-79	192.66
41	Moradabad Mandal Vikas Nigam Ltd.	Kshetriya Vikas	30th March 1977	1978-79	20.81
42	Uttar Pradesh State Bridge Corporation Ltd.	Public Works	18th October 1972	1978-79	345.71
43	UPAI Ltd.	Parvatiya Vikas	28th April 1977	1977-78	17.00

NOTES—

- (i) Capital invested represents paid-up capital *plus* long-term loan *plus* free reserves.
- (ii) Capital employed (except in case of Companies at serials 19 and 36) represents net
- (iii) In case of Companies at serial numbers 19 and 36 capital employed represents mean paid-up capital, (ii) bonds and debentures, (iii) reserves, (iv) borrowings including
- (iv) Companies at serial numbers 9, 21, 28, 16, 17 and 30 have not gone into production.

*Indicates subsidiary companies.

DIX A—(Concluded)

(Figures in columns 6 to 10, 12 and 13 are in lakhs of Rupees)

Profit (+)/ loss (-)	Total interest charged to profit and loss account	Interest on long- term loan	Total return on capital invested (7+9)	Percent- age of total return on capital invested	Capital employed	Total return on capital employed (7+8)	Percent- age of total return on capital employed
7	8	9	10	11	12	13	14
(-)0.23	9.22	9.20	(+)8.97	4.7	189.26	(+)8.99	4.8
(+)0.75	..	..	(+)0.75	3.6	20.64	0.75	3.6
(+)56.85	13.41	9.70	66.55	19.3	327.39	70.26	21.5
(-)0.83	..	..	(-)0.83	..	14.87	(-)0.83	..

fixed assets (excluding capital works-in-progress) plus working capital.
 capital employed *i.e.* mean of aggregate of opening and closing balances of (i)
 refinance and (v) deposits.

Reference :

Statement showing summarised financial results

Serial number	Name of the Corporation	Name of administrative department	Date of incorporation	Period of accounts	Total capital invested
1	2	3	4	5	6
<i>(a) Uttar Pradesh State</i>					
1	Uttar Pradesh State Electricity Board	Power	1st April 1959	1981-82	295275.65
<i>(b) Other Statutory</i>					
2	Uttar Pradesh Financial Corporation	Industries]	1st November 1954	1981-82	₹ 11747.32
3	*Uttar Pradesh State Warehousing Corporation	Co-operative	19th March 1958	1981-82	₹ 2379.60
4	*Uttar Pradesh State Road Transport Corporation	Transport	1st June 1972	1978-79	5814.96

*Figures are provisional.

NOTES—

- (i) Capital invested represents paid-up capital *plus* long-term loans *plus* free reserves.
- (ii) Capital employed (other than Uttar Pradesh Financial Corporation) represents net fixed
- (iii) In the case of Uttar Pradesh Financial Corporation, capital employed represents mean of debentures, (iii) reserves, (iv) borrowings including refinance, (v) deposits and (vi) funds

DIX B

paragraph 5.01 page 40) of working of Statutory Corporations

(Figures in columns 6 to 10, 12 and 13 are in lakhs of Rupees)

Profit(+)/ Loss(-)	Total interest charged to profit and loss account	Interest on long- term loan	Total return on capital invested (7+9)	Percentage of total return on capital in- vested	Capital employed	Total return on capital employed (7+8)	Percen- tage of total return on capital employed
7	8	9	10	11	12	13	14
<i>Electricity Board</i>							
(+)3443.00	15242.50	15242.50	18685.50	6.3	211628.88	18685.50	8.8
<i>Corporations</i>							
(+)66.41	394.86	394.86	461.27	3.9	10397.84	461.27	4.4
(+)120.45	82.66	82.66	203.11	8.1	2318.45	203.11	8.8
(-)247.39	410.04	380.01	132.62	2.3	5426.18	162.65	3.0

assets plus working capital.

the aggregate of opening and closing balances of (i) paid-up capital, (ii) bonds and for special schemes advanced by the State Government.



