





REPORT
OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA

For the year 1984-85

(COMMERCIAL)

GOVERNMENT OF UTTAR PRADESH

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PREFACE

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

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

2. This Report deals with the results of audit of Government companies and Statutory corporations including Uttar Pradesh State Electricity Board and has been prepared for submission to the Government of Uttar Pradesh under Section 19-A (3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971, as amended in March 1984. The results of audit relating to departmentally-managed commercial undertakings are contained in the Report of the Comptroller and Auditor General of India (Civil) — Government of Uttar Pradesh.

3. There are, however, certain companies in which Government have invested funds but the accounts of which are not subject to audit by the Comptroller and Auditor General of India as Government or Government owned/controlled companies/Corporations hold less than 51 per cent of the shares. A list of such undertakings in which Government investment was more than Rs. 10 lakhs as on 31st March 1985 is given in Annexure 1.

4. In respect of the Uttar Pradesh State Road Transport Corporation and the Uttar Pradesh State Electricity Board, which are statutory corporations, the Comptroller and Auditor General of India is the sole auditor. In respect of Uttar Pradesh Financial Corporation and Uttar Pradesh State Warehousing Corporation, he has the right to conduct the audit of their accounts independently of the audit conducted by the Chartered Accountants appointed under the respective Acts. The Audit Reports on the accounts of all these Corporations are being forwarded separately to the Government of Uttar Pradesh.

5. The cases mentioned in this Report are those which came to notice in the course of audit of accounts during the year 1984-85 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports. Matters relating to the period subsequent to 1984-85 have also been included wherever considered necessary.

CHAPTER I

1. GENERAL VIEW OF GOVERNMENT COMPANIES AND STATUTORY CORPORATIONS.

1.1. *Introductory*

This chapter contains particulars about the investments, state of accounts *etc.*, in respect of the Government companies and Statutory corporations.

Paragraph 1.2. deals with Government Companies, paragraph 1.3. deals with general aspects relating to the Statutory Corporations and paragraphs 1.4. to 1.7. give more details about each Statutory Corporation including its financial and operational performance.

1.2. *Government Companies*

1.2.1.

There were 91 Government companies (including 37 subsidiaries) as on 31st March, 1985, as against 90 Government companies (including 39 subsidiaries), as at the close of previous year. According to the information received by Audit during the year 1984-85, Uttar Pradesh Seeds and Tarai Development Corporation Limited, which was incorporated on 27th February, 1969, has become a Government company in 1983-84 with an authorised capital of Rs. 500 lakhs. Uttar Pradesh Alp Sankhyak Vitta Evam Vikas Nigam Limited, another Government Company, was incorporated on 17th November, 1984 with an authorised capital of Rs. 500 lakhs.

Upcom Cables Limited, a subsidiary of Pradeshiya Industrial and Investment Corporation of Uttar Pradesh Limited, ceased to be a Government Company due to change in its share holding pattern. Uttar Pradesh State Horticulture Produce Marketing and Processing Corporation Limited, earlier a subsidiary of Uttar Pradesh State Agro Industrial Corporation Limited, also became a full-fledged Government Company.

The following Companies were in the process of liquidation :

Name of Company	Date of incorporation	Date of going into liquidation
(1) The Indian Bobbin Company Limited	22nd February 1924	10th September 1973
(2) The Gandak Samadesh Kshetra Vikas Nigam Limited	15th March 1975	7th June 1977
(3) The Turpentine Subsidiary Industries Limited (a subsidiary of Indian Turpentine and Rosin Company Limited).	11th July 1939	1st April 1978

1.2.2.

A statement as per Annexure 2 gives the particulars of upto date paid-up capital, outstanding loans, amounts of guarantees outstanding, working results, etc. The position is summarised as under :

(a) Against the aggregate paid-up capital of Rs. 365.53 crores in 87 Companies (including 39 subsidiaries but excluding 3 companies under liquidation) as on 31st March 1984, the aggregate paid-up capital as on 31st March 1985 in respect of 88 companies stood at Rs. 451.91 crore, as per break-up below :

Particulars of Companies	Number of com- panies	Invested by			Total inves- tment
		State Govern- ment	Central Gov-ern- ment	Others	
(Rupees in Crores)					
Companies wholly owned by State Government	36	332.38	..	0.05	332.43
Companies jointly owned by Central Government/others	16	27.77	11.47	1.82	41.06
Subsidiary Companies	36	3.55	..	74.87	78.42
Total	88 (*)	363.70	11.47	76.74	451.91

*Figure as per Finance Accounts is Rs. 344.50 lakhs, difference is under reconciliation.

(b) The balance of long term loans outstanding in respect of 57 companies as on 31st March 1985 was Rs. 467.95 crore (State Government: Rs. 243.39 crores, others: Rs. 222.23 crore, deferred payment credits: Rs. 2.33 crore) as against Rs. 174.48 crore as on 31st March, 1984 in respect of 25 companies.

(c) The State Government had guaranteed the repayment of loans raised by 22 companies and payment of interest thereon. The amount guaranteed and the amount outstanding thereagainst as on 31st March, 1985 were Rs. 191.57* crores and Rs. 136.55 crores, respectively.

No guarantee commission is required to be paid by the companies to the State Government for availing the guarantee.

1.2.3.

A synoptic statement showing the financial results of all the 88 companies based on the latest available accounts is given in Annexure 3.

Seventeen Companies (including 5 subsidiaries) have finalised their accounts for the year 1984-85 (serial numbers 1, 8, 14, 15, 21, 29, 36, 37, 39, 44, 50, 51, 52, 67, 68, 77 and 85 of Annexure 3). In addition, thirty-eight companies have finalised their accounts for some earlier years since the previous report (serial number 2, 3, 5, 9 to 13, 25, 26, 30, 32 to 34, 40, 41, 43, 45 to 47, 49, 54 to 58, 62, 64, 65, 72 to 75, 78, 79, 83, 84 and 86 of Annexure 3). The accounts of one company, viz. Uptron Powertronics Limited, for the year 1985 were not due.

It will be observed from Annexures 2 and 3 that the accounts of 70 companies (including 30 subsidiaries) are in arrears. The position of arrears is summarised as under :—

*Figure as per Finance Accounts is Rs. 237.96 Crores, is under reconciliation.

Extent of arrears	Number of years involved	Number of Companies involved	Investment in Companies		Investment in subsidiaries		Government investment in subsidiary		Reference to serial number of the Annexure 2		
			Companies	Subsidiary Companies	Capital	Loans	Capital	Loans		Capital	Loans
					(Rupees in lakhs)						
1	2	3	4	5	6	7	8	9	10	11	
1973-74 to 1984-85	12	..	1	..	...	3.41	...	...	...	23
1974-75 to 1984-85	11	..	1	..	...	0.05	...	...	...	16
1975-76 to 1984-85	10	..	2	..	...	4.35	..	...	..	17 and 27
1976-77 to 1984-85	9	...	3	..	...	6.72	..	...	..	18, 31 and 70
1977-78 to 1984-85	8	1	1	5.61	..	1.47	..	...	...	4 and 19
1978-79 to 1984-85	7	4	..	1471.42	968.40	...	..	...	..	10, 12, 35 and 72
1979-80 to 1984-85	6	3	3	381.62	74.00	6.38	1.60	...	261.75	11,41,67,71,74 and 82	
1980-81 to 1984-85	5	5	5	1227.86	38.67	96.13	3.05	10.01	3.00	6, 28, 32, 50, 56, 61, 62, 65, 75 and 77	
1981-82 to 1984-85	4	3	2	131.39	...	59.00	6.80	...	...	38, 47, 49, 54 and 58
1982-83 to 1984-85	3	5	1	1171.44	...	62.65	26.20	...	...	20,26,42,46,59 and 64
1983-84 to 1984-85	2	10	1	3193.36	13736.50	54.42	110.66	...	...	7, 12, 24, 30, 33, 57, 60, 66, 80, 81 and 87
1984-85	1	9	10	11211.88	4846.53	2745.79	584.34	...	...	2, 3, 5, 9, 13, 25, 34, 40,43,45,48,55,63, 73, 79, 83, 84,86 and 88

The position of arrears in finalisation of accounts was last brought to the notice of the Government in September, 1985.

1.2.4.

In regard to working results of Companies following further points are made :

1.2.4.1.

In respect of 17 Companies which finalised the accounts for 1984-85 the following position is reflected :

(a) Seven Companies earned profit during 1984-85. Particulars in respect of them, giving the comparative position of the previous year, are given below :

	Paid-up capital at close		Profit (+) / Loss (-)		Percentage of profit to paid-up capital	
	1984-85	1983-84	1984-85	1983-84	1984-85	1983-84
	(Rupees in Crores)					
1. Uttar Pradesh Harijan Avam Nirbal Varg Avas Nigam Limited	0.15	0.15	(+)0.29	(+)0.19	193.3	126.7
2. Uttar Pradesh Matsya Vikas Nigam Limited	1.00	0.98	(+)0.02	(+)0.10	2.0	10.0
3. The Pradeshiya Industrial and Investment Corporation of Uttar Pradesh Limited	49.90	15.96	(+)0.28	(+)0.92	0.6	5.8
4. The Indian Turpentine and Rosin Company Limited	0.22	0.22	(+)0.79	(+)0.66	359.1	300.0
5. Uttar Pradesh (Pashchim) Ganna Beej Avam Vikas Nigam Limited	0.19	0.18	(+)0.02	(-)0.02	10.5	..
6. Uttar Pradesh (Rohilkhand Tarai) Ganna Beej Avam Vikas Nigam Limited	0.25	0.24	(+)0.10	(+)0.06	40.0	25.0
7. Uttar Pradesh (Poorva) Gannas Beej Avam Vikas Nigam Limited	0.17	0.17	(+)0.001	(+)0.001	0.6	0.6

It is observed that there was steep decline in profits of Uttar Pradesh Matsya Vikas Nigam Limited (from Rs. 0.10 crore to Rs. Rs. 0.02 crore) and the Pradeshiya Industrial

and Investment Corporation of Uttar Pradesh Limited (from Rs. 0.92 crore to Rs. 0.28 crore), in comparison to 1983-84.

The profit in former company had declined in spite of increase in income by 22 *per cent* due to increase in incidence of interest on borrowings by Rs. 6 lakh and depreciation by Rs. 16 lakh besides 40 *per cent* increase in salaries and wages and 14 *per cent* increase in administrative expenses. The decline in profit in the latter company (PICUP) was mainly due to writing off of unrecoverable debts of Rs. 64 lakh during the year besides increase in salaries and wages (41 *per cent*), legal expenses, (500 *per cent*), advertisement and publicity (83 *per cent*), postage (65 *per cent*), printing and stationery (50 *per cent*), and business promotion and development expenses (100 *per cent*).

(b) Ten Companies incurred losses during the year 1984-85 Particulars in respect of them, giving the comparative position of the previous year, are given below:

Name of Company	Paid-up capital at close		Loss	
	1984-85	1983-84	1984-85	1983-84
(Rupees in crore)				
1. Uttar Pradesh State Cement Corporation Limited	52.49	52.49	(—)20.02	(—)8.18
2. Uttar Pradesh State Spinning Mills Company (No. I) Limited	26.38	24.23	(—)11.24	(—)6.51
3. Uttar Pradesh State Spinning Mills company (No. II) Limited	13.88	10.18	(—)4.49	(—)0.98
4. Uttar Pradesh State Textile Corporation Limited	73.78	64.14	(—)10.22	(—)6.93
5. Uttar Pradesh State Leather Development and Marketing Corporation Limited	2.06	0.99	(—)0.47	(—)0.98
6. Bhadohi Woollens Limited	2.92	0.92	(—)0.31	(—)0.42
7. Prayag Chitriakoot Krishi Evam Godhan Vikas Nigam Limited	0.50	0.50	(—)0.03	(—)0.02
8. Uttar Pradesh Digitals Limited ..	0.35	0.33	(—)0.02	(—)0.05
9. Chandpur Sugar Company Limited ..	3.90	3.70	(—)0.22	(+)1.12
10. Auto Tractors Limited ..	7.50	7.50	(—)5.56	(Profit) (—)4.27

The increase in loss in the case of Uttar Pradesh State Cement Corporation Limited was due to decline in capacity utilisation and sales besides 56 *per cent* (Rs. 4 crores) increase in packing cost, while in case of Auto Tractors Limited was due to lack of demand and increased cost of production.

Chandpur Sugar Company Limited, a subsidiary of Uttar Pradesh State Sugar Corporation Limited, which earned a profit of Rs. 1.12 crores in preceding year (1983-84) incurred loss of Rs. 0.22 crore during the year 1984-85, due to low utilisation (62 *per cent*) of its expanded capacity of 2000 TCD (against 99 *per cent* utilisation of 1250 TCD in preceding year) and increase in the cost of production by 22 *per cent* as against increase of only 5 *per cent* in sale price of sugar.

Increase in loss in the case of Uttar Pradesh State Spinning Mills Company (No. I) Limited, a subsidiary of Uttar Pradesh State Textile Corporation Limited, was due to fall in capacity utilisation by 5 *per cent* and blockade of funds in stocks of finished goods and raw material which were 5 and 2 times, respectively, of that in preceding year. Quantity of yarn sold had also declined by 10 *per cent*.

The loss in Uttar Pradesh State Spinning Mills Company (No. II) Limited (a subsidiary of Uttar Pradesh State Textile Corporation, Limited) has increased, despite increase the installed capacity by 30 *per cent*, due to 28.74 *per cent* increase in cost of cotton per kg. as against increase of only 11.92 *per cent* sale price of yarn manufactured by the company.

In the case of Uttar Pradesh State Textile Corporation Limited, 4 1/2 times increase in loss was mainly due to higher cost of input without corresponding increase in sale price of its finished product. The per kg. cost of cotton consumed had increased by the 36 *per cent* against only 12 *per cent* increase in sale price of yarn.

1.2.5.

In addition, there were five companies under Section 619-B of the Companies Act, 1956 *viz.* Almora Magnesite Limited, Steel and Fasteners Limited, Electronics and Computers (India) Limited, Synthetic Foams Limited and Command Area

Poultry Development Corporation, Limited. Only three Companies finalised their accounts as per details given below :

Name of Company	Year of account ending	Paid-up Capital		Invested by		Total	Profit (+)/ Loss (—) during the year
		State Government	Government Companies	Corporations	Others		
(1)	(2)	3(a)	3(b)	3(c)	3(d)	(4)	(5)
(Rupees in lakhs)							
1. Synthetic Foams Limited	30th June, 1984	..	29.35	12.68	17.86	59.89	(—)47.41
2. Command Area Poultry Development Corporation Limited	31st December, 1984	..	..	17.84	2.93	20.87	(—)5.70
3. Almora Magnesite Limited	31st October, 1985	85.40	..	..	54.60	140.00	(—)49.89

The accumulated losses in respect of Synthetic Foams Limited and Command Area Poultry Development Corporation Limited amounted to Rs. 149.71 lakhs and Rs. 34.73 lakhs, respectively, and exceeded their paid-up Capital.

In respect of Steel and Fasteners Limited, the accounts were in arrears from 1980 to 1985 and of Electronics and Computers (India) Limited from 1975 to 1985.

1.2.6.

The Companies Act, 1956, empowers the Comptroller and Auditor General of India to issue directions to the auditors of Government companies in regard to the performance of their functions. In pursuance of the directions so issued, the special reports of the company auditors were received in respect of the following 4 companies during the year:

1. Uttar Pradesh State Spinning Mills Company (No. I) Limited.
2. Auto Tractors Limited.
3. Uttar Pradesh State Cement Corporation Limited.
4. Nandganj Sihori Sugar Company Limited.

The important points noticed in these reports are summarised below:

Nature of defect	Number of Companies in which defects were noticed	Reference to Serial number above
Absence of accounting manual	2	1 and 2
Absence of internal audit manual	2	2 and 3
Non-maintenance of proforma accounts in respect of the operation of the service units	3	1, 3 and 4
Absence of standard costing system	3	1, 3 and 4
Absence of system for ascertaining idle time for labour and machinery	1	3
Non-reconciliation of debtor ledger with general ledger	1	3
Non-fixation of maximum and minimum limit of stores	2	3 and 4
Non-compilation of the value of non-movable stores and spares	1	3
Substantial accumulation of finished stock	1	4

1.2.7.

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 this 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 such review of annual accounts received during 1984-85, not pointed out by the statutory auditors, are mentioned below :

1. *Auto Tractors Limited; for the year 1984-85*

Subsidy amounting to Rs.2.99 lakh was received from Government for purchase of diesel generating sets. The proportionate amount of this subsidy was not transferred annually to the Profit and Loss Account with reference to the life of the

fixed asset.

2. *Uttar Pradesh State Leather Development and Marketing Corporation Limited; for the year 1984-85*

The Company received grants amounting to Rs.268.10 lakh for purchase of fixed assets. The proportionate amounts of grants based on the lives of assets have not been transferred to Profit and Loss Account.

3. *Bundelkhand Concrete Structural Limited : for the year 1979-80*

The maximum amount due by directors at any time during the year was not disclosed by way of note.

4. *Kichha Sugar Company Limited : for the year 1983-84*

Molasses Storage Reserve Fund of Rs.71,587 was not represented by earmarked investments.

5. *Trans Cables Limited : for the year 1981-82*

Stock in trade included stores and spare parts valuing Rs.3.66 lakh.

6. *Pradeshiya Industrial and Investment Corporation of Uttar Pradesh Limited : for the year 1984-85*

(a) Legal and registration charges amounting to Rs.4.50 lakhs incurred by the company for increasing the authorised capital was charged to the Profit and Loss Account instead of writing off over a period of years.

(b) The company prepared the accounts on cash basis which is contrary to the provisions of the Companies Act, 1956.

7. *Indian Turpentine and Rosin Company Limited : for the year 1984-85*

Consumption of raw material and components included the cost of inferior variety of resin amounting to Rs.18.61 lakhs including purchase tax of Rs.3.07 lakhs payable to Government in previous years and as such should have been shown as prior period adjustment.

8. *Uttar Pradesh State Industrial Development Corporation Limited : for the year 1983-84*

(a) Overstatement of profit and of loans and other advances by Rs.1.53 lakhs as the interest on deposits, loans and

advances, which was waived by the Board of Directors, was treated as income for the year.

(b) The prior period adjustment relating to excess amount of interest taken credit of in earlier years did not include Rs.5.30 lakhs pertaining to the year 1981-82, which was waived by the Board of Directors. This resulted in overstatement of profit as well as Loans and Advances.

9. *Chandpur Sugar Company Limited : for the year 1984-85*

The contingent liability relating to contracts remaining to be executed on capital account was understated by Rs.3.57 lakhs..

10. *Uttar Pradesh State Sugar Corporation Limited : for the year 1983-84*

The contingent liability towards estimated amount of contracts remaining to be executed on capital account was understated by Rs.3.97 lakhs.

11. *Uttar Pradesh Matsya Vikas Nigam Limited : for the year 1984-85*

The estimated amount of contracts remaining to be executed on capital account amounting to Rs. 35.96 lakhs has not been disclosed by way of contingent liability.

1.3. *Statutory Corporations-General aspects*

There were four Statutory Corporations as on 31st March, 1985 :

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

The accounts of the Uttar Pradesh State Road Transport Corporation (UPSRTC) for the years 1979-80 to 1984-85 are in arrears (March 1986). The accounts of the Uttar Pradesh State Electricity Board and of the Uttar Pradesh State Warehousing Corporation are in arrears for 1983-84 and 1984-85 and of the Uttar Pradesh Financial Corporation for the year 1984-85. The position of arrears in the finalisation of accounts was last brought to the notice of the Government in March 1986.

A synoptic statement summarising the financial results of the UPSRTC for 1978-79 and of the other three Corporations for 1984-85 based on provisional figures, is given in Annexure-4.

1.4. UTTAR PRADESH STATE ELECTRICITY BOARD

1.4.1.

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

1.4.2.

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

The aggregate of long-term loans (including loans from Government) obtained by the Board was Rs.4060.96 crores at the end of March 1985 and represented an increase of Rs.541.49 crores, i.e., 15.4 per cent, on the aggregate of long terms loans of Rs.3519.47 crores at the end of March 1984. Details of loans obtained from State Government and others and outstanding at the close of March 1984 and March 1985 are as follows :

Source	Amount outstanding as on 31st March		Percentage of increase
	1984	1985	
	(Rupees in Crores)		
1. State Government	2808.56	3265.83 (A)	16.3
2. Others	710.91	795.13	11.9
3. Total	3519.47	4060.96	15.4

(A) Figure as per Finance Accounts is Rs.3111.21 crores, difference is under reconciliation.

1.4.3.

Government has guaranteed the repayment of loans raised by the Board to the extent of Rs.839.33 crores and payment of interest thereon. The amount of principal guaranteed and outstanding as on 31st March, 1985 was Rs. 538.77 crores.

1.4.4.

The financial position of the Board at the close of the three years up to March 1985 is summarised in the following table :

	1982-83	1983-84	1984-85
			(Provisional)
	(Rupees in crores)		
<i>A. Liabilities</i>			
1. Loans from Government	2478.87	2808.56	3265.83
2. Other long-term loans (including bonds)	650.72	710.91	795.13
3. Reserve and surplus	258.88	273.52	306.18
4. Current liabilities	801.98	1400.63	1758.72
Total—A	4190.45	5193.62	6125.86
<i>B—Assets</i>			
1. Gross fixed assets	2085.47	2234.17	2394.22
<i>Less :</i>			
Depreciation	200.27	449.95	515.36
Net fixed assets	1885.20	1784.22	1878.86
2. Capital work-in-progress	908.35	1164.10	1433.93
3. Current assets including investments	1227.89	1524.59	2026.58
4. Miscellaneous expenditure not written off	9.55	18.57	25.50
5. Accumulated losses	159.46	702.14	760.99
Total—B	4190.45	5193.62	6125.86
Capital employed*	2311.12	1908.18	2146.72
Capital invested**	3388.47	3792.99	4367.14

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

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

1.4.5

The working results of the Board for the three years up to 1984-85 are summarised below :

	1982-83	1983-84	1984-85
			(Provisional)
	(Rupees in crores)		
1. (a) Revenue receipts ..	456.05	558.58	614.13
(b) Subsidy from State Government	175.13	204.80	194.50
Total	631.18	763.38	808.63
2. Revenue expenditure	417.84	497.43	537.30
3. Gross surplus for the year	213.34	265.95	271.33
4. Appropriations :			
(i) Interest on :			
(a) Government loans	121.11	498.04	197.03
(b) Other loans ..	50.47	59.27	65.78
(ii) Depreciation ..		249.53	65.41
(iii) Write off of intangible assets	1.62	1.79	1.97
Total—4	173.20	808.63	330.19
5. Net surplus (+)/Deficit (—)	(+)40.14	(—)542.68	(—)58.86
6. Total return on capital employed	(+)211.72	(+)264.16	(+)269.36
7. Total return on capital invested	(+)211.72	(+)264.16	(+)269.36
8. Rate of return on :		(per cent)	
(a) Capital employed ..	9.2	13.8	12.5
(b) Capital invested	6.2	7.0	6.2

1.4.6.

The following table indicates the operational performance of the Board for the three years up to 1984-85 :

Particulars	1982-83	1983-84	1984-85
			(Provisional)
1. <i>Installed capacity</i>	(MW)		
—Thermal	2545.10	2591.50	2698.50
—Hydel ..	1212.35	1332.35	1422.35
—Others ..	12.50	..	..
Total	3769.95	3923.85	4120.85
2. Normal maximum demand	3454	3294	3526
3. <i>Power generated :</i>	(Mkwh)		
—Thermal	8419.694	7663.132	6744.873
—Hydel	4175.396	4020.125	4541.002
—Others ..	..	..	..
Total	12595.090	11683.257	11285.875
Less : Auxiliary consumption	1088.067	1014.930	910.462
4. Net power generated	11507.023	10668.327	10375.413
5. Power purchased	1140.998	2571.405	Not available
6. Total power available for sale	12648.021	13239.732	10964.000
7. Power sold and billed	10271.719	10828.285	10964.000
8. Transmission and distribution losses	2376.302	2411.447	Not available
	(per cent)		
9. Load factor	33.0	32.9	Not available
10. Percentage of transmission losses to total power available for sale	18.8	18.2	Not available

Particulars	1982-83	1983-84 (Kwh)	1984-85 (Provisional)
11. Number of units generated per KW of installed capacity	3340	2977	2738

1.4.7.

The following table gives other details about the working of the Board for the three years ending 1984-85 :

Particulars	1982-83	1983-84	1984-85 (Provisional)
1. Villages/towns electrified (numbers)	53367	58029	63075
2. Pump-sets/wells energised (numbers)	438866	461134	484509
3. Number of sub-stations (132 KV and above)	169	161	167
4. Connected load (MW)	5946.220	6251.439	6711.075
5. Number of consumers ..	2332216	2439604	2577068
6. Number of employees	109380	112912	Not available

The following table gives data of power sold to various categories of consumers and of incidence of revenue, expenses and profit or loss per Kwh sold during the three years up to 1984-85 :

	1982-83	1983-84	1984-85 (Provisional) (Mkwh)
1. Units sold :			
(a) Agriculture	3398.466	3505.798	3454.000
(b) Industrial	4063.874	4051.980	4167.000
(c) Commercial	402.084	611.067	613.000
(d) Domestic	1293.501	1316.538	1543.000
(e) Others	1113.794	1342.902	1187.000
Total	10271.719	10828.285	10964.000
2. (a) Revenue per Kwh (paise) (after excluding subsidy)	44.40	51.59	56.01
(b) Expenditure per Kwh* (paise)	40.84	69.15	55.15
(c) Profit (+)/Loss (—) per Kwh (paise)	(+)3.56	(—)17.56	(+)0.86

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

1.5. UTTAR PRADESH STATE ROAD TRANSPORT CORPORATION

1.5.1.

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

1.5.2.

Under section 23 (1) of the Act, the capital contributions by the Central and State Governments as on 31st March 1985 were as under :

	As on 31st March		Percentage increased
	1984	1985	
	(Rupees in crores)		
1. Central Government	17.16	19.05	11
2. State Government	54.11	64.11	19
Total	71.27	83.16	17

1.5.3.

The table below indicates the details of guarantees given by the 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 1985		
			Principal	Interest	Total*
			(Rupees in crores)		
Banks (IDBI).	1984-85	49.50	25.32	8.12	33.44
Central Bank of India (Cash credit)	1984-85	4.50	2.82	0.03	2.85
Central Bank of India (Term loan)	1984-84	0.80	0.40	0.01	0.41

* The figures as per Finance Accounts in respect of total amount guaranteed and total outstanding were Rs. 59.80 crores and Rs. 41.64 crores the difference of Rs. 5 crores and Rs. 4.94 crores respectively were under reconciliation,

1.5.4.

The table below indicates the operational performance of the Corporation for the three years up to 1984-85 :

	1982-83	1983-84	1984-85 (Provisional)
1. Route Kilo metres	273442	268914	269626
2. Number of operating depots	93	93	93
3. Average number of vehicles held**	5889	5892	6040
4. Average number of vehicles on road	4353	5214	4362
5. Percentage of utilisation	74	72	72
6. Kilometres covered (in lakhs)			
—Gross	3855	4135	4359
—Effective	3753	4049	4277
—Dead (including departmental)	102	86	82
7. Percentage of dead kms to gross kms	2.7	2.1	1.9
8. Average kms per vehicle per day	214	217	204
9. Passenger kms scheduled (in lakhs)		Not available	
10. Passenger kms operated (in lakhs)		Not available	
11. Occupancy ratio	74	70	66
12. Average number of break down per lakh kms	0.11	0.10	0.10
13. Average number of accidents per lakh kms	0.16	0.15	0.15
14. Average revenue per effective km (paise)	295	317	330
15. Average expenditure per effective km (paise)	326	337	367
16. Loss per km (paise)	31	20	37

1.6. Uttar Pradesh Financial Corporation

1.6.1.

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

**Vehicles include buses, taxis and trucks.

1.6.2.

The paid-up capital of the Corporation as on 31st March, 1985 was Rs.10 crores (State Government : Rs.4.85 crores, Industrial Development Bank of India ; Rs.4.85 crores and others : Rs.0.30 crore) .

The Government guaranteed repayment of share capital of Rs.8.25 crores and payment of minimum dividend thereon at the rate of 3.5 per cent. The Government had also guaranteed the repayment of bonds and debentures of Rs.77.05 crores raised by the Corporation and payment of interest thereon.

1.6.3.

The table below summarises the financial position of the Corporation under broad headings for the three years up to 1984-85.

	1982-83	1983-84	1984-85 (Provisional)
	(Rupees in crores)		
<i>Liabilities</i>			
1. Paid-up capital	10.00	10.00	10.00
2. Reserve fund, other reserves and surplus	6.92	7.52	8.30
3. Borrowings			
4. Contribution towards share capital pending increase in authorised capital	9.00	14.00	22.00
5. Bonds and debentures	46.75	56.37	72.05
6. Others including funds under special schemes of the State Government	81.77	103.49	126.92
7. Subvention paid by State Government on account of dividend	0.11	0.11	0.08
8. Other liabilities and provisions	4.02	3.80	4.83
Total—A	158.57	195.29	244.18

	1982-83	1983-84	1984-85 (Provisional)
	(Rupees in crores)		
B. Assets			
1. Cash and bank balances	10.87	10.25	15.89
2. Investment	0.33	0.33	0.33
3. Loans and advances	137.28	174.82	216.70
4. Net fixed assets	0.41	0.64	0.68
5. Dividend deficit account	0.11	0.11	0.08
6. Other assets	9.57	9.14	10.50
Total—B	158.57	195.29	244.18
C. Capital employed*	134.95	169.08	209.27
D. Net worth**	16.81	17.41	18.22
E. Capital invested***	150.70	185.15	229.57
1.6.4.			

The following table gives details of the working results of the Corporation for the three years up to 1984-85 :

Particulars	1982-83	1983-84	1984-85 (Provisional)
	(Rupees in crores)		
1. Income			
Interest on loans and advances	10.22	13.08	16.81
Other income	0.27	0.34	0.46
Total—1	10.49	13.42	17.27
2. Expenses			
Interest on long-term loans	6.97	9.50	12.56
Other expenses	2.08	2.29	2.93
Total—2	9.04	11.87	15.49

* Capital employed represents the mean of the aggregates of opening and closing balances of (i) paid-up capital, (ii) bonds and debentures, (iii) reserves, (iv) borrowings including refinance, (v) deposits, and (vi) funds for special schemes advanced by the State Government.

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

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

	1982-83	1983-84	1984-85) (Provisional)
	Rupees in crores		
3. Profit before tax	1.44	1.55	1.78
4. Provision for tax	0.49	0.59	0.62
5. Other appropriations	0.58	0.62	0.82
6. Amount available for dividend	0.34	0.34	0.34
7. Dividend paid	0.34	0.34	0.34
8. Total return on capital employed	8.41	11.14	14.33
9. Total return on capital invested	8.41	11.14	14.33
10. Rate of return on :		(Percent)	
(a) Capital employed	6.2	6.6	6.8
(b) Capital invested	5.6	6.0	6.2

1.6.5

The table below indicates the loan applications received, loans sanctioned, amounts disbursed *etc.*, during the three years up to 1984-85 :—

	1982-83		1983-84		1984-85		Cumulative since inception	
	Number	Amount (Rupees in crores)	Number	Amount (Rupees in crores)	Number	Amount (Rupees in crores)	Number	Amount (Rupees in crores)
(1) Applications pending at the beginning of the year	563	19.58	401	17.75	469	26.13	..	..
(2) Applications received	6079	86.80	6058	107.67	5025	173.26	42398	866.72
(3) Total	6642	106.38	6459	125.42	5494	199.39	42398	866.71
(4) Applications sanctioned	5151	54.40	5013	64.38	3897	94.81	30689	483.21
(5) Applications canceled/withdrawn/rejected	1090	31.29	977	26.72	1064	5.06	11176	297.44
(6) Applications pending at the close of the year	401	17.75	469	26.13	533	42.54	533	42.54

		1982-83		1983-84		1984-85		Cumulative since inception	
		Num- ber	Amount (Rupees in crores)	Num- ber	Amount (Rupees in crores)	Num- ber	Amount (Rupees in crores)	Num- ber	Amount (Rupees in crores)
(7)	Loans dis- bursed during the year	3961	38.05	3996	45.90	3095	54.28	20112	266.96
(8)	Effective Commitments	..	113.90	..	121.04	..	93.35	..	..
(9)	Amount outstanding at the close of the year	..	137.29	..	174.82	..	216.70	..	..
(10)	Amount over due for recovery								
	—Principal	..	9.03	..	16.35	..	22.07	..	..
	—Interest	..	9.74	..	17.18	..	24.66	..	..
	—Principal and interest due for which recovery certificates issued/ suits filed	..	16.41	..	14.13	..	20.04	..	..
	Total	..	35.18		47.65		66.77		
(Per cent)									
(11)	Percentage of loans disbursed to effective commitments	..	33.4	..	37.9	..	58.1	..	..
(12)	Percentage of defaults to total loans out- standing	..	25.6		27.3		30.8		

NOTE—The difference between amounts against item (3) and the aggregate of the amounts against items (4), (5) and (6) represents the difference between the amounts of loans applied for and those actually sanctioned

1.6.6.

The following points in regard to over dues may be made :

(i) Yearwise analysis of over due is as below :

Age	Number of units	Amounts (Rupees in crores)
1 to 2 years	4048	10.54
Over 2 years	2849	23.19

(ii) Investments considered by the Corporation as doubtful of recovery or bad, are as below :

	Amount (Rupees in crores)	Percentage to total
(a) Share capital	Nil	Nil
(b) Loans including interest on loans	2.10	4.5

(iii) The position in regard to investments in units lying closed could not be ascertained.

1.7. UTTAR PRADESH STATE WAREHOUSING CORPORATION

1.7.1.

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.

1.7.2.

As on 31st March, 1985, the paid-up capital of the State Warehousing Corporation was Rs.4.96 crores (State Government : Rs.2.48 crores and Central Warehousing Corporation : Rs.2.48 crores) against the paid-up capital of Rs.4.78 crores as on 31st March, 1984 (State Government : Rs.2.48 crores and Central Earahousing Corporation : Rs.2.30 crores).

1.7.3.

The table below gives particulars of guarantees given by Government for repayment of loans raised by the Corporation

and payment of interest thereon :

Particulars	Year of guarantee	Amounts guaranteed*	Amount outstanding as on 31st March 1985*		
			Principal	Interest	Total
			(Rupees in crores)		
Loan from State Bank of India, Lucknow	1977-78 to 1981-82	11.68	8.68	Nil	8.68

1.7.4.

The following table summarises the financial position of the Corporation under broad heads for the three years up to 1984-85 :—

	1982-83	1983-84	1984-85 (Provisional)
	(Rupees in crores)		
A—Liabilities			
1. Paid-up capital	4.11	4.78	4.96
2. Reserves and surplus	9.27	9.35	11.12
3. Borrowings	10.23	9.66	8.92
4. Trade dues and other current liabilities	4.38	2.77	2.01
Total—A	27.99	26.56	27.00
B—Assets			
1. (a) Gross block	21.24	22.15	21.95
(b) Less depreciation	2.94	3.67	4.24
(c) Net fixed assets	18.30	18.48	17.71
2. Capital work-in-progress	0.09	..	0.25
3. Current assets loans and advances	9.40	8.04	8.88
4. Miscellaneous expenditure	0.20	0.04	0.16
Total—B	27.99	26.56	27.00
C—Capital employed**	23.32	23.75	24.79
D—Capital invested***	23.51	23.69	24.89

* Figures in Finance Account of the State Government in respect of guaranteed and outstanding amounts were Rs. 818 lakhs and Rs. 672 lakhs, respectively. The difference in the amount guaranteed was on account of repayment of interest on loans for construction (Rs. 350 lakhs) and the difference in outstanding amount was on account of loan (Rs. 181.25 lakhs) and one instalment paid by State Bank of India (Rs. 15 lakhs).

** Capital employed represents net fixed assets plus working capital.

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

1.7.5.

The following table summarises the working results of the Corporation for the three years up to 1984-85 :

Particulars		1982-83	1983-84	1984-85 (Provisional)
		(Rupees in lakhs)		
1.	<i>Income</i>			
	(a) Warehousing charges	583.01	568.97	656.40
	(b) Other income	13.16	18.90	13.87
	Total ..	596.17	587.87	670.27
2.	<i>Expenses</i>			
	(a) Establishment charges	195.10	225.10	286.26
	(b) Interest	115.18	110.00	101.16
	(c) Other expenses	180.33	170.87	155.95
	Total ..	490.61	505.97	543.37
3.	Profit before tax	105.56	81.90	126.90
4.	Provision for tax	—	—	—
5.	Other appropriations	56.90	45.00	87.18
6.	Amount available for dividend*	32.88	36.90	39.72
7.	Dividend paid	32.83	36.84	—
8.	Total return on :			
	—Capital employed	220.74	191.90	228.06
	—Capital invested	220.74	191.90	228.06
9.	Rate of return on :	(Per cent)		
	—Capital employed	9.4	8.1	9.2
	—Capital invested	9.4	8.1	9.2

* Includes surplus from previous year and after other adjustments.

1.7.6.

The following table gives details of the storage capacity created, capacity utilised and other information about the performance of the Corporation for the three years up to 1984-85 :

Particulars	1982-83	1983-84	1984-85 (Provisional)
1. Number of stations covered	144	144	144
2. Storage capacity created up to the end of the year (tonnes in lakhs)			
(a) Owned	9.16	9.16	9.16
(b) Hired	3.77	3.10	3.47
Total ..	12.93	12.26	12.63
3. (a) Average capacity (tonnes in lakhs)	13.24	12.92	12.54
(b) Average capacity utilised during the year (tonnes in lakhs)	13.54	12.13	11.62
(c) Percentage of utilisation	102.2	93.9	92.7
4. (a) Average revenue per tonne per year (Rupees)	44.06	48.46	57.68
(b) Average expenditure per tonne per year (Rupees)	36.26	41.71	46.76
(c) Profit per tonne (Rupees)	7.80	6.75	10.92

CHAPTER II

REVIEWS RELATING TO GOVERNMENT COMPANIES

This chapter contains two reviews as below :

Section 2-A—Uttar Pradesh Leather Development and Marketing Corporation Limited (Industries Department)

2-B—Kumaon Mandal Vikas Nigam Limited

(Hill Development Department)

2-A—UTTAR PRADESH STATE LEATHER DEVELOPMENT AND MARKETING CORPORATION LIMITED

INDUSTRIES DEPARTMENT

2-A.1. *Introductory*

2-A.1.1

Uttar Pradesh State Leather Development and Marketing Corporation Limited was incorporated on 12th February, 1974 as a wholly owned Government Company with the objective of developing the leather industries in the State.

The management of the Company is vested in a Board of Directors with a part-time Chairman, one whole-time Managing Director, a Joint Managing Director/General Manager.

2-A.1.2

The Company has so far undertaken the following major activities :

(i) Marketing activities such as supplying raw material, shoe lasts, extending technical guidance and designs to fabricators, procurement of the finished products from fabricators and their marketing.

(ii) Other development activities such as (a) setting up of high frequency and vulcanising facilities centre at Agra, (b) providing common facilities centres at Unnao, Rae-Bareilly, Basti and Fatehpur, functioning

under overall control of a project manager stationed at Unnao, (c) undertaking various schemes under Special Component Plan for Scheduled Castes under grants-in-aid from the Government, and (d) setting up of a design development, research and training centre.

As on 31st March, 1985, the Company had a regular establishment of 186 men in various units for execution of various activities.

2-A.1.3

Under an assignment given to a firm of Chartered Accountants of Agra in December 1980, an Accounts Manual was prepared by the latter in April 1982, but no decision on it has so far been taken (August 1985).

2-A.1.4.

Financial position of the Company at the close of last 5 years up to 1984-85 is given in Annexure '5'.

Against authorised capital of Rs.250 lakhs. the paid-up capital of the Company as on 31st March, 1985 was Rs.205.60 lakhs and was wholly subscribed by the State Government.

The company has also been getting term loans from the State Government and the Pradeshhiya Industrial and Investment Corporation of Uttar Pradesh Limited (PICUP). Out of the loans taken from the State Government, Rs.49.66 lakhs (including Rs.11.02 lakhs as interest) were outstanding as on 31st March, 1985, out of which Rs.8.64 lakhs on account of loan and whole of interest of Rs.11.02 lakhs were over due for repayment. Out of the loans taken from PICUP, Rs.30 lakhs were outstanding as loan and Rs.1.12 lakhs as interest on 31st March, 1985, out of which Rs.2.25 lakhs as loan and whole of interest of Rs.1.12 lakhs were overdue for repayment.

For undertaking schemes for economic welfare of leather workers belonging to Scheduled Castes, the Company also received from the Government, grants of Rs.264.61 lakhs during 1976-77 to 1984-85.

Since 1983-84, cash credit facility up to Rs. 36 lakhs was also being availed of by the Company from the Canara Bank at Agra.

2-A.1.5.

The working results of the Company for the last 5 years are summarised under broad heads as under :

	1980-81	1981-82	1982-83	1983-84	1984-85
A. Income	(Rupees in lakhs)				
1. Sales	110.56	187.76	171.03	104.57	99.30
2. Closing stock of raw material and finished goods	31.33	95.02	108.18	101.50	56.93
3. Other income	11.93	20.22	6.53	2.31	0.33
Total—A	153.82	303.00	285.74	208.38	156.56
B. Expenditure					
1. Opening stock of raw material and finished goods	18.85	31.33	95.02	108.18	101.50
2. Purchases	105.81	198.92	153.89	82.16	44.72
3. Manufacturing expenses	1.34	24.67	26.75	6.84	1.46
4. Office and administrative expenses	17.06	14.61	19.91	25.46	24.90
5. Selling expenses including commission and discount	2.06	6.35	8.95	7.94	5.70
6. All other expenses and provisions (other than interest and depreciation)	11.75	20.41	2.15	1.70	7.07
7. Interest	0.04	2.36	7.31	11.26	7.70
8. Depreciation	0.62	0.64	0.77	0.75	0.73
Total—B	157.53	299.29	314.75	244.29	193.78
C. Profit (+)/ Loss (—)	(—)3.71	(+)3.71	(—)29.01	(—)35.91	(—)37.22

It would be observed that except in the year 1981-82 when a profit of Rs.3.71 lakhs was shown, which was mainly on account of unutilised grant, the Company incurred losses totalling to Rs.105.85 lakhs during other 4 years. The accumulated loss at the end of 1984-85 was Rs.144.48 lakhs (as against the paid-up capital of Rs.205.60 lakhs)'.

In December 1985, the Management attributed the losses to (a) heavy accumulation of inventory, (b) delay in execution of projects and orders due to financial bottlenecks, (c) rejection of finished goods by consignees abroad and at home, and (d) blocking of Company's funds in sundry debtors and advances to fabricators.

As will appear from various observations in paragraph 2-A.2., in the face of losses and blocked amounts in stocks and sundry debtors, the Company managed its working capital requirements to some extent out of unutilised amounts of funds advanced by the State Government as grants/share capital/loan for setting up various Design and Common Facility centres including those for benefits of scheduled castes, total funds advanced up to 31st March, 1985 being Rs.253.60 lakhs and those not utilised for the specific purpose being Rs. 174.15 lakhs (68.7 per cent).

2-A.2. *Activities other than Marketing Activities—Design and Common Facility Centres, etc.*

2-A.2.1. *Unsatisfactory working of Design Development Centres at Agra*

(a) During October, 1979, the Government released a grant of Rs.2.92 lakhs for establishing a design development centre at Agra for continuous research at various stages of developing designs, standardisation of operation processes, formulating guidelines for selection of materials, tools and plants for manufacture of leather goods and footwear products. Further funds of Rs.7.76 lakhs were released during 1979-80 to 1984-85 for strengthening the centres.

Assets, including 11 machines of value : Rs.0.16 lakh, of a defunct pilot project (Footwear), Basti, were transferred from the U.P. Small Industries Corporation Limited (UPSIC), as mentioned in detail later, and the Company purchased 23 other machines costing Rs.0.66 lakh.

The Company was required to start the centre at once after release of the initial grant of Rs. 2.92 lakhs so that the available machines received from defunct pilot project were not kept idle. The performance of the centre was to be evaluated periodically.

The centre was established in June 1980 in a hired building and an expenditure of Rs. 15.60 lakhs has been incurred up to March 1985.

As will be observed from the data in the following table, against annual target of development of 960 samples fixed by the Management during the last 4 years ending 31st March, 1985, the centre developed only 214 to 484 samples annually, achieving 22 to 50 *per cent* of the target. Actual expenditure incurred in developing the samples also varied from the norm of expenditure per sample prescribed by the Management :

Year	Target of samples to be developed	Number of samples actually developed	Percentage of physical achievement	Cost at the norm fixed by the management	Actual cost
	Number	Number		(Rupees in lakhs)	
1	2 (a)	2 (b)	2 (c)	3 (a)	3 (b)
1981-82	960	347	36	0.64	1.55
1982-83	960	484	50	0.82	0.62
1983-84	960	437	46	0.87	0.27
1984-85	960	214	22	0.33	1.42
Total		1482		2.66	3.86

An evaluation of the centre was got done by the State Government in July, 1985 through the State Planning Institute, which brought out that :

- Out of 7000 artisans engaged in Agra, only 400 were registered with the centre, of which only 60 artisans (15 *per cent* of these registered) were actual beneficiaries, as there was no arrangement at the centre for on-the-spot training to the artisans ;
- the goods produced on the basis of the samples developed by the centres were not in demand and the samples developed by the centre has not been adopted by the artisans in the manufacture of shoes.

(b) As stated, in accordance with the Government's decision, the assets and liabilities of the defunct pilot project (foot-wear), Agra, were transferred to the Company from UPSIC. These comprised of 47 items of plants and machinery, tools, equipment and furniture valuing Rs.0.44 lakh; raw material, finished goods and work-in-progress valuing Rs.0.81 lakh and sundry debtors of Rs.0.18 lakh. It was observed that the entire plant and machinery, tools, equipment and furniture were unserviceable, broken and irreparable and are still lying in stores (December 1986). No details are available for sundry debtors. Finished and unfinished goods of the value : Rs.0.17 lakh had no market since their purchase in October 1974.

The UPSIC intimated in March 1979 the total value of assets sold as Rs.1.43 lakhs whereas the Company has taken the assets in its books at Rs.1.22 lakhs. The difference of Rs.0.21 lakh had not been reconciled/settled (December 1985).

The Management stated in December 1985 that the matter was under pursuance.

2-A.2.2. *Blockade of funds on setting up of High Frequency and Vulcanising Facility Centre at Agra*

For adoption of modern technology for competition in world market, the Company got a feasibility report prepared by U.P. Industrial Consultants Limited, for setting up a High Frequency and Vulcanising Centre at Agra involving an estimated cost of Rs.75.63 lakhs. As per the feasibility report, on achieving 90 per cent utilisation of installed capacity, the Centre was to provide servicing of 3.75 lakhs pairs of shoes per annum (1.50 lakh pairs by high frequency flow moulds process and 2.25 lakh pairs by direct vulcanising process) to achieve a turnover of R.101.25 lakhs and earn a net profit of Rs.21.77 lakhs in the fifth year and thereafter. The cost of setting up of the centre was to be met out of short-term loan of Rs.55 lakhs obtained from the Government in December 1983 (after drawal from the Contingency fund on grounds of urgency and indispensibility) and Rs.30 lakhs obtained from PICUP in April 1984.

Machines for high frequency ordered from a French firm at a cost of Rs.26.40 lakhs and for direct vulcanising process ordered from a Swedish firm at a cost of Rs.29.43 lakhs, were received at Agra in December 1983.

All the machines purchased for high frequency scheme are lying in unpacked condition in open yard exposed to vagaries of nature, as the work relating to construction of building at a cost of Rs.1.59 lakhs awarded to a firm of Agra in January 1984 was left incomplete by it in February 1985 after executing work of value Rs.0.35 lakh. As per the recommendation of a committee presided over by the Joint Managing Director, made in January 1985, the work done on the building was to be dismantled for re-doing. No further action has yet been taken (August 1985).

Machines purchased for direct vulcanising process included 18 twin soles attaching machines valuing Rs.15.67 lakhs, 13 of which valuing Rs.12.04 lakhs were reported damaged on opening in December 1983. No records to show the nature and extent of damage and cost of repairs, etc., were made available to audit. However, direct vulcanising process machines were commissioned in September 1984 but had serviced up to July 1985 only 259 pairs of shoes, mostly on trial basis, as against the expected turn-over of 500 pairs per day per shift. The Company has not maintained any log book for the machines (August 1985). Nominal production was attributed by the Management in December 1985 to lack of work.

Thus, Rs.55.83 lakhs have remained blocked for nearly two years (October 1985). Meanwhile, the Company has incurred liability of Rs.13.28 lakhs on account of interest on loans taken from the State Government and the PICUP and has spent Rs.1.57 lakhs on account of pre-operative expenses (Rs.0.97 lakh on pay and allowances and Rs.0.60 lakh on other administrative expenses).

2-A.2.3. *Ill planned establishment of Common Facility Centre, Unnao*

Out of grant-in-aid of Rs.55.16 lakhs (Rs.30.16 lakhs received from the Government and Rs.25 lakhs from the State Trading Corporation of India Limited), the Company established in April 1980 a common facility centre at Unnao with the basic objective of providing machining facilities to small tanners to process their wet-blue leather at nominal charges. The centre was set up in a shed in a complex developed by three State Government Undertakings to provide to tanners vacant land and sheds. 14 machines required for different processes of treatment of leather and one generating set were

purchased at a cost of Rs.46.75 lakhs and were commissioned in March 1980 in a shed in the complex purchased at a cost of Rs.1.27 lakhs.

Drying machines purchased by the Company in February 1984 at a cost of Rs.3.05 lakhs for commercial use at the centre could not be commissioned for want of boiler, compressor, pipe line and civil works and a grant of Rs.2 lakhs requested from the Government in January 1985 for meeting the cost of these facilities has not been received so far (December 1985).

From the machine-wise data of actual earnings during 1980-81 to 1984-85, as against the total earning capacity, as given in Annexure 6, it will appear that percentage of actual earning to capacity was 7.9 to 18.8 as summarised below :

Year	Number of machines	Cost (Rupees in lakhs)	Earning capacity (one shift of 8 hours in 300 days) (Rupees in lakhs)	Actual earning (Rupees in lakhs)	Percentage utilisation
1980-81	14	43.33	13.01	1.04	7.9
1981-82	14	43.33	13.01	1.88	14.5
1982-83	14	43.33	13.01	1.19	9.1
1983-84	14	43.33	13.01	1.33	10.2
1984-85	14	43.33	13.01	2.45	18.8

The centre has been running in loss since inception, the total loss since 1980-81 being Rs. 26.47 lakhs, as shown below :

	1980-81	1981-82	1982-83	1983-84	1984-85
	(Rupees in lakhs)				
1. Expenditure					
(a) Consumable stores	0.67	0.06	0.40	0.26	0.21
(b) Power and fuel	0.09	0.75	1.11	1.46	1.47
(c) Salary, wages etc.	0.70	1.11	1.30	1.97	2.02
(d) Depreciation	3.99	4.10	3.88	4.99	4.29
(e) Others	0.66	1.45	1.11	1.10	0.70
Total	6.11	7.47	7.80	9.78	8.69

	1980-81	1981-82	1982-83	1983-84	1984-85
	(Rupees in lakhs)				
2. <i>Income</i>					
(a) Services charges	1.04	1.89	2.89	3.33	2.45
(b) Miscellaneous receipts and rent		0.19	0.40	0.45	0.74
Total	1.04	2.08	3.29	3.78	3.19
3. Profit (+)/ Loss (-)	(-)5.07	(-)5.39	(-)4.51	(-)6.00	(-)5.50

About the low utilisation of machines, the Management stated in December 1985 that only 11 tanning units were located in the complex at Unnao and these were big parties with full fledged heavy and costly machine facilities of their own and they sought the services of the common facility centre, Unnao, only in the event of breakdown of their machines or on receipt of heavy orders and that work from areas outside Unnao was not forthcoming because of octroi charges leviable on goods on entry in Unnao.

The Management further stated in December 1985 that the establishment of the centre at Unnao was not a prudent policy as the tanners available in the complex were the competitors, and not the customers of the Company. It was further stated that with a view to bringing the unit on a better footing, the Company was considering (a) obtaining exemption from the payment of octroi, (b) letting out one shift of centre for job work to a private party, and (c) starting its own production. The original objective of the scheme has thus not been achieved.

2-A.2.4. *Unsatisfactory state of promotional Schemes for benefit of Scheduled castes*

(i) *Blockade of funds in common facility centres*

To ameliorate the economic condition of members of scheduled castes engaged in the leather and ancillary industries, who were living below the poverty line, the Government decided in August 1978 to set-up during the Sixth Five Year Plan 3 common facility centres at Basti and Fatehpur and later on in May 1983, at Rae-Bareilly. The feasibility report got prepared by the Company in respect of centres at Basti and Fatehpur in 1980-81 and in respect of Rae-Bareilly centre in

August 1983, envisaged facilities to tanners to finish wet-blue leather to finished chrome leather at nominal charges. The machines were expected to yield a revenue of Rs.115.13 lakhs in the first year, Rs.115.28 lakhs in the second year and Rs.139.32 lakhs in the year of commissioning.

The Government released Rs.172.20 lakhs towards the full cost of the project Rs.100.60 lakhs as grant in March 1982, Rs.22 lakhs as share capital in December 1983 and Rs.49.60 lakhs as loan in March 1985. Out of these amounts, the Company spent Rs.68.81 lakhs up to August 1985 and diverted the balance Rs.103.39 lakhs towards its working capital and for reduction of cash credit balance, without approval of the Government. As a result; none of the centres intended for the benefit of poor scheduled caste leather entrepreneurs during 1978 to 1983 has made any headway so far (August 1985).

The centre-wise position as on 31st August 1985 is given below :

(a) *Basti centre*

Out of Rs.50.30 lakhs released as grant in March 1982, the company acquired a piece of land in July 1982 at a cost of Rs.1.44 lakhs and procured during 1982-83 plant and machinery for Rs.22.28 lakhs (imported : Rs.20.98 lakhs and indigeneous : Rs.1.30 lakhs). The construction work on the building has not started and all the items of plant and machinery are lying dumped at the common facility centre, Unnao, to be transferred to Basti after the completion of the building (December 1985).

(b) *Fatehpur centre*

Out of Rs.50.30 lakh released in March 1982 towards the cost of the project, the Company acquired a piece of land in November 1982 at a cost of Rs.1.14 lakhs and a contract for Rs.13.18 lakhs for construction of building was awarded to Uttar Pradesh State Industrial Development Corporation Limited (UPSIDC) in July 1983. The construction work is stated to be in progress (December 1985)¹. Plant and machinery purchased during 1983-84 at a cost of Rs.24.81 lakhs (imported : Rs.20.98 lakhs and indigeneous : Rs.3.83 lakhs) is also lying dumped at common facility centre, Unnao (December 1985).

(c) *Rae-Bareli Centre*

The Government formally approved in September 1983 setting up a common facility centre at Rae-Bareli at a cost of Rs.71.60 lakhs and released in December 1983 Rs.22 lakhs as a short term loan which was converted into share capital in March 1984. Another loan of Rs.49.60 lakhs was granted in March 1985. (Total funds advanced Rs.71.60 lakhs).

The Company has not yet acquired land at Rae-Bareli for construction of building; but Rs.2 lakhs were paid in October 1984 as advance to UPSIDC towards the construction of the proposed building (estimated cost : Rs.16.39 lakhs) without agreement and without settlement of terms and conditions. No separate plant and machinery for the centre has been procured and the value of Rs.22.28 lakhs of the plant and machinery which was procured for Basti centre and was stored at Common Facility Centre, Unnao, has been shown in the books in March 1985 as transferred to Rae-Bareli centre.

(ii) *Unsatisfactory operation of Kamdhenu scheme*

The Government released grants of Rs.21.80 lakhs in February 1982 and Rs.21.89 lakhs in May 1983 (total : Rs. 43.60 lakhs) for operation of a scheme for providing machines on hire purchase basis up to the value of Rs.20,000 and as amount equal to 25 per cent there of to serve as working capital to each such scheduled caste artisan whose income was up to Rs.4300 per annum in urban areas and Rs.3500 per annum in rural areas. The cost of the machines supplied, along with 4 per cent simple interest thereon, was recoverable in 10 half-yearly instalments. By another order issued in June 1984, the Government amended the terms, providing that the machines up to the value of Rs.15000 and working capital up to Rs.5000 only were to be provided to each artisan and that subsidy up to 25 per cent of the loaned amount or Rs.3000, whichever was less, was to be allowed if the beneficiary concerned cleared the loan with interest thereon, in full; the amended terms and conditions being applicable only on the loans sanctioned after the issue of the Government order in June 1984. The following points were noticed during scrutiny of records :

- (a) During March 1983 to June 1985, the Company supplied 129 machines of the value of Rs.1.65 lakhs to 54 artisans and disbursed Rs.1.05 lakhs to 21 artisans

to serve as working capital. The balance of Rs. 40.90 lakhs of grant received for the purpose was utilised by the Company towards its commercial activities.

(b) Records made available to audit did not indicate that the Company had taken any steps to verify that the machines provided to the artisans were actually being used by them and that they were getting the benefits envisaged.

(c) In the absence of proper maintenance of records, the position of recovery of loan and interest could not be gathered.

(iii) *Blockade of funds for Micro Service Centres*

On a proposal made by the Company, the Government released during October 1980 to April 1983, grants of Rs. 20.40 lakhs (Rs. 2.60 lakhs in October 1980, Rs. 2.60 lakhs in March 1981, Rs. 5.20 lakhs in April 1981, Rs. 5 lakhs in April 1982 and Rs. 5 lakhs in April 1983) for establishing 8 centres with machines to provide to the leather artisans of weaker and backward sections, at nominal charges, services of sophisticated type to make their finished products competitive and up to the expectation of the consumers, to boost up production and marketing of their products. A scrutiny of records brought out the following :

(a) The Company has established so far 4 centres at Chari Bhadoria (Agra), Footwear Complex (Agra), Kanpur and Faizabad with machines valuing Rs. 3.24 lakhs and furniture valuing Rs. 0.11 lakhs. Out of the balance Rs. 17.05 lakhs Rs. 12.05 lakhs were diverted by the Company towards its own commercial activities and Rs. 5 lakhs are lying unutilised in the treasury in Personal Ledger Account (August 1985)

(b) Even in regard to 4 centres set up, the Company, in a report sent to the Government in August 1985, stated that the centres were not economically viable and proposed installation of more new sophisticated machines to ensure their usefulness.

Apart from blockade of funds of Rs. 3.35 lakhs, recurring expenditure of Rs. 3.64 lakhs incurred on these centres up to March 1985 on account of rent, staff and other expenses has been rendered infructuous.

Centre-wise position is brought out as below :

- The footwear complex (Agra) was never set-up.
- The centre set up at Chari Bhadoria (Agra) in January 1982 in a hired building was closed in March 1984 for want of work, after incurring expenditure of Rs.1.97 lakhs (Rs.0.93 lakh on staff salaries, wages and other expenses and Rs.0.16 lakh on rent), which has been rendered infructuous. Machines supplied to the centre (value not known) were shifted to the head office at Sadar Bhatti during June 1982 to January 1983 and are lying idle (August 1985).
- The centre at Faizabad was set up in May 1982 in a hired building. Only one shining machine valuing Rs.0.09 lakh was supplied in July 1985 to the centre but even this has not been commissioned so far, for want of electric connection (August 1985). The Company has incurred expenditure of Rs.0.83 lakh up to August 1985 (Rs.0.42 lakh towards rent Rs.0.41 lakh on salaries, wages and other expenses), which has been rendered infructuous.
- Kanpur centre was set up in July 1982 in a hired building with 8 machines of value : Rs.0.37 lakh (including one splitting machine imported from Italy). 4 of these could not be used till March 1985 for want of electric connection. The imported splitting machine (cost not known) was lying idle even after the electric connection, for want of work (April 1985). The Company incurred expenditure of Rs.1.72 lakhs (Rs.0.28 lakh towards rent and Rs.1.44 lakhs on staff salaries, wages and other expenses) against receipts of Rs.0.10 lakh, approximately, up to August 1985.

(iv) *Poor performance of scheme of shoe last banks*

On a proposal made in 1981 by the Company, the Government approved in February 1982 establishment of 20 centres to provide at each centre 2000 shoe lasts to 100 shoe fabricators belonging to scheduled castes living below the poverty line, and released grants of Rs.11.20 lakhs in February 1982 and Rs.11.20 lakhs in May 1983 (total : Rs.22.40 lakhs).

The Company, however, set up only one centre at Agra in September 1982, incurring total expenditure of Rs.4.59 lakhs (Rs.1.86 lakhs before the establishment of the scheme and Rs.32.72 lakhs thereafter Rs.1.76 lakhs towards pay and allowances and Rs.2.83 lakhs for purchase of shoe lasts). The balance of Rs.17.81 lakhs was diverted to other commercial activities of the Company.

2-A 3. *Unsatisfactory performance of marketing activities*

2-A.3.1. *Introductory*

The Company procures bulk orders for supply of shoes from the Director General of Supplies and Disposals (DGS&D) and the Defence Department by participation in tenders invited by them and from Police Department and Home Guards of the State Government under latter's orders. Shoes are also sold to general public and for sometime Company also took, up exports. Sales to bulk purchasers are arranged by the head office and sales to public are arranged by (a) sales emporia of the Company, (b) franchise shops in which shops owned by private parties are furnished by the Company against bank guarantee and sales are made by the parties on commission basis, and (c) commission agents.

For arranging supplies, the Company undertook the production of footwear items during April 1980 to September 1983 in its own premises through payment of labour charges to fabricators registered with the Company, production being done on the basis of the designs developed by its Design Development Centre. The production was, however, discontinued from October 1983 as the system was not found economical by the Company. The Company also procured the shoes on the basis of approved samples from those registered fabricators who were manufacturing the goods outside the premises of the Company, at negotiated prices. Under another practice adopted since inception (in September 1974), the Company procured raw materials and supplied them on credit to its registered fabricators against orders for manufacture of shoes placed on them by the Company. This system also did not work well as considerable amount remained unadjusted/unrecovered from the fabricators. Therefore, from 1985-86 the Company has started selling raw materials to fabricators against cash only.

Various aspects of trading activities are discussed in the following paragraphs.

2A.3.2. *Over all position of procurements, sales, position of stocks and debtors*

(i) The over all position of procurements and sales during 5 years upto 1984-85 and of stocks and debtors at the close of these years is given as under :

Particulars	1980-81	1981-82	1982-83	1983-84	1984-85
(Rupees in lakhs)					
1. Procurements during the year	105.81	198.92	153.89	82.16	44.72
2. Sales during the year	110.56	187.76	171.03	104.57	99.50
3. Inventory at the close of the year	31.33	95.02	108.18	101.50	56.93
4. Sundry debtors	33.65	89.16	71.82	96.66	91.92
(Percentage)					
5. (a) Percentage of closing stock to sales	28.3	50.6	63.3	97.0	57.3
(b) Percentage of sundry debtors to sales	30.4	47.5	41.9	92.4	92.6

It would be observed that :

(a) Sales have been declining after 1981-82, sales in 1984-85 being 47 *per cent* less than in 1981-82.

In December 1985, the Management attributed the decrease in sales to non-availability of shops at proper places, competition with private sector and non-existence of credit facilities.

(b) The percentage of stocks to sales increased from 28 in 1980-81 to 97 in 1983-84 though it came down to 57 in 1984-85 due to sharp reduction in procurement.

(c) Percentage of sundry debtors to sales have increased from 42 in 1982-83 to 92.6 in 1984-85.

(ii) An analysis of sales according to category of products is as below :

Particulars	Year ending				
	1980-81	1981-82	1982-83	1983-84	1984-85
	(Rupees in lakhs)				
Civilian shoes	24.00	37.00	23.00	23.00	32.00
Industrial shoes	54.56	99.76	92.03	43.57	46.00
Raw material	32.00	50.00	39.00	30.00	21.30
Export	..	1.00	17.00	8.00	..

(iii) An analysis of stocks is as below :

Particulars	Year ending				
	1980-81	1981-82	1982-83	1983-84	1984-85
Raw material	16.11	39.04	38.23	38.13	26.25
Finished goods	15.22	55.98	69.95	63.37	30.68

Some aspects of auction of stocks, shortages of stocks, *etc.* are dealt with in paragraph 2A.4.2 (iii).

(iv) An analysis of sundry debtors as they stood at the end of March 1985, is as below :

Particulars	Total number	Amount (Rupees in lakhs)
1. Fabricators	152	19.64
2. Government departments/undertakings	5	1.81
3. For sales :		
(a) DGS & D	1	3.37
(b) State Police	1	14.15
(c) State Home Guards	1	3.12
(d) Private parties	16	30.33
4. Franchise shops	7	7.69
5. Others	183	11.81
Total	366	91.92

Some specific cases of outstanding dues are dealt with in subsequent paragraphs.

2A.3.3. *Procurements-heavy outstandings against fabricators*

In 1976, the Company introduced a system of registration of such fabricators as were engaged in cottage shoe industry. The Company registers the fabricators after satisfactory verification of date of financial position, machines installed, etc., as furnished by the fabricators in their applications. The Company collects from such fabricators new samples/designs of shoes from time to time and after approval by a committee, these are sent to the Design Development Centre for costing. After the costing is approved by the Managing Director, orders for fabrication of shoes for approved sample and cost are issued to registered fabricators.

There were 59 fabricators in March 1981, 68 in March 1982, 92 in March 1983, 72 in March 1984 and 74 in March 1985.

The Board authorised the Managing Director in April 1978 to issue raw material of value of not more than Rs. 1000 to each fabricator on credit subject to total outstanding of Rs. 15000 against all fabricators taken together at a time. The Company, however, issued up to March 1985 raw materials in excess of Rs. 1000, valuing Rs. 109.14 lakhs, to 52 fabricators. It was further noticed that raw material was issued even to such fabricators who had not cleared their previous outstandings. An amount of Rs. 11.13 lakhs was outstanding against 35 fabricators as on 31st March 1985. Age-wise break-up of outstanding was not available.

Year-wise data of balances, issues of raw material and adjustments during last 5 years ending March 1985 are given in Annexure 7.

It was observed that the Company issued raw material of value : Rs. 89.22 lakhs to 22 fabricators during 1981-82 to 1982-83 for general purposes, against which the adjustments of Rs. 82.21 lakhs and Rs. 0.89 lakh were made during 1981-82 to 1982-83 and 1984-85, respectively, leaving a sum of Rs. 6.12 lakhs outstanding against 17 fabricators at the end of 1984-85. Similarly, raw material valuing Rs. 19.92 lakhs, to be used in products to be exported, was issued to 30 fabricators during 1981-82 to 1984-85, against which adjustments of Rs. 15.01

lakhs were made up to 1984-85, leaving a sum of Rs.4.91 lakhs against 18 fabricators at the end of 1984.85.

2A.3.4. *Sales to, and through, various agencies*

2A.3.4. (1)

A break-up of sales according to categories of agencies is as below (Percentage in bracket) .

Particulars	1980-81	1981-82	1982-83	1983-84	1984-85
(Rupees in lakhs)					
1. (a) DGS & D, Defence and bulk private sales	32.68 (29.6)	77.26 (41.1)	20.58 (12.0)	27.09 (25.9)	18.79 (18.9)
(b) Uttar Pradesh Police and Home Guard Departments	33.48 (30.3)	30.60 (16.3)	42.96 (25.1)	18.27 (17.5)	30.20 (30.4)
(c) Export	—	0.90 (0.5)	16.76 (9.8)	8.29 (7.9)	—
2. Sales through emporia	1.93 (1.7)	4.87 (2.6)	4.54 (2.7)	5.63 (5.6)	10.03 (10.1)
3. Sales through franchise shops	—	11.14 (5.9)	7.53 (4.4)	3.11 (3.0)	1.35 (1.4)
4. Leather sold to fabricators and other petty sales	42.47 (38.4)	62.99 (33.6)	78.66 (46.0)	41.98 (40.1)	38.93 (39.2)
Total	110.56	187.76	171.03	104.57	99.30

A sizeable percentage of sales during 1980-85 (of 33.6 per cent to 46.0 per cent) had been to fabricators (as raw material) and as petty sales. In 1984-85, out of sales of Rs.99.30 lakhs, leather of Rs.38.93 lakhs (39.2 per cent) was sold to fabricators and as petty sales and furnished goods of Rs.30.20 lakhs (30.4 per cent) were sold to State Police and Home Guards Departments under price fixation mechanism decided by the State Government and only Rs.18.79 lakhs (18.9 per cent) were sold against DGS & D, Defence Department and

other bulk orders on competitive basis, only Rs.10.03 lakhs (10.1 per cent) through company's emporia and Rs.1.35 lakhs (1.4 per cent) through franchise shops (Export sales of Rs.25.95 lakhs were made only during 1981-82 to 1983-84).

The following other general aspects of sales were noticed.

2A.3.4(2) *Poor sales against DGS & D and Defence Department tenders*

Sales to DGS&D and Defence Department and other bulk purchasers, etc., are made against tenders. From the following table it would appear that the Company secured orders for a small percentage of tenders in which it participated and the performance did not improve over the years :

Year	Tenders participated			Orders secured				
	Num-ber of tenders	Pairs of shoes (in lakhs)	Value (Rupees in lakhs)	Num-ber of orders	Pairs of shoes (in lakh)	Value (Rupees in lakhs)	Percentages For pairs of shoes	For value
1	2(a)	2(b)	2(c)	3(a)	3(b)	3(c)	4(a)	4(b)
1982-83	202	12.74	637	17	0.68	33.84	5.3	5.3
1983-84	172	18.59	929	1	0.05	2.44	0.3	0.3
1984-85	70	2.45	122	20	0.42	33.04	17.1	27.1

Out of orders received, orders for 15 thousands pairs of shoes for Rs.6.07 lakhs were cancelled by the DGS & D and for 10,000 pairs of shoes for Rs.3.42 lakhs by the private parties.

A case of loss of Rs.3.38 lakh due to delay in execution of DGS & D order and 2 cases of irregular sales to firms are mentioned in paragraphs 2A.3.4(6) (i) and (iv) *surpra*.

2A.3.4(3) *Sales to Police and Home Guard Departments*

In April 1677, the State Government decided that the rates of shoes to be supplied to the police and the Home Guards Departments against their orders be decided each year by a committee consisting of Additional Director of Industries, U.P.; Principal, Government Leather Institute, Agra; representative of the Company; representative of Uttar Pradesh Police/Home Guards; and Cost Accountant of Uttar Pradesh

State Textile Corporation Limited. Scrutiny of records brought out the following aspects :

(a) In respect of 2 orders of 1984-85 from the Police Department for supplies of 0.73 lakh pairs of shoes of the value of Rs. 37.40 lakhs, supplies of 0.39 lakh pairs of shoes of value : Rs. 20.40 lakhs were cancelled due to non-supply. Similarly, out of 3 orders of 1983-84 from the Home Guards for supplies of 0.36 lakh pairs of shoes of value : Rs. 23.32 lakhs, supplies of 0.06 lakh pairs of shoes of value : Rs. 4.02 lakhs were cancelled due to non-supply.

(b) For supplies made during 1984-85, the Police Department did not make payment according to the rate decided by the costing committee. Against the order received from the Uttar Pradesh Police Department in November 1984 for supply of 10,000 pairs of ankle boots during 1984-85, the Company supplied 8,358 pairs up to August 1985 and raised the bill at Rs. 81.40 per pair as was decided by the costing committee in February 1985 for supplies during 1984-85. However, in April 1985, the Police Headquarter Allahabad, refused to make payment at the above rate as the representative of the Police Department was not present in the meeting of committee which decided the rate of Rs. 81.40 per pair though an invitation for the meeting had been sent to them. The suppliers were paid at the rate of Rs. 67 per pair which was decided for the year 1983-84 by the committee which was attended by the representative of the Police Department, resulting in short-realisation of Rs. 1.20 lakhs by the Company in the supplies made so far (August 1985).

2A.3.4(4) *Poor performance in export sales :*

The Board decided in July 1976 to enter into export business through export houses but no action was taken. With effect from March 1982, the Company took up export business directly and through agents. In October 1983, export business was stopped on the ground that the Company failed to get success in export.

Export sales from March 1982 to October 1983 amounted to Rs.25.94 lakh. Various aspects of such sales are summarised as under :

Particulars	1981-82	1982-83	1983-84	Total
	(Rupees in lakhs)			
1. (a) Targets	Not fixed	100	100	200
(b) Actual sales (percentage of achievement in bracket)	0.90	16.76	8.28	25.94
	(1 sale to one party)	(16.8) (10 sales to 6 parties)	(8.3) (5 sales to 2 parties)	(13.0) (16 sales to 9 parties)
2. (i) Amounts realised	Nil	13.31	1.27	14.58
(ii) Unrealised amounts :				
(a) Stocks totally rejected any lying outside Company's premises (Number of consignments in brackets)	..	0.73 (1)	..	0.73
(b) Goods not lifted at all (number of consignments in bracket)	0.90 (2)	0.82 (1)	5.16 (2)	6.88
(c) Goods damaged in transit and claim from insurance company rejected (Number of consignments in bracket)	..	0.70 (1)	..	0.70
(d) Goods supplied but payments not received (Number of consignments in bracket)	..	..	1.85 (2)	1.85
(e) Reduction in price of goods supplied (Number of consignments in bracket)	..	1.20 (2)	..	1.20
(f) Total unrealised amount	0.90	3.45	7.01	11.36

2A.3.4 (5) *Unsatisfactory position of local sales through emporia/franchise shops*

The following table gives the value of sales through emporia and franchise shops during 5 years from 1980-81 to 1984-85 (Date of sales through commission agents was not available) .

	1980-81	1981-82	1982-83	1983-84	1984-85
<i>(A) Own emporia :</i>					
1. (a) Number of emporia	4	5	6	7	9
(b) Number of employees	5	8	11	17	17
(c) Establishment and other expenses (Rupees in lakhs)	0.51	0.85	1.88	2.02	2.94
2. Value of sales (Rupees in lakhs)	1.93	4.87	4.54	5.83	10.03
3. Percentage of expenses to sales	26.4	17.5	41.4	34.6	29.3
<i>(B) Franchise shops</i>					
1. (a) Number	..	7	6	6	3
(b) Cost of furnishing (Rupees in lakhs)	..	2.43	0.31	0.16	..
2. Value of goods sent (Rupees in lakhs)	..	11.14	7.53	3.11	1.35
3. (a) Value of goods returned (Rupees in lakhs)	..	1.91	0.17	0.99	0.38
(b) Amounts realised (Rupees in lakhs)	..	3.35	3.74	1.55	1.25
(c) Commission paid (Rupees in lakhs)	..	1.16	1.19	0.17	..
4. Outstanding at close (Rupees in lakhs)	..	5.14	7.57	7.97	7.69

It would be observed that in respect of sales through own emporia, the operating expenses constituted 17.5 to 41.4 per cent of the total sales.

In the case of sales through franchise shops, the number of such shops and the value of goods sent to them has gone down steeply, and outstanding have risen.

Specific cases of irregularities in dealing with franchise shops, involving potential losses, are mentioned in para 2A.3.4 (3) *supra*.

2A.3.4 (6) *Specific major cases of irregularities losses, blockade of funds in sales*

(i) The DGS&D placed two orders on the Company in preference to lower offer of a State Undertaking of Union Territory of Delhi one order in April 1982 for supply of 46,683 pairs of different kinds of shoes of value : Rs.24.22 lakhs against the lower offer of Rs.21.51 lakhs, supplies being required to be completed by September 1982 and another order in August 1982 for supply of 11,669 pairs of shoes of value : Rs.6.05 lakhs in preference to the lower offer of Rs.5.38 lakhs, supplies being required to be completed by 30th November 1982. According to the terms of the order, for failure to supply within the stipulated period, the Company was liable to pay the difference between the ordered value and the lower offer.

The Company failed to supply any shoes against the orders, resulting in their cancellation by the DGS&D in February 1983. Later the Company accepted the lower rate and supplied 55,280 pairs of shoes during October 1983 to January 1985, which resulted in a loss of Rs.3.38 lakhs.

The Management stated in December 1985 that the services of the person found responsible for the loss had been terminated.

(ii) *Blockade of funds in bulk sale to a private party*

The Company entered into an agreement with a firm of Kanpur in June 1981 for sale of 90,000 pairs of shoe-uppers for Rs.29.70 lakh F.O.R door delivery at Kanpur, 90 per cent amount being payable by the firm within 10 days of the delivery and the remaining 10 per cent within 30 days thereof. The firm had furnished on interest free security of Rs.0.20 lakh to ensure compliance of the agreement.

During June 1981 to May 1982, the Company supplied 44,670 pairs of shoe-uppers of value : Rs.15.33 lakhs and 5,265 pairs of ankle boots of value : Rs.3.26 lakhs (total value of supplies : Rs.18.59 lakhs), against which the Kanpur firm made payments aggregating Rs.11.95 lakhs only (Rs.8.53 lakhs in cash and Rs.3.42 lakhs by way of goods returned), leaving

Rs. 6.64 lakhs outstanding with the firm since January 1985. No penalty was imposed on the firm for non-payment of dues in time for want of a penal clause in the agreement. The Management stated in December 1985 that a recovery certificate to the Collector, Kanpur, has been issued for effecting the recovery under U. P. Public Money (Recovery) Act.

(iii) *Irregularities/losses in export sales*

(a) *Uncleared consignments of value Rs. 5.16 lakh*

Against the export order of March 1983 received through the Company's overseas agent for supply of 44,800 uppers of leather shoes and workman boots of value : Rs. 5.16 lakhs to a firm in United Kingdom under open credit for 180 days, the Company shipped the consignment in September 1983 and sent the bill to their bankers, at Agra for collection from the foreign buyer. The bankers intimated that open credit for more than 160 days was not admissible under the foreign exchange rules and advised the Company to revise the terms accordingly. The buyer refused to accept the revised terms and did not retire the documents. The consignment is lying unlifted in banker's custody at London (December 1985).

(b) *Supplies of Rs. 1.95 lakh to a firm under liquidation*

In execution of the export order from a firm in United Kingdom, the Company shipped in September 1983 shoes of value : Rs. 1.95 lakhs without observing the formalities required under the Export Control Rules such as opening of letter of credit, permission of the Reserve Bank of India for extension of time limit in the case of non-realisation of full value of proceeds in respect of export bills outstanding for more than six months, etc. The payment against the order was not received from the buyer within three months of shipment, as agreed. When the Company referred the matter in February 1984 to the High Commissioner of India in United Kingdom, the latter intimated that the claim would be put up to the official liquidator when appointed, since the firm had gone into liquidation but the chances of recovery were bleak as the goods were unsecured.

(c) *Consignment of Rs. 1.65 lakhs not traceable*

The Company shipped shoes of value Rs. 1.65 lakhs in 2 consignments—one of Rs. 0.86 lakh in March 1982 and the other of Rs. 0.79 lakh in March 1982—to a firm in United

Kingdom, in support of which no order from the foreign buyer was on record, payments against the supplies have not been received and the whereabouts of the consignment are not known (August 1985). The Company has also not lodged any claim for obtaining the payment. The Management stated in December 1985 that as the Company undertook the export business for the first time, there were losses for one reason or the other.

(d) Rejection of consignment of Rs.0.70 lakh

A consignment of 1,488 pairs of training shoes of value £4,285.44 (Rs.0.70 lakh) was despatched by the Company from Agra to Delhi by road in July 1982 and it was to be airlifted from there for delivery to a firm in Manchester (U.K.). Due to heavy rains on the way, the consignment was heavily soaked and the Japan Airlines, New Delhi, refused to lift the same even after the consignment had been repacked in new boxes by the insurer. On an express undertaking furnished by the Company owning full responsibility for consequences, the consignment was airlifted. The consignment was, however, rejected by the buyer in September 1982 on account of poor quality and he refused to honour the bill. The consignment is lying uncleared at Manchester (August 1985). The Company did not lodge any claim with the insurance company with whom the goods were insured in July 1982 and the claim has now become time barred (July 1985).

(e) Payment at reduced rate (by Rs.0.49 lakh)

The Company through its overseas agents received an export order in February 1982 for 20,750 pairs of eyelets zuggrain boot uppers of value : £25,229.80 (Rs.4.10 lakhs) from the firm of United Kindom. As per the agreement, the goods were to be subjected to prior inspection by the buyer or his representative and despatches of goods without prior inspection was to render the Company liable for all consequential losses. The Company, in July 1982, shipped the consignment without prior inspection by the buyer or his representative. The buyer demanded a reduction of 15 pence per pair as the shoe uppers were not of required specification. The Company accepted the proposed reduction in November 1982 without approval of the Reserve Bank of India, which was necessary according to Exchange Control Rules. The buyer, however, made payment of £ 22117.80 only in December 1982, after making deduction

of 36 pence per pair, instead of 15 pence per pair accepted by the Company. The Company did not enquire into the reasons from the overseas agent, for deductions beyond 15 pence per pair, which resulted in loss of £ 3,112.50 (Rs.0.49 lakh. It was further noticed that the selling price including freight, at which the goods were shipped was Rs.3.94 lakhs which was lower than the cost of sales worked out by the Company at Rs.5.58 lakhs, resulting in a loss of Rs.1.64 lakhs. Thus, the total loss on this consignment was Rs.2.13 lakhs. Management stated in December 1985 that these losses might be treated as trading losses and that in future proper measures would be taken in export deals.

(iv) Irregularities in dealing with franchise shops, involving potential losses

(a) In October 1981, the Company entered into five year agreement with a firm of Chandigarh for sale of foot-wear on commission basis (17.5 per cent on retail price/10 per cent on economy range items) from their shop at Chandigarh which was furnished by the Company in December 1981 at a cost of Rs.0.54 lakh (refundable in full by the firm after the expiry of the agreement). On receipt of cash security of Rs.0.10 lakh and bank guarantee of Rs.0.60 lakh valid up to December 1982 from the firm as stipulated in the agreement, the Company despatched 1956 pairs of foot-wear items of value Rs.2.07 lakhs during December 1981 to March 1982 against which the firm returned in March 1982 foot-wear of value : Rs.0.24 lakh and made one payment of Rs.0.14 lakh in February 1984, leaving a balance of Rs.1.69 lakhs as outstanding in the form of value of shoes supplied.

The Marketing Manager of the Company discovered in January 1982 that the bank guarantee accepted by the Company was in the name of a firm other than the one with whom the agreement was executed and the bank guarantee was missing.

The Management stated in December 1985 that action to fix responsibility for acceptance of incorrect bank guarantee and for its loss was in progress and that a civil suit had since been filed for effecting recovery from the firm.

(b) In April 1981, the Company entered into a five year agreement with a shopkeeper of Kanpur for the sale of Company's foot-wear items on commission basis (17.5 per cent on

retail price/10 per cent on economy range items). The goods for sale were to be delivered against cash/bank guarantee but the first consignment of footwear of value : Rs.0.80 lakh was sent in May 1981 without receipt of cash or bank guarantee and further consignments of value : Rs.3.19 lakhs continued to be sent up to May 1982 without receiving advance payment in any case from the shopkeeper who paid Rs.1.46 lakhs instalment till March 1982, leaving a balance of Rs.1.57 lakhs after adjustment of the goods returned to the Company and the commission of Rs.1.05 lakhs payable to him.

Since the above system did not work well, the Company executed with the shopkeeper another agreement in September 1982, according to which the business was taken over by the Company and the shopkeeper was to work on behalf of the Company and payment of salaries and wages to employees was to be made by the Company and the outstanding dues of Rs.1.57 lakhs were to be adjusted out of future commission payable to him on the sale of Company's footwear. During September 1982 to April 1984, the Company further sent consignments of Rs.2.37 lakhs, against which the shopkeeper paid Rs.1.58 lakhs, leaving a balance of Rs.2.36 lakhs outstanding in April 1984.

In February 1985, the Company entered into a fresh agreement with the above shopkeeper according to which he was to get a fixed commission of Rs.3200 per month (Rs.1200 payable in cash and Rs.2000 to be adjusted against outstanding dues) irrespective of sales made; and rent, electricity, water and other charges alongwith the salaries of the employees of the shop were to be borne by the Company. Out of Rs.2.36 lakhs due from the shopkeeper in February 1985, the Company could adjust Rs.2 thousand only, leaving a balance of Rs.2.34 lakhs (August 1985).

The reasons for sending consignments of shoes without bank guarantee were not on record.

2A.4 Other topics of interest

2A. 4.1. Under advantages to a firm

(a) In December 1982, the Company entered into an agreement with a firm of Unnao for providing machining facility at Common Facility Centre, Unnao, during 10 P.M. to

9 A. M. daily for one year from 1st December 1982 at a monthly rent of Rs. 52,500 irrespective of the quantum of work done. Facilities availed of by the firm during the normal working hours in the day time were payable extra according to the prescribed rates of the Centre. As per agreement, the monthly rent was payable by the firm by the 10th of the next month, except that the first monthly rent was payable in two equal instalments on 1st December and up to 10th January.

The firm did not make due payment and when outstandings against the firm had mounted to Rs. 0.56 lakh on account of rent and job charges, the Project Manager reported the position to the Managing Director telegraphically on 20th January 1983 and simultaneously prohibited the firm from lifting the stock lying at the Centre for servicing, till full payments were made. The Managing Director, however, issued orders to release the entire held-up stock to the firm without any payment. Accordingly the firm lifted the entire stock on 2nd February 1983 and continued to avail the machine facilities and making payment at its will. A total amount of Rs. 1 lakh had become due from the firm on account of rent and for job charges up to August 1985 (date of audit), for which the Company has not initiated any action (August 1985).

(b) During January 1982 to August 1983, ten advances aggregating Rs. 21.13 lakhs were given to the above firm for supply of raw material, orders for which were not on record. The firm supplied material for Rs. 13.16 lakhs up to January 1983, leaving an unadjusted advance of Rs. 7.97 lakhs (August 1985). The file containing papers regarding the recovery of outstanding dues from the firm was stated to have been lost, for which a FIR was stated to have been lodged with the Government Railway Police, Kanpur, in June 1985. In the absence of any written supply order, the supplies of raw materials had to be accepted without verification of specifications, quality, quantity, size and rates, etc. The Company has also not initiated any action for recovery of unadjusted advance of Rs. 7.97 lakhs outstanding since 1983 (August 1985).

2A.4.2. *Sundry matters relating to Common Facility Centre (CFC), Unnao*

(i) *Unrecovered dues*

As per orders of the Managing Director given in October

1981, a covered area of 277.70 sq metres at CRC, Unnao, was let out from November 1981 to two private parties—114.35 sq metres to a party of Lucknow and 163.35 sq metres to a party of Kanpur for a period of 5 years on monthly rent of Rs. 11 per square metre. While no agreement was entered into with the Lucknow party, the agreement executed with the Kanpur party in December 1984 fixed the rent at Rs. 1800 per month with a stipulation of minimum job work of Rs. 0.15 lakh per month to be given to the Centre. The Lucknow party did not pay the rent of Rs. 0.80 lakh and job charges of Rs. 0.18 lakh (Total : Rs. 0.98 lakh) for the period from 1st November 1981 to 31st July 1985 (date of audit). The party locked the premises taken on hire on 1st September 1983 and has not turned up since then. Efforts to trace the party have failed. The matter was referred in May 1985 to the law cell of the Company and is pending consideration for further action (August 1985).

The Kanpur party defaulted in making payment of rent and job-charges billed to them and the outstanding balance up to July 1985 aggregated Rs. 0.63 lakh (Rs. 0.13 lakh as rent and Rs. 0.50 lakh as job-charges). No action for recovery has been initiated by the Centre so far (August 1985). Besides, the agreement with the firm stipulated minimum job work of Rs. 0.15 lakh per month, against which the total job given by the party to the Centre was for Rs. 0.11 lakh during the period January to May 1985, resulting in a shortfall of job work of Rs. 0.64 lakh (August 1985).

(ii) *Extra electrical charges due to low power factor (Rs. 0.80 lakh)*

Agreement executed in June 1979 by the Company with U. P. State Electricity Board for 220 KVA Power load at C. F. C., Unnao, provided for maintenance of power factor at 0.85 lagging failing which a surcharge was payable by the Company at the rate specified in the relevant rate schedule till such time the power factor was improved to the required level.

During test check in audit, it was noticed in July 1985 that the Centre failed to maintain the required power factor during November 1982 to June 1985, resulting in payment of surcharge of Rs. 0.80 lakh. The capacitors supplied by a Kanpur firm and installed in February 1984 at a cost of

Rs.0.10 lakh failed to improve the power factor because of some defect in the power line installed in the premises of the Centre, as reported by the supplier on inspection in June 1984.

(iii) *Stocks, auctions, shortages and unserviceable stores*

(a) Out of total purchases of raw material, leather, shoes, shoe uppers, etc. of Rs.463.60 lakhs made during 1980-81 to 1982-83, goods of the value of Rs.11.30 lakhs (2.4 per cent) were disposed of by auction and otherwise, in September 1984 and in February and March 1985 at reduced price, resulting in a loss of Rs.3.80 lakhs. The Management stated in December 1985 that the purchases were made without the approval of the Purchase Committee and the process of fixing responsibility was in progress.

(b) Physical verification of all the stores in all depots carried out by the Management annually disclosed shortages totalling to Rs.2.68 lakhs for which 10 employees were held responsible. 4 employees from whom recovery of Rs.1.41 lakhs was due are no longer in the service of the Company (two having absconded, one having left the service and one having reverted to his parent department). Of the balance Rs.1.27 lakhs, Rs.0.17 lakh only have been recovered, leaving unrecovered amount of Rs.1.10 lakhs as on 31st March 1986.

(c) The Company held unserviceable leather stores of the value : Rs.1.08 lakhs at the three depots, whose age-wise break-up was not available with the Company. The Company has not taken any action for their disposal so far (December 1985).

(iv) *Loss due to grant of advance without verification*

The Divisional Manager (Marketing) requested in June 1984 for an advance of Rs.0.50 lakh on behalf of a selling agent of Jaipur who, it was mentioned, had agreed to clear this account from the commission receivable from the Company against NCC supplies. The Managing Director sanctioned the advance on 19th June 1984 without verification and report of outstanding balance from the Account Office. Scrutiny of records in audit in August 1985 revealed that the agent's

agreement had already been rescinded by the Company with effect from 15th June 1984 and an advance of Rs.1.26 lakhs had already been outstanding against him on 19th June 1984 for long on account of commission paid to him by the Company in anticipation of payments to be realised on the orders expected to be procured through him. In September 1984, the Divisional Manager (Marketing) disowned any responsibility to submitting any adjustment account on the ground that it was adjustable from the agent's commission, but the action of the Divisional Manager was treated as embezzlement of Company's funds and his services were terminated by the Board in February 1985. The official obtained a stay order from the High Court, Allahabad, and was re-appointed on 20th April 1985. The amount remains unadjusted/unrecovered (August 1985).

2A.5.

(1) *Summing-up*

The paid-up capital of the Company incorporated in 1974 was Rs.2.06 crores as on 31st March 1985. Besides term loans taken from Government and the Pradeshia Industrial and Investment Corporation of Uttar Pradesh Limited, the Company was advanced funds as grants/loans/capital totalling Rs.2.55 crores as on 31st March 1985 for setting up various design and common facility centres and for other schemes including those for the benefits of scheduled castes. The Company had accumulated losses of Rs.1.44 crores up to 1984-85, the losses during last 5 years being Rs.1.02 crores.

The activities of the Company have been dealt with under two broad heads of (a) activities other than marketing activities and (b) marketing activities; and on both accounts, company's performance has been highly unsatisfactory.

(2) *Activities other than marketing activities*

For setting up design and common facility centres, etc., the company was provided funds as grants/loans/capital totalling to Rs.2.55 crores up to 31st March, 1985, out of which the Company utilised Rs.0.80 lakh (31.3 per cent) for the purposes intended, the rest being utilised as working capital, etc., and even the assets/facilities created have not been utilised at all or adequately as mentioned below :

(a) A Design Development Centre at Agra set-up in June 1980 with Government grants of 10.68 lakhs

given during 1979-80 to 1984-85 was to develop annually 960 samples but developed only 214 to 484 samples annually during the four years ending 1984-85 (total : 1,482 samples against target of 3,840 in 4 years), the actual cost of developing the samples in 4 years being Rs. 3.86 lakhs as compared to the cost of Rs. 2.66 lakhs that should have been incurred by the Centre as per norms.

The departmental evaluation done in July 1985 showed that out of 7,000 artisans engaged in Agra, only 400 were registered with the Centre, and of the latter, only 60 artisans were actual beneficiaries, as there was no arrangement at the Centre for on-the-spot training to the artisans and the samples developed by the Centre had not been adopted by the artisans in manufacture of shoes as there was no demand for the goods produced on the basis of such samples.

The Centre took over the assets valuing Rs. 1.22 lakhs of the defunct pilot project (footwear), Agra out of which the entire plant and machinery and furniture were unserviceable and are lying in stores and no details were available of debtors and of stocks of finished or unfinished goods.

(b) Out of Imported Machinery of Rs. 55.83 lakhs purchased in December 1983 for setting up High Frequency and Vulcanising Facility Centre at Agra for adoption of modern technology for competition in world market (by providing servicing of Rs. 1.50 lakh pairs of shoes by high frequency flow moulds process and 2.55 lakh by direct vulcanising process annually), machinery for high frequency costing Rs. 26.40 lakhs is lying unpacked, open to vagaries of nature, due to non-completion of a building and machinery costing Rs. 29.43 lakhs purchased for direct vulcanising process was commissioned only in September 1984 and has used to process only 259 pairs of shoes up to July 1985, due to lack of work. The Company has incurred interest liability of Rs. 13.20 lakhs up to October 1985 and has spent Rs. 1.57 lakhs on pre-operative expenses.

(c) A common facility centre was established at Unnao in April 1980 in a shed purchased at a cost of Rs. 1.27 lakhs in a complex developed by 3 State Undertakings (to provide vacant land and sheds to tanners) to

provide machining facilities to small tanners to process their wet-blue leather at nominal charges by purchasing 14 machines for different processes of treatment of leather and one generating set costing Rs.46.75 lakhs, but drying machines costing Rs.3.05 lakhs could not be put to commercial use for want of boiler, *etc.*, and actual earnings from other machines, as compared to other capacity, varied from 7.9 *per cent* to 18.8 *per cent* during 5 years ending 1984-85, the net expenditure on the centre during 5 years up to 1984-85 being Rs.26.47 lakhs. The Management stated in December 1985 that the tanners housed in the complex had their own facilities and were the competitors, and not the customers, of the Company and work from other areas outside Unnao was not forthcoming because of octroi charges leviable on goods on entry in Unnao.

At the Centre, some other isolated cases were noticed such as (a) unadjusted advance of Rs.7.97 lakhs since 1983 from a firm provided machining facilities, (b) non-recovery of rent and job charges of Rs.1 lakh from two parties for space given on hire, and (c) payment of electric charges of Rs.0.80 lakh for low power factor in spite of installation of a capacitor.

(d) Out of Rs.1.72 crores released by Government during March 1982 to March 1985 towards full cost of establishment of 3 common facility centres at Basti, Fatehpur and Rae Bareli to ameliorate the economic conditions of scheduled caste engaged in leather and ancillary industries, by enabling the tanners to finish wet blue leather to finished chrome leather at nominal charges, only Rs.49.67 lakhs were utilised up to August 1985 for purchase of land and plant and machinery (Rs.2.58 lakhs and Rs.47.09 lakhs) for Basti and Fatehpur Centres; and none of the centres has started functioning.

(e) Out of grant of Rs.43.60 lakhs received from the Government under a 'Kamdhenu Scheme' of providing machines on hire purchase basis to Scheduled Caste artisans with income up to prescribed limits, the company supplied 129 machines valuing only Rs.1.65 lakhs to 54 artisans and disbursed only Rs.1.05 lakhs to 21 artisans to serve as working capital during March 1983

to June 1985. Further, the Company has not taken any steps to verify utilisation of the machines provided to the artisans for providing the benefits envisaged ; and in the absence of proper maintenance of records, the position of recovery of loan and interest could not also be gathered.

(f) Out of grant of Rs.20.40 lakh received on a proposal of the Company for establishing 8 Micro Service Centres to provide to leather artisans of weaker and backward sections, at nominal charges, services of sophisticated type to make their finished products competitive to boost up production and marketing of their products, only 4 centres—two at Agra and one each at Kanpur and Faizabad—were established at a cost of only Rs.3.35 lakhs ; but the centre at Agra was actually never set up and the other was closed in March 1984 and in other two centres too, machines are idle for want of electric connection or for want of work.

In August 1985, the Company reported to the Government that the Centres were not economically viable and proposed installation of more new sophisticated machines to ensure their usefulness. Apart from blockade of funds, recurring expenditure of Rs.3.64 lakhs incurred on the Centres up to March 1985 towards salaries and wages and rent of buildings, etc., has been rendered infructuous.

(g) Out of grant of Rs.22.40 lakhs received from the Government in October 1982 and March 1983 on a proposal of the Company for establishment of 20 Centres to provide at each centre 2,000 shoe lasts to 100 shoe fabricators belonging to scheduled castes living below the poverty line, the Company set-up only one Centre at Agra at a cost of Rs.4.59 lakhs.

(3) *Marketing Activities :*

(i) Overall review of procurements and dsales for 5 years upto 1984-85 showed that procurements of raw material and sales (of finished goods as also of raw material to fabricators) at first rose and then declined after 1982-83 procurements have declined from Rs.1.06 crores in 1980-81 to Rs.44.72 lakhs in 1984-85 (decrease of 57.7 per cent) and sales have declined from Rs.1.88 crores in 1981-82 to Rs.99.30 lakhs in 1984-85

(decrease of 47 *per cent*). The percentage of stocks (of raw material and finishing goods) to sales increased from 28.3 in 1980-81 to 97 in 1983-84; it came down to 57.3 in 1984-85 (Rs. 56.93 lakhs) due to sharp reduction in procurements. The percentage of sundry debtors to sales has increased from 30.4 to 47.5 during 1980-81 to 1982-83 to 92.6 in 1984-85 (from Rs. 33.6 lakhs at the end of 1980-81 to Rs. 91.92 lakhs at the end of 1984-85).

(ii) Raw materials were issued to fabricators on credit in excess of the limits allowed by the Board and issues were made even to fabricators who had not cleared their previous outstanding dues. An amount of Rs. 11.13 lakh was outstanding against 35 fabricators as on 31st March 1985, whose age-wise break-up was not available.

(iii) A sizeable percentage of sales during 1980-85 (of 33.6 *per cent* to 46.0 *per cent*) had been to fabricators (as raw material) and as petty sales. In 1984-85, out of sales of Rs. 99.30 lakhs, leather of Rs. 38.93 lakhs (39.2 *per cent*) was sold to fabricators and as petty sales and finished goods of Rs. 30.20 lakhs (30.4 *per cent*) were sold to State Police and Home Guards Departments under price fixation mechanism decided by the State Government and only Rs. 18.79 lakhs (18.9 *per cent*) were sold against DGS & D, Defence Department and other bulk orders on competitive basis, only Rs. 10.03 lakhs (10.1 *per cent*) through Company's emporia and Rs. 1.35 lakhs (1.4 *per cent*) through franchise shops (export sales of Rs. 25.94 lakhs) were made only during 1981-82 to 1983-84).

The following other general aspects of sales were noticed :

(a) Against DGS&D and Defence tenders, the Company could procure orders for a small percentage of tenders in which it participated, the percentage of orders secured according to value being 5.3 in 1982-83, 0.3 in 1983-84 and 27.1 in 1984-85.

(b) Sales to the Police and the Home Guards Departments are made at rates decided by the Costing Committee constituted by the State Government. However, in respect of two orders of 1984-85 for supplies of 0.73 lakh pairs of shoes valuing Rs. 39.40 lakhs, the Police Department cancelled orders for 0.39 lakh pairs (53 *per cent*) of value Rs. 20.40 lakhs due to non-supply. For the same reason, the Home Guards also cancelled

orders for 0.06 lakh pairs valuing Rs.4.02 lakhs out of orders for 0.36 lakh pairs (valuing Rs.23.32 lakhs)¹.

Further, for supplies made during 1984-85, the Police department has paid for supplies at the rate applicable for 1983-84 as their representative was not present in the meeting of the Costing Committee, short payment for supplies made so far being Rs.1.20 lakhs.

(c) The Company's direct venture into export trade taken up in March 1982 failed and export business was stopped in October 1983, after heavy losses and blockade of funds. Out of total export sales of Rs.25.94 lakhs, realisations were only of Rs.14.58 lakhs. (56.5 per cent) Cases of rejections, losses, etc. are mentioned in sub-para (iv) below.

(d) On local sales through own emporia during 5 years up to 1984-85, (rising from Rs.1.93 lakhs in 1980-81 through 4 Emporia to Rs.10.03 lakhs in 1984-85 through 9 Emporia), the percentage of annual operating expenses to sales varied from 17.5 in 1981-82 to 41.4 in 1982-83.

The number of franchise shops went down from 7 in 1981-82 to 3 in 1984-85 and the value of goods sent to them for sale went down from Rs.11.14 lakhs to Rs.1.35 lakhs during the period. At the end of 1984-85, an amount of Rs.7.69 lakhs was outstanding against the franchise shops.

(iv) A number of cases of irregularities, losses and blockade of funds in sales were noticed, as below :

— For failure in effecting timely supplies against two orders placed by DGS&D in April and August 1982 for supply of 58,352 pairs of shoes of different kinds at a cost of Rs.30.27 lakhs in preference to lower offers received from another State undertaking, the Company had to accept lower prices to the extent of Rs.3.38 lakhs in regard to 0.55 lakh pairs (94.7 per cent) of the number order), as per terms of contract.

— During June 1981 to May 1982, the Company supplied 44,670 pairs of shoe-uppers and 5,265 pairs of ankle boots of value Rs.18.59 lakh to a Kanpur firm, from whom Rs.6.64 lakh are yet to be received.

— Several cases of irregularities were noticed in export sales, resulting in losses. In one case, shoes and boots of value of Rs.5.10 lakhs exported to a United Kingdom firm are lying with bankers in London as the buyer refused to accept the revised terms and did not retire the documents. In another case, shoes valuing Rs.1.95 lakhs were shipped to a United Kingdom firm without observing the formalities under Export Control Order and the firm has gone in liquidation and the chances of recovery are bleak as the goods were unsecured. In a third case, the Company exported shoes valuing Rs.1.65 lakhs in March 1982, in support of which no order from foreign buyer was on record and no payments have been received. In a fourth case, the foreign buyer rejected the consignment of 1,488 pairs of training shoes of the value of Rs.0.70 lakh on account of poor quality and the consignment is lying uncleared in United Kingdom. In a fifth case, the Company, without prior inspection by the foreign buyer as required under agreement, despatched boot uppers valuing Rs.4.10 lakhs and the foreign buyer effected reduction in price resulting in a loss of Rs.0.49 lakh, apart from loss of Rs.1.64 due to sale price being below cost.

— The Company entered into an agreement with a firm of Chandigarh for sale of footwear on commission basis and furnished the shop at a cost of Rs.0.54 lakh 1,956 pairs of shoes valuing Rs.2.07 lakhs were despatched during December 1981 to March 1982. The firm returned footwear valuing Rs.0.24 lakh and paid Rs.0.14 lakh in February 1984 leaving Rs.1.69 lakhs as outstanding. The bank guarantee given was in the name of the firm other than the one with whom the agreement was executed and the bank guarantee also was reported missing.

— The Company, without receipt of bank guarantee or advance payment, sent goods valuing Rs.4.08 lakhs to a shopkeeper of Kanpur sale. Till March 1982, the shopkeeper paid Rs.1.46 lakhs in instalments, leaving Rs.1.57 lakhs, after adjustment of goods returned and commission of Rs.1.05 lakhs. The Company entered into fresh agreements with the shop-keeper from time to time. However, till August 1985, Rs.2.34 lakhs were recoverable.

2B:—KUMAON MANDAL VIKAS NIGAM LIMITED

2B.1. *Introductory*

2B.1.1.

In March 1971, Government set up Parvatiya Vikas Nigam Limited, a wholly owned Government Company, for development of 8 hill districts of the State. In March 1976, on incorporation of another Government Company, called Garhwal Mandal Vikas Nigam Limited, for development of 5 hill districts of Garhwal Division, the former company was renamed as Kumaon Mandal Vikas Nigam Limited and its activities were confined to only Kumaon Division comprising the districts of Naini Tal, Almora and Pithoragarh.

The Management of the Company is vested in a Board of Directors consisting of 7 officials and 8 non-officials, nominated by Government from time to time. The Managing Director (an official) is a whole time Chief executive of the Company.

The aims and objects of the Company as set out in its Memorandum of Association are exhaustive and cover all types of developmental activities in every field for economic development of the 3 hill districts. The Company has so far undertaken the following main activities :—

(i) Establishment and operation of industries like (a) a rosin and turpentine factory at Champawat (Pithoragarh), (b) a unit for manufacture of barbed wire at Kathgodam (Nainital), mainly for requirements of Forest Department, (c) a unit for manufacture of polythene bags at Kathgodam (Nainital), mainly for requirements of Forest and Horticulture departments, and (d) a unit for manufacture of mails at Kathgodam (Nainital) for sale in open market.

(ii) Marketing activities like (a) procurement and sale of fruits, (b) collection and sale of boulders and *bajries*, (c) collection and sale of *Jari buties*, (d) *vegetation* and sale of plants, and (e) establishment and operation of ropeway for transportation of goods.

(iii) Agency business from Indian Oil Corporation Limited for distribution of cooking gas in Kumaon region.

(iv) Maintenance of tourist rest houses, conducting package tours and agency business from Indian Airlines, *etc.*, for promotion of tourism.

(iv) Setting up of a civil construction division for execution of civil works of Government departments and of its own and setting up of a unit for manufacturing cement concrete blocks for use in civil works.

2B.1.2.

Accounts of the Company for the year 1983-84 and 1984-85 are in arrears (March 1986).

Up to the end of 1982-83, the accumulated profit was Rs. 15.42 lakhs which was of course subject to the aspects like in pricing policy of stocks, *etc.* in the rosin and turpentine factory, payment of nominal lease, non-provision of interest and depreciation in respect of Government investment of Rs. 1.78 crores in 12 rest houses leased to the Company, profit from the agency business, *etc.* following table summarises the working results of the Company for three years up to 1982-83 :

	1980-81	1981-82	1982-83
	(Rupees in lakhs)		
1. Income	157.90	215.33	296.92
2. (a) Expenditure excluding interest, income-tax, depreciation and investment allowance reserve	146.08	205.26	280.75
(b) Interest	2.10	2.94	6.56
(c) Income-tax	1.32	..	(—)0.85
(d) Depreciation and investment allowance reserve	5.01	5.60	9.04
Total—2	154.51	213.80	295.50
3. (a) Net profit	3.39	1.53	1.42
(b) Cash profit	8.40	7.13	10.46

2B.1.3.

Based on the accounts of the Company, the break-up of the working results according to various units activities mentioned under paragraph 2B.1.1. for the three years up to

1982-83 are shown in table 1 of Annexure 8. The total position for 3 years is summarised as under :

Sl. no.	Name of unit/ activity	Month/ year of start	Production/Business		Profit(+)/Loss(-)	
			Total for 1980-83	Averag for 3 years	Total for 1980-83	Average for i years
(Rupees in lakhs)						
A. Industrial Units :						
1	Rosin and Tur- pentine factory	July 1978	122.77	40.92	(+)10.71	(+)3.57
2	Parvat wire factory	February 1977	210.33	70.11	(+)10.81	(+)3.60
3	Parvat plastic factory	1977-78	33.00	11.00	(-)2.80	(-)0.93
4	Parvate nails factory	November 1978	0.49	0.16	(-)0.25	(-)0.08
B. Marketing Schemes :						
5	Marketing of fruits, plants, boulders and bajries, etc.	1976-77 to 1978-79	82.16	27.39	(+)16.70	(+)5.57
6	Marketing of Jari-buries	May 1981	23.43	7.81	(-)1.63	(-)0.54
C. Others :						
7	Parvat gas	1976-77	135.05	45.02	(+)11.70	(+)3.90
8	Tourism	1976-77	31.96	10.65	(-)11.28	(-)3.76
9	Civil constru- tion division	April 1977	6.21	2.07	(-)4.29	(-)1.43
10	Cement concrete blocks	1976-77	0.52	0.17	(-)0.26	(-)0.09
11	Headquarters including material rope- way	March 1976	0.04	0.01	(-)23.07	(-)7.69
12	Company as a whole		645.96	215.32	(+)6.34	(+)2.11

(working results of rosin and turpentine factory and of tourism are subject to comments in paragraph 2B.2.1. and 2B.2.9.).

2B.2. Results of review of activities

A review of the working of the Company brought out the following main points in regard to 8 units/activities (Sr. Nos. 1 to 6, 8 and 12) .

2B.2.1. Rosin and turpentine factory

The factory was set-up in July 1978 at a cost of Rs.15.39 lakhs for production of rosin and turpentine from resin purchased from Forest Department. The sale prices of different grades of rosin and turpentine oil as fixed and communicated by the Indian Turpentine and Rosin Company Limited (ITR), at Clutter-buckganj (Bareilly) are adopted by the Company for sale of its products.

The processing of resin increased from 577.20 tonnes in 1980-81 to 1173.92 tonnes in 1984-85 and the Company showed profits of Rs.0.02 lakh in 1980-81, Rs.8.88 lakhs in 1981-82 (due to valuation of stock at selling price which was higher than cost price, failing which there was loss of Rs.0.67 lakh) and Rs.1.81 lakhs in 1982-83.

Scrutiny of records brought out the following major points in the operation of the factory :

(i) Installed capacity of the factory for processing of resin was shown as 1850 tonnes in the project report which did not mention the basis for the same, indicating, *inter alia*, the numbers of working days and shifts to be operated. However, on the basis of the above installed capacity, the utilisation was low and varied from 28.2 per cent to 63.5 per cent during 1980-81 to 1984-85, as shown below:

Particulars	1980-81	1981-82	1982-83	1983-84	1984-85
1. Installed capacity (in tonnes)	1850	1850	1850	1850	1850
2. Resin actually treated (in tonnes)	577.20	521.27	719.17	1164.49	1173.92
3. Capacity utilisation (percentage)	31.2	28.2	39.9	62.9	63.5

The low capacity utilisation was due to non-working of the factory on available working days and in all 3 shifts. Out of 300 working days and 900 shift days available each year during 5 years from 1980-81 to 1984-85, the factory worked for 206 shift days in 1980-81 to 494 shift days in 1984-85. Low capacity utilisation was due to (a) shortage of raw material *viz.* resin, (b) shortage of coal and water, (c) accumulation of turpentine oil to full capacity of the storage tank, and (d) repair and maintenance of boilers and other plant and machinery.

(ii) According to the project report, processing of resin was to result in recovery of 75 *per cent* rosin and 17 *per cent* turpentine oil, balance 8 *per cent* being process loss. Further, rosin was to be recovered in 3 grades 51 *per cent* being grade I (pale), 34 *per cent* grade II (medium) and 15 *per cent* grade III (dark).

The position of recoveries of various grades of rosin and of process loss was as below:

	Recovery percen- tage as envisaged in the project report (out of rosin re- covered)	Actual percentage of recovery				
		1980-81	1981-82	1982-83	1983-84	1984-85
1. Grades of rosin :						
(a) Grade I (Pale)	51	10.9	7.2	0.2	4.9	9.2
(b) Grade II (Medium)	34	68.5	57.7	32.2	37.9	64.2
(c) Grade III (Dark)	15	20.6	35.1	67.3	57.2	26.6
2. Process loss	8	14.9	9.3	9.4	10.2	8.0

The implication of higher process losses in 4 years up to 1983-84 was equal to 82 tonnes of resin of value : Rs. 3.15 lakhs.

The selling price of each grade of rosin were increased from time to time each year. The minimum difference in prices between grades I and II, grades I and III and grades II and III were Rs.100, Rs.600 and Rs.250 per tonne, respectively. Based on these price differences, the short recovery of

rosin of grade I in all the 5 years up to 1984-85 and grade II in 1982-83 resulted in a loss of Rs.5.71 lakhs to the Company.

2B.2.2. *Parvat Wires*

Consequent upon the Board's decision in February 1977 to set up an industrial unit, Parvat Wires, at Kathgodam, for manufacturing barbed wire for sale mainly to the Forest Department, eight barbed wire machines with processing capacity of 1424 tonnes were installed and commissioned at a cost of Rs.3.69 lakhs (4 in August 1977 and 4 in January 1979). The project report envisaged an annual profit of Rs.5.76 lakhs. Four additional machines were installed in January 1979 on the ground that the Company intended to enter into a long-term contract with the Forest Department for sale of barbed wire, but no long-term contract has been executed with the Forest Department so far (March 1986). However, as per standing orders of Government issued in June 1979, Forest Department had to place orders on the Company for 75 per cent of its requirements of barbed wire at the lowest rate plus 5 per cent of the tenders opened from time to time and meet the remaining 25 per cent of the requirements by following the normal rules.

A review of the working of the unit brought out the following main points :

(a) The capacity utilisation was lower than the installed capacity and declined over the years; percentage utilisation being 78.7 (1111 tonnes) in 1980-81, 49.7 (701 tonnes) in 1981-82, 23.8 (336 tonnes) in 1982-83, 36.4 (513 tonnes) in 1983-84 and 18.4 (259 tonnes) in 1984-85. There was also overall decline in profits from Rs.6.91 lakhs in 1980-81 to Rs.2.01 lakhs in 1981-82 and Rs.1.89 lakhs in 1982-83 (Accounts for subsequent years are not ready). The decline in profits was due mainly to decrease in production.

(b) In September 1981, the Board had delegated full powers to the Managing Director for purchase of raw material and stores and spares. During April 1982 to March 1985, 1117 tonnes of galvanised iron wire of value: Rs.77.97 lakhs was purchased by the Company, out of which purchases of Rs.24.48 lakhs were made on the basis of limited quotations and of Rs.46.44 lakhs (59.6

per cent) on the basis of single quotations after negotiations with the firms. Similarly, in January 1985, 32 tonnes of 8 mm wire rods were supplied by the Company to a firm of Ghaziabad for conversion into galvanised iron wire at a cost of Rs.0.74 lakh on the basis of negotiations with the firm.

The rates of galvanised iron wire ranging from Rs.6800 to Rs.7398 per tonne allowed on the basis of single offers to a firm of Modinagar for supply of 241 tonnes of wire during April to November 1983 were higher by Rs.150 to 248 per tonne as compared to the rates of Rs.6650 to Rs.7150 per tonnes allowed to the firm of Ghaziabad on single offer basis for supply of 91 tonnes of wire during June 1983 to March 1984. On the basis of the latter rates, purchase of 241 tonnes wire from the firm of Modinagar resulted in extra expenditure of Rs.0.45 lakh.

2B.2.3. *Parvat Plastics*

With a view to meeting the requirement of Forest Department of low density poletene bags, a small industrial unit, called Parvat Plastics, was established by the Company in 1977 with a total capital investment of Rs. 0.72 lakh. A feasibility report approved by the Board in October 1976 envisaged annual production of 66 tonnes of polythene bags by processing 67 tonnes of granules, after providing 2 *per cent* process loss, and anticipated annual profit of Rs.1 lakh (excluding head office overheads).

It was observed that capacity utilisation for processing of granules was below the target in 1980-81 to 1983-84, being 65.8 *per cent* (40 tonnes) in 1980-81, 73.8 *per cent* (50 tonnes) in 1981-82, 73.9 *per cent* (50 tonnes) in 1982-83 and 74.5 *per cent* (50 tonnes) in 1983-84, while the utilisation in 1984-85 was 101.8 *per cent* (68 tonnes).

Further, the process losses were higher than 2 *per cent* in all the 5 years, being 9.8 *per cent* in 1980-81, 7.3 *per cent* in 1981-82, 7.7 *per cent* in 1982-83, 6.8 *per cent* in 1983-84 and 11.1 *per cent* in 1984-85, the loss due to excess wastage over norm during the 5 years being 17.551 tonnes of granules valuing Rs.1.13 Lakhs.

As against the profit envisaged, there was loss in working results in all three years from 1980-81 to 1982-83 up to which the accounts were prepared, the loss being Rs.1.13 lakhs in 1980-81, Rs.0.87 lakh in 1981-82 and Rs.0.80 lakh in 1982-83.

The loss was attributed by the Management in September 1985 to placement of orders by the Forest Department at rates lower than the cost of production. It was, however, observed that the Forest Department placed orders on the Company for 75 *per cent* of its requirements at the lowest market rates ascertained after inviting tenders from time to time plus 5 *per cent* as price preference allowable to the Company as per standing orders of Government. Thus, the cost of production was much higher than the market rates, which was partly due to lower production and partly to higher process losses than those envisaged in the project report.

2B.2.4. *Parvat Nails*

As per a scheme formally approved by the Board in February 1977 without any market survey, another industrial unit, called Pargat Nails, was set up by the Company in November 1978 at Kathgodam at a cost of Rs.0.12 lakh for manufacture of nails expected to be used in fruit packing cases, the installed capacity being 30 tonnes annually and anticipated profit being Rs.0.31 lakh per annum.

From the data in Annexure 9, it would be observed that capacity utilisation was only 12.4, 4.4, 7.9, 3.4 and 5.8 *per cent* during 5 years from 1980-81 to 1984-85, respectively; and the Company incurred losses in all years, losses being Rs.0.11 lakh, Rs.0.09 lakh, Rs.0.04 lakh, Rs.0.13 lakh and Rs.0.22 lakh, respectively.

The losses were mainly due to low demand for the nails produced by the Company, due to which even on production being much less than the installed capacity, closing stocks of nails at the close of the year as compared to the sales during the year varied from 190 *per cent* to 1776 *per cent* during 1980-81 to 1983-84 and were reduced to 71 *per cent* at the close of 1984-85.

2B.2.5. *Unsuccessful venture of fruit marketing scheme*

On directive of the Government, a scheme for fruit marketing was undertaken in 1972 to provide remunerative prices to fruit growers in Kumaon hills, though the scheme was con-

sidered by the Company to be uneconomical. In March 1981, a term loan of Rs.10 lakhs was obtained from Government towards working capital for operation of the scheme from year to year.

While targets of procurement and sale of fruits were increased by the Government gradually from 300 tonnes in 1980-81 to 350 tonnes in 1981-82 and 1982-83, 500 tonnes in 1983-84 and 1500 tonnes in 1984-85 (total 3000 tonnes), actual procurement and sales were only 11 tonnes in 1980-81, 1.35 tonnes in 1981-82, 15.62 tonnes in 1982-83, 58.99 tonnes in 1983-84 and 15 tonnes in 1984-85 (total 102 tonnes), the total actuals for 5 years were 3.4 per cent of the total targets for the period.

During 3 years from 1980-81 to 1982-83, for which the accounts were prepared, maximum expenditure of Rs.0.74 lakh was in 1982-83 (out of working capital of Rs.10 lakhs provided), the expenditure during earlier 2 years being Rs.0.47 lakh and Rs.0.07 lakh. There was loss of Rs.0.44 lakh during the three years ending 1982-83.

2B.2.6- *Unsatisfactory working of plant marketing scheme*

In September 1976, at the initiative of the Government, the Company agreed for construction of 6 mist chambers for nurseries for sale of plants/saplings to Forest Department and other parties for afforestation and vegetation propagation. A detailed scheme approved by the Board in October 1976 provided for construction of 6 mist chambers at a capital cost of Rs.6.41 lakhs, envisaging growing and selling of 2.20 lakh plants at a recurring expenditure of Rs.3.35 lakhs annually. It was stated that it would not be possible to assess the selling prices of the plants as the then selling prices of the plants grown by Forest and Horticulture Departments used to be nominal and thus income from sale of plants would not meet the cost. While approving the scheme, the Board resolved that in case of any loss in running the scheme, the Government would be approached for meeting such loss.

A term loan of Rs.10 lakhs was taken from Government in March 1977 and two mist chambers, one at Bhowali and the other at Tarikhet, were constructed in June 1977 and

August 1980, respectively, at a cost of Rs. 2.06 lakhs. As the running of mist chamber at Bhowali was found uneconomical, the Company approached the Government in September 1978 for transfer of the mist chambers of Bhowali and Tarikhet (under construction) together with unspent amount of loan to the Forest Department. Subsequently, in February 1980, the Company requested the Government for postponement of transfer, but the Government asked the Company to refund the unspent amount together with interest, which was not done; and in February 1984, the Company approached the Government for treating the loan as subsidy on the ground that the running of the mist chambers was a promotional activity and not a commercial one. The Government did not accept the proposal of the Company and directed it to refund the loan together with interest thereon. The loan together with interest at 10 per cent annum has not been refunded by the Company so far (March 1986).

Number of plants sold during the last 5 years up to 1984-85 from Bhowali and Tarikhet mist chambers was 0.85 lakh and 1.23 lakhs, as against the anticipation of sale of one lakh and 1.60 lakhs plants, respectively, according to the scheme.

Both the mist chambers were running in loss every year up to 1984-85 except that the chamber at Bhowali earned profit of Rs. 0.04 lakh during 1981-82. For Bhowali chamber, the total expenditure during 5 years ending 1984-85 was Rs. 1.31 lakhs against income of Rs. 0.50 lakh, the loss working out to Rs. 0.81 lakh. For Tarikhet chamber, the total expenditure during the period was Rs. 1.11 lakhs against income of Rs. 0.32 lakh, the loss working out to Rs. 0.79 lakh. The total loss in running the two chambers during 5 years ending 1984-85 amounted to Rs. 1.60 lakhs (excluding depreciation, interest on loan and headquarter overheads).

2B.2.7. *Unsatisfactory working of scheme of Marketing of Jari-buti*

In April 1981, the Company got the sole right from Government for extraction of *Jari-butie* (herbs) from the forests of Kumaon region and sale thereof in open market; and in July 1981, the Board approved a *Jari-buti* development project which, *inter alia*, mentioned that the work of collection and sale of *Jari-buti* and its development was being done previously by Bheshaj Sahkari Sangh under the Co-operative Department but

due to mismanagement and inadequate budget, these activities had been entrusted to the Company and divided the activities to be undertaking in three parts, namely (a) collection and sale of *Jari-buti*, (b) development of *Jari-buti* farming by providing technical know-how to the farmers by establishing demonstration farms, and (c) establishment of factories for processing of *Jari-buties* and production of tooth power, hair and edible oil, scents and *dhoop agar batties*.

Last two activities (b) and (c) have not been undertaken by the Company so far (March 1986). As regards the first activity (a) also, the collection of *Jari-buti* has been done by Bheshaj Sahkari Sangh and Co-operative societies as was done by them prior to taking up this activity by the Company and the Company procured *Jari-buties* from them on cost plus 10 per cent commission and sold the material in open market as was done previously by the Sangh and the societies.

For the first two years of the operation of the scheme, viz- 1981-82 and 1982-83, for which the accounts have been prepared against expectations of procurement and sale of 1521 tonnes of *Jari-buties* and profit of Rs. 3.02 lakhs annually as per the project report, the procurements were 285 tonnes (18.7 per cent) and 408 tonnes (26.8 per cent) and sales were 51 tonnes (3.4 per cent) and 231 tonnes (15.2 per cent) and losses were Rs. 1.19 lakhs and Rs. 0.44 lakh.

The losses during 1981-82 and 1982-83 was due mainly to lower procurements and sales during both year as compared to the anticipations. A part from low procurements, it was observed that (a) expenditure on grading and packing of *Jari buties* during 1981-82 and 1982-83 was Rs. 292 and Rs. 268 per tonne as compared to the expenditure of Rs. 79 per tonne envisaged in the project report, and (b) expenditure on transportation charges of *Jari-buties* during the above two years was Rs. 198 and Rs. 304 per tonne as against Rs. 118 per tonne envisaged in the project report.

2-B.2.8. *Low utilisation of material ropeway installed*

On the basis of a preliminary project report prepared in April 1977, the Company constructed and commissioned in May 1978 a material ropeway between Lehric and Banjdali in Nani-tal district at a cost of Rs. 7.18 lakhs, as against Rs. 2.20 lakhs envisaged in the project report. The ropeway was constructed

to reduce rough and bridle path of 5 kms to 0.7 km and thereby providing easier facility of transportation of essential and marketable commodities to the people of that area.

It was observed that :

(a) Against anticipation of transportation of 1,680 tonnes of materials annually as per the project report, the actual transportation during 1978-79 to 1984-85 varied from 34 tonnes in 1980-81 to 97 tonnes in 1978-79, the percentage achievement being 2.04 to 5.77 per cent.

(b) Against anticipation in the project report of gross income of Rs.1.85 lakhs, expenditure of Rs.0.45 lakh (excluding depreciation and interest on capital investment) and profit of Rs.1.45 lakhs annually, the gross income varied from Rs.1 thousand to 2 thousand against expenditure of Rs.5 thousand to 24 thousand. As a result, the Company sustained cash loss of Rs.0.70 lakh up to 1984-85 in the operation of the ropeway without worth while benefits to the people of the area for marketing of products.

2-B.2.9. *Promotion of tourism*

Tourism activity of the Company mainly comprises of running and maintenance of tourist rest houses for providing lodging and catering services to tourists and package tours which included Kailash-Mansarovar *Yatra*. In accordance with Government decision taken in January 1977, 17 tourist rest house of the Department of Tourism, either existing at that time or subsequently constructed in Kumaon region, were taken on lease by the Company from time to time, for which no lease deeds have been executed (March 1986). The Company has been paying to Government 25 per cent of the net profits earned from lodging services (excluding catering). A review of the records brought out the following :

(a) From the data in the table below, it would be observed that while the bed capacity has been increased from 0.70 lakh in 1980-81 to 1.71 lakhs in 1984-85, the occupancy percentage has been low, being 20.2 to 22.3 per cent during 1980-81 to 1983-84 and 27.9 per cent in 1984-85.

Year	Bed capacity for the year	Actual occupancy	Percentage of occupancy	Income	Exenditure	Surplus (+)/ deficit (-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(Rupees in lakhs)						
1980-81	69,906	14,104	20.2	3.21	2.14	(+)1.07
1981-82	1,45,540	32,436	22.3	6.29	4.65	(+)1.64
1982-83	1,47,460	32,232	21.9	9.26	7.39	(+)1.87
1983-84	1,55,916	34,785	22.3			
1984-85	1,71,960	47,965	27.9			

The profit in lodging and catering service during all the three years was mainly due to payment of nominal lease rent by the Company to the Government (Rs.7 thousand in 1980-81, Rs.23 thousand in 1981-82 and Rs.4 thousand in 1982-83) on the Government investment of Rs.178.22 lakh in the 12 rest houses leased to the Company and non-provision of any depreciation thereon. Even then, six rest houses, out of 12 which were taken over up to 1982-83, were running in loss each year since their takeover on lease.

(b) The profits on lodging and catering services were off set by losses in package tours as shown by data below, from which it will be observed that losses on package tours have increased though the number of package tours and number of tourists have increased.

(The number of tourists per package tour has shown a decline, though that may be due to different mix of transport vehicles).

Particulars	1980-81	1981-82	1982-83	1983-84	1984-85
1. Number of package tours under taken	115	181	433	593	56
2. Number of tourists availing package tour facilities	2668	4564	6031	6717	6361
3. Number of tourists per package tour	23	25	14	11	11
4. Financial results of package tours :	(Rupees in lakhs)				
(a) Income	1.61	3.05	8.36	Accounts in arrears	
(b) Expenditure	4.36	8.50	16.02		
(c) Profit (+)/					
Loss (-)	(-)-2.75	(-)-5.45	(-)-7.66		

2B.3. *Other topics of interest*

2B.3.1. *Accounting Manual and internal audit*

The Company has no accounting manual laying down accounting procedures and defining the functions, duties and responsibilities of various functionaries for appropriate financial control. No purchase procedure for direct purchases has been laid down.

There is an internal audit cell comprising of an internal audit officer assisted by four officials, but detailed drill for internal audit has not been laid down. The internal audit officer has been also holding additional charge of Finance Manager since April 1982 and of Divisional Manager, Industries, since June 1982.

2B.3.2. *Undue favour to contractor in construction of tourist rest house, Binsar*

An agreement was executed with a contractor of Ranikhet in January 1978 for construction of a tourist rest house at Binsar at a cost of Rs.6.83 lakhs. The work was to be completed by October 1978.

Against provision in the agreement for 75 per cent payment to the contractor on the cost of materials required and brought to the site of the work, the Company paid 90 per cent advance aggregating Rs.1.37 lakhs in 3 instalments during October 1978 to April 1980 against 3,597.73 cu. ft. timber (value : Rs.1.52 lakhs) purchased by the contractor, on the basis of measurement recorded in October 1978 by a Junior Engineer of the Company and kept in the godown of a timber merchant at Haldwani and not brought to the site of work. Further, in May 1980, the Company paid 100 per cent advance amounting to Rs.0.59 lakh to the contractor against collection of 225.62 cu. m. stone at site.

The contractor left the work in June 1981 after executing part of the work of value : Rs.1.45 lakhs including extra items of work of value : Rs.0.91 lakh. Apart from the advance payment towards timber and stone, the running payments made by the Company to the contractor till June 1981 amounted to Rs.1.29 lakhs from which the advances towards timber and stone paid to the contractor were not adjusted from time to time. No wood work was done and timber available at site in October 1982 was only 485.20 cu. ft. of value : Rs.0.23 lakh

Thus, the Company did not ensure utilisation in its work or availability at site of timber against which advance payments had been made.

The account of the contractor was finalised by the Company in May 1985 and a recovery of Rs. 1.40 lakhs was worked out against him (after adjusting his pending bills and security and material available at site from the advance of Rs. 1.96 lakhs and cost of material of Rs. 0.15 lakh issued to the contractor but not consumed on the work). The proposed recovery of Rs. 1.40 lakhs from the contractor did not include penalty of Rs. 0.69 lakh leviable for non-completion of the work and recovery of Rs. 0.14 lakh due for the cost of cement lying with the contractor at penal rate as per terms of the contract.

The case was pending in a court of law (March 1986).

2B.3.3. *Infructuous expenditure of Rs. 0.41 lakh on providing drinking water facilities at tourist complex*

In July 1977, the Company issued a work order to a contractor of Naini Tal for construction of tank, pump-house and laying of pipe-line at Binsar tourist complex for Rs. 0.48 lakh, with pipes to be issued by the Company. The work was to be completed within six months. The contractor left the work in October 1978 after executing the work valuing of Rs. 0.41 lakh against which running payment of Rs. 0.38 lakh was made in April 1978 on certification by the then Divisional Manager (Construction) of the Company about the quality and quantity of work executed by the contractor.

As a result of court case filed by the contractor for recovery of his dues of Rs. 7 thousand having been decided in his favour, the amount was released by the Company to the contractor in July 1981.

On inspection by an Assistant Engineer of the Company in November 1979, the civil work was found defective in various respects; and as the work was found to be of no use to the Company, another site was selected and the work got executed through another contractor for Rs. 0.80 lakh.

No responsibility for infructuous expenditure of Rs. 0.41 lakh on earlier construction has been fixed so far (March 1986).

2-B.3.4. *Pending dues for supply of barbed wire*

In October 1978, the Company received an order from Uttar Pradesh State Electricity Board (UPSEB) for supply of

150 tonnes of barbed wire at Rs. 4,230 per tonne FOR destination, the price being subject to escalation on the cost of raw material. Supplies were to be completed by April 1979 and in case of delay in supply, the Company was liable for price reduction at half *per cent* per week subject to a maximum of 5 *per cent* of the contract value of wire supplied beyond due date of delivery. Payments for supplies were to be made by consignee divisions of the Uttar Pradesh State Electricity Board on the basis of 90 *per cent* against despatch documents and remaining 10 *per cent* on receipt of material.

The Company supplied 150 tonnes of wire to various divisions of UPSEB during May to November 1979. Since supplies were delayed by the Company, various consignee divisions of UPSEB withheld 10 *per cent* payments aggregating Rs. 0.63 lakh as price reduction till approval of the time extension. The Company also claimed in March 1980 Rs. 1.43 lakhs on account of price escalation of raw material on the basis of supporting documents and also sought extension of delivery schedule from the UPSEB on the ground of non-receipt of raw materials from its suppliers in time and non-availability of railway wagons for despatch of barbed wire. UPSEB requested the Company in August 1980 to furnish certain clarifications relating to price variation and documentary proof for non-availability of railway wagons. The Company has not furnished the UPSEB such particulars so far (March 1986). The amount of Rs. 2.06 lakhs on account of pending bills and claim for price variation clause remains unrecovered from UPSEB even 6 years after the supply.

In March 1984, an individual of Lucknow promised to get the amount recovered from UPSEB within 3 to 4 months on payment of Rs. 0.10 lakh in advance as his service charges. The Company paid the amount to him but no results have followed (March 1986).

2-B.3.5. *Loss due to deterioration in stock of Jari-buties*

Complete physical verification of *Jari-buties* with reference to book balance was not done during the years 1981-82 to 1984-85. The quantities of spoiled and deteriorated *Jari-buties* were also not assessed from time to time.

The stock of *Jari-buties* of Kathgodam centre was handed over by the then store-keeper to another store-keeper on 1st July 1983 without working out the book balance and determining

the shortages, if any, in stock either at the time of handing over of the charge or at any subsequent stage.

During audit in September 1985, on the basis of stock entries, the balances were worked out in a statement which showed that against book balance of 363.18 tonnes of *Jari-buties*, only 137.50 tonnes were handed over in July 1983 and 51.72 tonnes were sorted out of the balance and accounted for between July 1983 and March 1984. Balance quantity of 173.96 tonnes of value : Rs.3.28 lakhs was lying in spoiled and deteriorated condition. The above lot of *Jari-buties* was sold by the Company to a firm of Kathgodam in March 1984 at a lump-sum price of Rs.0.20 lakh after negotiations. There was thus loss of Rs.3.08 lakhs, for which neither any investigation has been made nor any responsibility has been fixed (March 1986).

2.B.4 *Summing-up :*

(1) The Company, incorporated in March 1971 with the main objective of ensuring economic development of Kumaon division, set up 4 industrial units for processing of resin and for production of barbed wire, polythene bags and iron nails ; started marketing activities like collection and sale of boulders and *bajries* and *Jari-buties*, vegetation and sale of plants, and establishment and operation of a ropeway ; took up agency business for distribution of cooking gas ; undertook tourist promotion activities and set up a civil construction division and a unit for manufacturing cement blocks for use in civil works.

The Company has finalised annual accounts up to 1982-83, up to which the accounts showed accumulated profits of Rs.15.42 lakhs, subject of course to aspects of pricing policies in rosin and turpentine factory and nominal lease rest., etc., paid in respect of assets taken in the form of rest houses transferred by the Government and profit from agency business. Review brought out the following major aspects in respect of 8 activities.

(2) In regard to 4 industrial units, major aspects noticed were as below and show low utilisation in all cases and adverse-working results in 3 units contrary to anticipations in the project report.

(a) In regard to rosin and turpentine factory, utilisation of the installed capacity, shown as 1850 tonnes in the project report, was low during the 5 years up to 1984-85, and varied from 28.2 per cent in 1981-82 to 63.5 per cent in 1984-85.

Further, processing of resin was to result in recovery of 75 *per cent* rosin and 17 *per cent* turpentine oil, the balance 8 *per cent* being process loss, and various grades of rosin recovered were to be to the extent of 51 *per cent* of grade I (pale), 34 *per cent* to grade II (medium) and 15 *per cent* of grade III (dark). The process loss in 5 years up to 1984-85 conformed to norms only in 1984-85 and various from 9.3 *per cent* to 14.9 *per cent* in other 4 years up to 1983-84, the excessive process loss totalling to 82 tonnes of rosin valuing Rs.3.15 lakhs. The production of higher grades of rosin was in less proportions in all the five years and resulted in loss of Rs.5.71 lakhs.

(b) The barbed wire factory (Parvat wires) with a processing capacity of 1,424 tonnes was commissioned at a cost of Rs.3.69 lakhs at Kathgodam, anticipating annual profit of Rs.5.76 lakhs. To the 4 machines installed in August 1977, 4 more were added in January 1979 without any firm basis.

Capacity utilisation was lower than the installed capacity and declined over the years from 78.7 *per cent* (1,111 tonnes) in 1980-81, to 18.4 *per cent* (259 tonnes) in 1984-85 and there was decline in profit from Rs.6.91 lakhs in 1980-81 to Rs.2.01 lakhs in 1981-82 and to Rs.1.89 lakhs in 1982-83, due to decrease in production.

Out of 1,117 tonnes of galvanised iron wire valuing Rs.77.97 lakhs purchased by the Company, purchases of Rs.24.48 lakhs were made on the basis of limited quotations and of Rs.46.44 lakhs (59.6 *per cent*) on the basis of single quotations.

In one case of purchase of 241 tonnes of wire from a firm of Modinagar, it was noticed that the rates were higher by Rs.150 to Rs.248 per tonnes as compared to the rates quoted by a Ghaziabad firm, involving extra expenditure of Rs.0.45 lakh with reference to rates of latter firm.

(c) A unit called Parvat Plastics was set up in 1977 with a total capital investment of Rs.0.72 lakh for manufacture of polythene bags, envisaging annual production of 66 tonnes of polythene bags (by processing 67 tonnes of granules, after providing 2 *per cent* process loss) and annual profit of Rs. one lakh.

During 5 years up to 1984-85, the capacity utilisation for processing of granules was below the target (40 tonnes in 1980-81 and 50 tonnes each in 1981-82 to 1983-84) ; the actual wastage

of granules in processing ranged from 6.8 *per cent* to 11.1 *per cent* during all five years, resulting in loss of Rs. 1.13 lakhs on this account; and there was loss in working results in all the three years from 1980-81 to 1982-83 up to which the accounts were prepared (total loss in 3 years : Rs. 2.73 lakhs), though the Forest Department met 75 *per cent* of its requirements on the basis of market rates as ascertained after inviting tenders plus 5 *per cent* as price preference.

(d) Without any market survey, a unit, Parvat Nails, was set up in February 1979 to manufacture 30 tonnes of nails annually, anticipating profits of Rs. 0.31 lakh per annum. During 5 years up to 1984-85, the capacity utilisation varied from 3.4 *per cent* to 12.4 *per cent* and there were losses in all the years, varying from Rs. 9 thousand to Rs. 22 thousand, total loss in 5 years being Rs. 0.59 lakh, due to poor demand of the product. The closing stock of nails as compared to sales varied from 190 *per cent* to 1,776 *per cent* during 1980-84 which was reduced to 71 *per cent* at the close of 1984-85.

(3) Review of marketing activities, other than collection and sale of boulders and *bajries*, showed unsatisfactory performance as below :

(a) Though it was considered uneconomic by the Company, it undertook a scheme for fruit marketing at the instance of the Government which provided a loan of Rs. 10 lakh as working capital for operations from year to year.

As against the increasing targets of procurement and sale fixed by the Government from year to year, totalling 3,000 tonnes of fruits during the five years ending 1984-85, the actual sales were only 102 tonnes (3.4 *per cent*). There was a loss of Rs. 0.44 lakh during the three years ending 1982-83. Against working capital loan of Rs. 10 lakhs, maximum expenditure in a year was Rs. 0.74 lakh in 1982-83, total expenditure being Rs. 1.31 lakhs in the three years upto 1982-83.

(b) At the initiative of the Government, a term loan of Rs. 10 lakhs was taken from Government in March 1977 and two mist chambers were constructed in June 1977 and August 1980, at a cost of Rs. 2.06 lakhs for nurseries, for sale of plants/sapplings to Forest Department and other parties for afforestation and vegetation

propagation, without assessing its profitability. In view of the uneconomical running of mist chamber at Bhowali constructed in June 1977, the Company requested for transfer of two chambers (at Bhowali and Tarikheth) to the forest Department, but this was not accepted by the Government who directed the Company to refund the term loan along with interest, which has not been done.

Number of plants sold during the last 5 years up to 1984-85 was 0.85 lakh and 1.23 lakhs as against one lakh and 1.60 lakhs envisaged in the scheme and total loss in running the two mist chambers amounted to Rs.1.60 lakhs (excluding depreciation, interest on loan and headquarters overheads).

(c) The Company got in April 1981, sole right for extraction of *Jari-buties* from the forest of Kumaon region reportedly due to mis-management by a Sahkari Sangh under the Cooperative Department. Out of 3 activities envisaged, two, viz-development of *Jari-buties* by establishing demonstration farms and establishment of factories for processing the *Jari-buties*, were not undertaken. The third activity of collection and sale of *Jari-buties* has also been done only through the Sahkari Sangh mentioned above and material after purchase is sold in market as was previously done by the Sangh and its societies.

For the 2 years, 1981-82 and 1982-83, for which accounts have been prepared, against the expectation of procurement and sale of 1,521 tonnes of *Jari-buties* and profit of Rs.3.02 lakhs annually, procurements were 285 tonnes (18.7 per cent) and 408 tonnes (26.8 per cent) sales were 51 tonnes (3.4 per cent) and 231 tonnes (15.2 per cent) and losses were Rs.1.19 lakhs and Rs.0.44 lakh. Apart from low procurement, expenditure on grading and packing and on transportation was very high as compared to anticipations in the project report.

(d) To facilitate transportation of essential and marketable commodities to the people of the area, a material ropeway was constructed in May 1978 between Lehrich and Banjdali at a cost of Rs.7.18 lakhs as against Rs.2.20 lakhs envisaged in the project report. Against annual transportation of 1,630 tonnes of material envi-

saged, the actual transportation during 6 year from 1978-79 to 1984-85 varied from 34 tonnes in 1980-81 to 97 tonnes in 1978-79. The Company sustained a cash loss of Rs.0.70 lakh up to 1984-85 in the operation of ropeway, without worthwhile benefits to the people of the area, for marketing of products.

For promotion of tourism, the Company has obtained 12 rest houses on lease from the Government for which no lease deeds have been executed. Though the bed capacity has increased from 0.70 lakh in 1980-81 to 1.71 lakhs in 1984-85, occupancy percentage has been 20.2 to 27.9 *per cent*. The Company has been showing overall profit in lodging and catering activities varying from Rs.1.07 lakhs to Rs.1.87 lakhs in 1982-83 for which accounts have been prepared, due to payment of nominal lease rent to the Government, non-charging of interest and depreciation on investment of assets of Rs.1.78 crores transferred by Government in the form of 12 rest houses. However, 6 out of 12 rest houses were still showing loss each year.

The Company incurred loss in package tours in all the three years up to 1982-83. The losses increased from Rs.2.75 lakhs in 1980-81 to Rs.7.66 lakhs in 1982-83 in spite of increase in package tours from 115 in 1980-81 to 433 in 1982-83 (Accounts for later periods have not been prepared).

(5) Other points of interest noticed are as below :

(a) There is an internal audit cell but the detailed drill for internal audit has not been laid down.

(b) The Company advanced during October 1978 to May 1980, Rs.1.96 lakhs to a contractor as secured advance without ensuring availability of the material at site. The contractor left the work half way in June 1981. Recovery of Rs.1.40 lakhs, excluding penal charge of Rs.0.69 lakh, is awaited.

(c) The work of providing drinking water facilities at a tourist complex was awarded in July 1977 to a contractor at a total cost of Rs.0.48 lakhs. The contractor left the work in October 1978 after executing work of the value of Rs.0.41 lakh, whose quality and

quantity had been certified by Divisional Manager. The civil work was subsequently found defective in various respects and the entire work was executed by another contractor at another site for Rs.0.80 lakh. No responsibility for infructuous expenditure of Rs.0.41 lakh has been fixed.

(d) The Company supplied 150 tonnes of barbed wire to various divisions of the UPSEB during May to November 1979. As there were delay in supply, the Board withheld Rs.0.63 lakh as price reduction in accordance with the terms of the supply order, pending approval of extension of delivery schedule sought by the Company. The Company also claimed Rs.1.43 lakhs towards price escalation of raw material in March 1980, but information/clarification asked for by the Board in August 1980 has not been furnished by the Company (March 1986). The amount of Rs.2.06 lakhs thus remains unrecovered from the Board even after six years of supply of material.

(e) Physical varification of *Jari-buties* was not done during 1981-85.

There was loss of Rs.3.26 lakhs due to 173.96 tonnes of *Jari-buties* lying in spoiled and deteriorated condition.

CHAPTER III

Miscellaneous Topics of interest relating to Statutory Corporations and Companies

3A :—*Uttar Pradesh State Electricity Board*

3A.1. *Short assesment of revenue*

During the course of test check, from April 1984 to September 1985, cases of under assessment of revenue aggregating Rs. 245.60 lakhs were noticed in 17 units. Out of this, short-charge of Rs. 120.51 lakhs was on account of non-billing/short billing in 2,642 cases ; of Rs. 0.79 lakh for incorrect charging for defective meters recorded in one case, of Rs. 117.88 lakhs on account of non-realisation of additional security deposit and of Rs. 6.42 lakhs on account of non-installation of shunt capacitor. Brief particulars of the cases are given in the table given on next page.

Name of the unit	Number and category of consumers	Amount of short charge (Rupees in Lakhs)	Period of short charge	Particulars	When audited	When reported to the Board Government	Amount realised (Rupees in lakhs)	Other remarks
1	2	3	4	5	6	7	8	9

A. Non-short-realisation of revenue

1. Electricity Distribution Division — I Muzaffarnagr.	3 heavy and large power consumers.	51.55	September 1980 to February 1984 (excluding September 1981 to January 1982, when the meter was defective).	There was a separate feeder for the consumers. 1.86 crore units of energy were sent out through 11 KV line on the basis of meter reading of the meter installed at sub-station, against which 82.57 lakh units were recorded by the meters installed at the consumer's premises. 1.03 crore units remained unbilled.	December 1984	August November 1985.		A committee was formed in August 1984 to investigate into the cases. Its report is awaited.
2. Electricity Distribution Division—II, Varanasi.	Two large and heavy power consumers with contracted load of 100 Kw and 4100 KVA.	42.41	May 1982 to April 1985.	Consumption for factory and domestic purposes for which there was no separate metering, was not billed at higher rate of 75 paise per unit.	May 1985	October 1985.		

Name of the unit	Number and category of consumers	Amount of short charge (Rupees in)	Period of short charge	Particulars	When audited	When reported to the Board Govern.	Amount realised (Rupees in lakhs)	Other remarks
1	2	3	4	5	6	7	8	9
3. Electricity Distribution Division, Barabanki	One heavy power consumer (connected load : 3400 KW)	9.91	October 1982 to April 1985	Development rebate of 10 per cent allowable to new industrial units was incorrectly granted to a consumer who was sanctioned additional load of 1700 KW in October 1982 (above existing load of 1700KW since January 1977) to meet its expansion requirement.	February 1985	July/September 1985	—	The bill for inadmissible development rebate was raised; the consumer has obtained stay order from the High Court.
4. Electricity Distribution Division II, Lakhimpur Kheri	One mixed load consumer (connected load : 375 KW)	2.58	April 1983 to December 1985	The consumer was billed under rate schedule applicable for mixed load, instead of rate applicable to industrial consumers with connected load of more than 200 KW	November 1984	April/September 1985		
5. Electricity Distribution Division I, Muzaffarnagar	One heavy power consumer with contracted load 878 KVA	1.08	December 1983 to September 1984	Extra charge at 7.5 per cent for supply at low voltage (400 volt) was not levied	December 1984	August/October 1985		

5. (a) Hydel
Generation
Division,
Kalagarh
- (b) Electricity 5 large and 0.98 February 1983 The consumers were April to December 1934/
Distribution heavy power to April 1984 not billed for sur- September October
Division, Mirzapur charge for lower 1984 1985
and consumers
- (c) Electricity
Distribution
Division,
Sultanpur
7. (a) Electricity 1073 Gram 2.86 1975-76 to Bills were not raised June 1984 November
Distribution Sabhas of 1984-85 against consumers to January 1983/May
Division, Harijan
Tehri Basties Electrified during 1985 1985
1970 to March 1984
- (b) Electricity
Distribution
Division
Hardoi and
- (c) Electricity
Distribution
Division II,
Deoria
8. Electricity 346 small and 7.52 November The consumers were June 1984 November/
Distribution medium power 1982 to billed at the old December
Division, light and fan 1984 rates instead of
Kashipur consumers enhanced revised
(district rates effective from
Nainital) 1st November 1982

Name of the unit	Number and category of consumers	Amount of short charges (Rupees in lakhs)	Period of short charge	Particulars	When audited	When reported to the Board Government	Amount realised (Rupees in lakhs)	Other remarks
1	2	3	4	5	6	7	8	9
9. (a) Electricity Distribution Division, Pilibhit and (b) Electricity Distribution Division I, Bareilly	1204 Janata service connections	0.54	November 1982 to June 1985	The bills were raised at Rs. 3.75 per month per one light point and Rs. 5 for two three light points per month instead of revised rates of Rs. 7.50 and Rs. 10— respectively— effective from 1st November 1982	July/August 1985	October 1985/ February 1986		
10. Electricity Distribution Division Barabanki	One small and medium power consumer connected load : 45 BHP	0.69	April 1981 to July 1984	The multiplying factor was incorrectly applied at one instead of two	February 1985	July/ September 1985		The assessment has since been finalised and notice under section 3 of Electricity Dues (Recovery) Act, 1958 has been issued due to non-receipt of payment from the consumer (April 1986)
11. Electricity Distribution Division I, Jaunpur	5 large and heavy power consumers	0.89	April to May 1984	Non-levy of additional charges on delay in making payments of energy bills.	January 1985	May/ September 1985		

B. Under charge for defective meters

12. Electricity Distribution Division I, Moradabad	One heavy power consumer (contracted load : 395 KVA)	0.79	May 1982 to November 1983	The meter of the consumer was found defective and in March 1984 check meter was installed. Based on test meter reading, the consumer should have been billed for 23456 units per month as against 17320 units per month actually billed, resulting in short billing for 1.17 lakh units	October 1984 and February 1986
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C Non-realisation of additional security deposit

13. Electricity Distribution Division—II Lakhimpur Kheri	3226 Large and heavy power, small and medium power and private tubewell con- sumers	6.93	March 1983	On issue of orders in November 1982 for Levy of higher rate of security, addi- tional security deposit was not levied	November 1984	April/ October 1985	1.76 (up to September 1985)
14. Electricity Distribution Division, II Deoria	311 private tubewell con- sumers and 975 small and medium power consumers	4.08	March 1983 to November 1985	On issue of order in November 1982 for levy of higher rate of security, addi- tional security deposit was not levied same as per item.	March 1985	July/ November 1985	The Board in October/November 1985 raised bills amounting to Rs. 0.61 lakh on 7 private tube- wells and 119 small and medium power consumers 13 Till February 1986 Rs. 1387 had been recovered.

Name of the unit	Number and category of consumers	Amount of short charge (Rupees in lakhs)	Period of short charge	Particulars	When audited	When reported to the Board Government	Amount realised (Rupees in lakhs)	Other remarks
1	2	3	4	5	6	7	8	9
15. Kanpur Electricity Supply Administration	3953 consumers of small and medium power	22.49	March to June 1983	On issue of order in November 1982 for levy of higher rate of security, additional security deposit was not levied same as per item 13.	February 1986	February 1986	2.53	
16. Kanpur Electricity Supply Administration	106 large and heavy power consumers	84.38	April 1983 to July 1985	Ditto.		February 1986		
D. Others :								
17. Electricity Distribution Division, Orai	1103 consumers having load in excess of 5 BHP and/or 4 KVA for welding transformers	0.58	July to August 1985	Non-levy of surcharge of 5 per cent Leviable under the rules on the consumers for non-installation of shunt capacitor by June 1985	September 1985	December 1985/ February 1986		
18. Kanpur Electricity Supply Administration	896 consumers of 25 BHP each	5.84	January to May 1985	Surcharge not levied for non-installation of shunt capacitors of appropriate ratings.	September 1985	February 1986		

3A.2.1. *Supply of conductor of short weight*

During August 1977 to May 1979, three orders were placed by Electricity Transmission Design Circle (ETDC) on a firm of Kadiyam (Andhra Pradesh) for supply of ACSR 'Moose', 'Zebra' and 'Panther' conductor with a weight of 2002 kg, 1621 kg and 974 kg per km, respectively.

The supply orders provided for inspection and testing of material before despatch by a representative of the Board unless waiver of inspection was granted in writing.

During test check in audit in September 1985 it was noticed that out of the total supply of 1081 kms of 'Moose', 1500 kms of 'Zebra' and 1003 kms of 'Panther' conductor, only 78 kms, 466 kms and 100 kms of conductor respectively, were inspected. The inspection for the balance quantity was waived by ETDC (during July 1982 to October 1983). The weight of the conductors supplied by the firm was 1993 kg per km for Moose, 1600 kg per km for Zebra and 969 kg per km for Panther, based on the weight mentioned in the supplier's invoices. The short weight of conductors worked out to 4.860 kms, 12.15 kms and 5.435 kms, respectively, calculated with reference to standard weight specified in the order, value of short weight being Rs.5.55 lakhs at ordered prices. No reasons were on record to show as to why sub-standard conductors were accepted and payments were made without deducting any amount short weight.

It was stated by ETDC in September 1985 that the weights of conductors in the orders were approximate and that the actual weight varied due to tolerance in diameter of aluminium and steel strands, lay ratice, etc. However, since the contract provided for minimum and maximum diameter of strands, overall weight of conductor was required to be maintained by the suppliers which was adhered to by other suppliers on whom similar orders were placed.

3A.2.2. *Blocking of funds due to non-adherence of the terms of order resulting in purchase of defective material*

(i) In June 1983, a telegraphic order was placed by 400 kv sub-station, Sarojininagar, Lucknow, on a firm of France for supply of spare parts valuing Rs.17.40 lakhs (including Rs.8.70 lakhs for customs duty) for a 200 tonne self propelled vehicle purchased in 1976 from the firm. The spare parts

received in January 1985, could not be used as these were not according to specifications due to modification in the design of the vehicle. The Divisional Officer stated in May 1985 that the firm's representative during his visit in February 1985 had suggested use of these spare parts at the time of overhauling the vehicle and had also agreed in September 1985 for replacement of spare parts free of charge. Defective spare parts have not been used or replaced so far (April 1986).

(ii) In October 1980, a firm of Calcutta supplied 14 tonnes of nuts and bolts valuing Rs.0.95 lakh to the Electricity Distribution Division, II, Varanasi, against an agreement with Superintending Engineer, Electricity Distribution Circle, Varanasi. 90 per cent payment (Rs 0.92 lakh) was made on receipt of despatch document through bank. Pre-despatch inspection of the materials as required in terms of the agreement was waived by the Superintending Engineer in June 1980.

In October 1981, a report was received from the Sub-divisional Officer concerned, that the consignment contained defective materials and a four member committee was constituted in September 1982 (reconstituted in September 1983) by the Superintending Engineer. The Committee in its report made in December 1983 stated that 6.33 tonnes of nuts and bolts worth Rs.0.46 lakh were defective. The defective supplies have neither been replaced nor recovery for the defective materials has been effected from the firm (April 1985).

The Divisional Officer stated in April 1985 that the legal opinion has been sought for taking the matter to a court of law. No further progress has been made (April 1986).

(iii) A firm of Faridabad supplied 15 sets of upper and lower bowl hub skirt valuing Rs.1.95 lakhs to Mechanical Spares Division, II, Obra in August 1983. The terms and conditions of the order stipulated 100 per cent payment within 30 days of the receipt of the material. The payment was, however, made in July 1983 on the *proforma* invoice before receipt of the the material.

During inspection in November 1983, the material was not found in accordance with the specification and was not suitable for use on works. The firm was requested in November 1983 either to replace the defective material or to remove the defects. No replacement was, however, done by

the firm on the ground that the quality of the material had already been checked by the Assistant Engineer (Stores) of the project before despatch from the firm's works.

The above cases were reported to the Board in August 1985 and to the Government in September-November 1985, their replies are awaited (April 1986).

3A.3. *Undue benefit to suppliers in insurance charges*

(i) The terms of orders placed by ETDC on a firm of Allahabad in January 1979 and in May, August and September 1981 for supply of conductors stipulated that prices payable to supplier included insurance charges for transit for 30/45 days after receipt of conductor at site.

During test check in audit in August 1985 it was noticed that supplier supplied 790.393 and 72.955 kms of conductor to Varanasi and Gorakhpur Electricity Transmission Divisions during 1981 to March 1985 but insured the material up to the point of supply at divisional stores, without covering the period of 30 days after receipt, resulting in undue financial aid of Rs. 2.07 lakhs to the firm.

It was stated by the Divisional Officers in August 1985 that the matter was being referred to the firm for furnishing proof of insurance or to refund the amount of insurance charges in case insurance was not done. Further progress is awaited (January 1986).

(ii) The Superintending Engineer, Hydro-Electric Design Circle I, Dehradun, placed on a New Delhi firm three orders in November 1978, January 1979 and December 1980, for supply and erection of 24 diesel sets valuing Rs. 264.61 lakhs. The orders, *inter alia*, provided for arranging insurance by the supplier during transit, storage and erection up to the time the plant was taken over against all risks for full value of the plant including erection charges. The details of insurance were also required to be indicated by the supplier on each bill.

During the course of audit of Electricity Plan-cum-Power Construction Division, Uttarkashi, in May 1985, it was noticed that though the supplier did not indicate the details of insurance cover on the bills, full payments were made by the division during the period from October 1982 to July 1983. In April 1983, the Superintending Engineer, Hydro-Electric

Design Circle I, Dehradun, instructed the consignee division to recover one *per cent* from 'FOR destination price', from the bills of the firm towards insurance charges. No recovery was, however, made, resulting in excess payment of Rs.2.64 lakh to the firm.

The Divisional Officer stated in May 1985 that in a meeting held in January 1984 between the General Manager and the firm's representative, it was agreed to waive the requirement regarding insurance on the ground that the firm had covered all the risks and liabilities as would have been covered by the insurance. The reply is not tenable as the firm was required to indicate the details of insurance in the bill in accordance with the provisions of the supply orders. Non-enforcement of the conditions resulted in undue benefit to the firm.

The matter was reported to the Board in August 1985 and to the Government in October 1985; their replies are awaited (April 1986).

3A.4. *Infructuous expenditure on stone slabs in underground cable laying*

According to the terms of agreement for underground cabling work from 132 KV Azad Nagar sub-station to 33 KV Muir Mill, awarded by the construction unit of Kanpur Electricity Supply Administration to a firm in Kanpur in January 1983, the cable in the trench was to be covered with river sand, soil and stone slabs. The stone slabs were to be supplied by the department and 11612 stone slabs of value Rs. 1.40 lakhs were supplied for the work. The Board's Construction Manual for 11 KV/33 KV work did not provide for coverage by stone slabs. Further, there was no justification for laying slabs as the Board had paid Rs.5.67 lakhs as road cutting charges to Nagar Mahapalika in March 1980 for repair of roads. Apart from the infructuous expenditure of Rs.1.40 lakhs in the form of cost of slabs, there was infructuous expenditure on labour charges paid for their laying (amount out of consolidated rates not ascertainable).

3A.5. *Transformer lying idle and damaged*

One 10 MVA 33/11 KV transformer purchased from Bharat Heavy Electricals Limited (BHEL) in March 1972 at a cost of Rs.6.50 lakhs was lying unassembled at Panki

Factory area sub-station. In February 1984, the Executive Engineer of construction unit of Kanpur Electricity Supply Administration noticed on visual inspection that some accessories of the transformer were missing. BHEL were requested in March 1984 to assess the extent of damage to the transformer. Though inspection by BHEL in November 1985, revealed that a number of accessories of the transformer were missing, no further action has been taken so far to get the transformer repaired and to put it to use (April 1986) .

3A.6. *Non-recovery of unutilised conductor*

According to the terms and conditions of the contract, the contractors for transmission lines were required to submit the account of the material consumed and return the surplus material, if any, within three months of the completion of the work failing which recoveries were to be made for the cost of the material left unaccounted. During the course of audit of ETCD and Transmission Divisions, Varanasi and Sitapur, in July/September 1985, it was observed that the contractors for 4 weeks had not returned the surplus material to the Board as stipulated in the terms of contracts. The total amount of surplus unreturned conductor worked out to Rs.15.23 lakhs as detailed below:—

Serial no.	Name of the work	Total quantity of conductor issued (in kms)	Period of issue	Quantity of conductor actually used in the work (in kms)	When completed	Quantity to be returned by the contractor after work (in kms)
1	2	3	4	5	6	7
1.	220 KV Single Circuit, Mughalsarai Azamgarh Line	299.558	October 1979 to June 1980	280.121	March 1981	19.437
2.	220 KV Single Circuit Lucknow Sitapur-Shah-jahanpur Line	595.851	March 1981	578.518	March 1982	17.333
3	400 KV Single Circuit Rishikesh Moradabad Line	1033.00	January to March 1979	1007.69	December 1983	25.310
4	132 KV Haldwani Kashipur Line	153.604	November 1980 to August 1981	147.468	..	136

Quantity Good	actually Bits	returned Total	Quantity not returned (in kms)	Value of conductor not returned (Rupees in lakhs)	Remarks
8(a)	8(b)	8(c)	9(a)	9 (b)	10
17,282	.	17,282	2,155	0.86	Bank guarantee expired in May 1981 and no claim of the firm was pending with the division.
6,312	9,080	15,392	1,941	3.84	Bank guarantee expired in May 1981 and firm's claim Rs. 2.96 lakhs were pending against the total value of unreturned stock material of Rs. 6.24 lakhs (including Rs. 3.84 lakhs for conductor)
Nil	Nil	Nil	25,310	9.80	No action had been taken for recovery of the amount.
	5,630	5,630	0,506	0.64	

3A.7. *Excess payments on revision of pay scales*

Pending receipt of the report of the wage committee set-up by the State Government in 1977 to consider the wage structure of Board employees with effect from 1st April 1974, an interim relief of Rs.35 per month was sanctioned by the making the wage committee's scales of pay effective from 1st April 1977.

Consequent upon revision of scales of pay, the interim relief was required to be adjusted against the arrears payable to the employees. However, in October 1977, the Board, while making the wage committee's scales of pay effective from 1st April 1974, converted the interim relief of Rs.35 into fixed dearness allowance with effect from the date of its sanction *viz.*, 1st April 1977. The pay scales were modified by the Board in August 1977 and while arriving at the minimum of the modified pay scales, a portion of interim relief of Rs. 27 was added to the then existing basic pay of the scales without withdrawing the corresponding amount of interim relief converted into fixed dearness allowance.

In a meeting of the Board held in May 1983, the Finance Secretary to the Government of Uttar Pradesh for the first time pointed out that over payment to the extent of Rs.35 per month per employee was being made to the employees. Thereupon, a committee consisting of Chief Controller of Audit and Accounts and the Additional Secretary of the Board was constituted to examine the matter in pursuance of a resolution of the Board. The committee pointed out (December 1983) that over payment to the extent of Rs.27 per month per employee only was being made. The conclusion arrived at by the committee in its report submitted to the Board in October 1983 were as below (as summarised in the agenda note to the Board):

“(a) Due to oversight and non-continuity of the persons associated with the wage committee negotiations from time to time and non-linkage of various clauses of agreement from time to time, an amount of Rs.27 is being paid in excess every month resulting into annual expenditure of Rs.3.24 crores approximately.

(b) It is difficult to say who is basically responsible for this mistake because such an important matter like

wage committee is not being dealt with by any specific unit in the Board but is being dealt with by various persons from time to time. Even the representative from the various departments have been changed frequently which resulted into lack of continuity and lack of understanding as to what had happened during various discussions."

The report was considered in the Board's meeting of July 1984 and it was decided that efforts be made to adjust the excess amount at the time of next wage revision and a separate unit be created in the Board to deal with matters connected with pay revision.

No further wage revision has taken place and no separate unit to deal with matters has been created so far (June 1986).

The matter was reported to the Board in May 1985 to the Government in November 1985; their replies are awaited (April 1986).

3B. VARANASI MANDAL VIKAS NIGAM LIMITED

3B.1. *Idle investment*

On the basis of a feasibility report submitted by a consultancy firm of Kanpur in May 1977 and revised in May 1978 and November 1980, the Company set up a modern woollen yarn dying plant at Baruapur of Varanasi district at a cost of Rs.74.19 lakhs. The plant on commissioning was closed on 15th August 1982.

Non-operation of the plant was attributed by the Management in June 1983 to establishment of the plant at an unsuitable place and its outdated technology which was insufficient to meet the work load. The plant installed at a cost of Rs.74.19 lakhs as well as dyes and chemicals purchased by the Company at a cost of Rs.0.95 lakh in October and November 1982 are lying idle (April 1986).

In view of the abovementioned deficiencies and also due to non-availability of yarn, the Company proposed to the Government in June 1985 to transfer the unit to Bhadohi Woollens Limited. The proposal is under consideration of the Government (April 1986).

The matter was reported to the Management in June 1985 and to the Government in October 1985; their replies are awaited (April 1986).

3C. . UTTAR PRADESH STATE TOURISM DEVELOPMENT CORPORATION LIMITED

3C.1. *Non-recovery of penalty*

The Company in July 1982 awarded the work of fabrication of bus bodies on six chassis to a firm of Jullandhar at Rs.148 lakhs per bus.

As per the agreement entered into with the firm, a prototype bus was to be made available to the Company within 15 days of the agreement and the Company of finding at satisfactory, was to release first lot of 3 chassis 2 of which were to be delivered by the firm after fabrication within 30 days from the release of the chassis. Another lot of 2 chassis was to be released on receipt of the 2 buses out of the first lot and the firm was to complete the fabrication and delivery of the balance 3 buses within an overall limit of 90 days from the date of accepting the prototype bus. In case of delay in delivering the buses, the firm was liable to pay damages at the rate of Rs.100 per day/per vehicle.

However, it was observed in audit in October 1985 that the Company released the second lot of 5 chassis to the firm on 14th August 1982, much before the date (17th December 1982) of second and final inspection of the first bus (prototype) delivered to the Company.

In October 1982, the firm communicated a revised delivery schedule as desired by the Company, according to which 3 buses were to be delivered by 30th October 1982, 2 buses by 10th November 1982 and one bus by 15th November 1982.

Against the abovementioned schedule of delivery, the firm delivered the six buses during 20th December 1982 to 4th February 1984, involving delays ranging from 56 to 445 days. The penalty as required to be levied under the agreement for such delay worked out to Rs.1.25 lakhs. The Company, however, released the entire payment to the firm without levying/recovering liquidated damages.

The contract entered into with the firm was defective in the following respects :

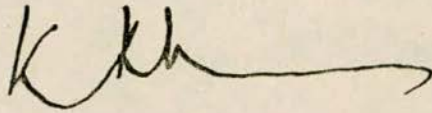
- (a) The pages of contract including modifications/ corrections were not authenticated by any of the parties;

(b) The agreement stipulated that the firm would deposit a security of Rs. 60,000 in the form of cash and or fixed deposit in favour of the Company. However, the firm furnished a surety bond only; and

(c) The surety bond furnished by the firm also was incomplete as the list of assets owned by the firm/partners of the firm as indicated in the bond was not attached.

The Board authorised the Managing Director in November 1983 to fix responsibility on the officers concerned. Further action in this regard is awaited (April 1986).

The matter was reported to the Management and the Government in December 1985, their replies are awaited (April 1986).



(K. KRISHNAN),

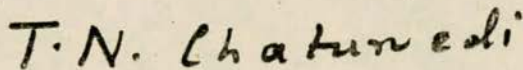
*Accountant General (Audit) II,
Uttar Pradesh.*

LUCKNOW :

THE

124 JUL 1987

Countersigned,



(T. N. CHATURVEDI),

*Comptroller and Anditor General of
India.*

NEW DELHI .

THE

29 JUL 1987

ANNEXURES

ANNEXURE-I

List of companies in which Government have invested more than Rs.10 lakhs but which are not subject to audit by the Comptroller and Auditor General of India.

(Referred to in paragraph 3 of the Preface)

Serial number	Name of company	Total investment up to 1984-85 (Rupees in lakhs)
(1)	Modi Carpets Limited	10.17
(2)	A. R. C. Cement Limited	15.00
(3)	U. P. Twiga Fibreglass Limited	157.02
(4)	Mayur Syntax Limited	20.00
(5)	Upar Chem Limited	26.85
(6)	Shree Acids and Chemicals Limited	15.00
(7)	Shri Bhawani Paper Mills Limited	14.00
(8)	U. P. Straw and Agro Products Limited	11.61
(9)	Jaiwanti Solvents and Chemicals Limited	10.95
(10)	Deki Electronics Limited	10.18
(11)	Sarvodaya Paper Mills Limited	15.47
(12)	Triveni Sheet Glass Works Limited	17.00
(13)	Sulfur (India) Limited	19.71
(14)	Vam Organic Chemicals Limited	19.25
(15)	India Polyfibres Limited	419.89
(16)	Premior Photocircuit Electronics	12.00
(17)	Premior Thermo Compound (India) Limited	10.56
(18)	Upcom Cables Limited	137.91
(19)	India Gulf Fertilisers and Chemicals Limited	136.50
(20)	Jay Pee Aluminium Company Limited	12.74
(21)	UPCAP India Limited	15.60
(22)	National Lamp Industries Limited	19.29
(23)	Triveni Metal Tubes Limited	25.00

ANNEXURE—2

Statement showing Particulars of paid-up capital outstanding loans, upto date working capitals etc. of the Companies (Referred to in paragraphs. 2.2. page 3)

Serial number	Name of Company	Paid-up capital as at the end of current year				Loans outstanding at the close of the current year
		State Government	Central Government	Others	Total	
1	2	3 (a)	3 (b)	3 (c)	3 (d)	4
1	The Indian Turpentine and Rosin Company Limited	18.73	..	3.29	22.92	..
2	Uttar Pradesh Small Industries Corporation Limited	191.75	..	..	191.75	445.28
3	Uttar Pradesh State Industrial Development Corporation	1942.29	..	..	1942.29	439.41
4	Mohammadabad People Tannery, Limited	3.06	..	2.55	5.61	..
5	Uttar Pradesh Export Corporation Limited	182.52	..	..	182.52	50.28
6	Uttar Pradesh State Agro-Industrial Corporation Limited	401.00	332.83	..	733.83	..
7	Uttar Pradesh Seeds and Tarai Vikas Nigam Limited	37.50	..	96.83	134.33	..
8	Uttar Pradesh State Textile Corporation Limited	7378.07	..	..	7378.07	2174.44
9	Uttar Pradesh State Sugar Corporation Limited	6731.84	..	..	6731.84	6235.90
10	Bundelkhand Mandal Vikas Nigam Limited	113.30	..	..	113.30	2.94
11	Uttar Pradesh Poorvanchal Vikas Nigam Limited	110.00	..	..	110.00	1.04
12	Kumaon Mandal Vikas Nigam Limited	370.00	..	..	370.00	232.00
13	Kicheha Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	32.59	..	652.25	684.84	677.75
14	Pradeshya Industrial and Investment Corporation of Uttar Pradesh Limited	4989.75	..	..	4989.75	7468.18
15	Uttar Pradesh State Cement Corporation Limited	5249.00	..	..	5249.00	5677.82

(Except in column 6 (a) figures are in lakhs of Rupees)

Amount of guarantee given	Amount of guarantees outstanding at the close of current year	Out-standing guarantee Commission payable at close of current year	Position at the end of the year for which accounts were finalised			Remarks	
			Year for which Accounts were finalised	Paid-up capital at the end of the year	Accumulated profit (+) Loss(-)		Any excess of loss over paid-up capital
5(a)	5(b)	5(c)	6(a)	6(b)	6(c)	6(d)	7
..	1984-85	22.02	..	..	..
..	1983-84	191.75	0.06	..	..
..	1983-84	1552.73	59.2	..	..
..	1976-77	5.64	(-)4.26	..	..
..	1983-84	182.52	(-)18.97	..	..
..	1979-80	718.83	(-)647.97	..	..
..	1932-83	Accounts not finalised			..
2829.00	2174.44	..	1984-85	6778.97	(-)242.96	..	..
3220.69	1533.69	..	1983-84	6152.44	(-)786 0.30	1128.46	..
..	1977-78	85.80	(-)25.08	..	..
..	1978-79	95.80	(-)23.20	..	..
..	1982-83	246.00	15.42	..	..
..	1983-84	181.73	(-)1428.38	743.54	..
1465.01	1465.01	..	1984-85	4989.75	0.003	..	..
..	1984-85	5249.00	(-)3448.23	..	..

Serial number	Name of Company	Paid-up capital as at the end of current year				Loans outstanding at the close of the current year
		State Government	Central Government	Others	Total	
1	2	3(a)	3(b)	3(c)	3(d)	4
16	Uttar Pradesh Buildware (Private) Limited (Subsidiary of Uttar Pradesh State Small Industrial Corporation Limited)	..	..	0.10	0.10	..
17	Uttar Pradesh Plant Protection Appliances (Private) Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	..	..	0.84	0.84	..
18	Uttar Pradesh Potteries (Private) Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	..	..	6.88	6.88	..
19	Uttar Pradesh Prestressed Products Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	..	..	2.89	2.89	..
20	Uttar Pradesh State Bridge Corporation Limited	150.00	..	..	150.00	..
21	Auto-Tractors Limited	750.00	..	..	750.00	1257.00
22	Uttar Pradesh State Handloom Corporation Limited	583.49	320.00	..	903.49	..
23	Uttar Pradesh Roofings Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	..	..	6.69	6.69	..
24	Uttar Pradesh Panchayati Raj Vitta Evam Vikas Nigam Limited	54.95	..	48.76	103.71	..
25	Teletronix Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	..	..	48.15	48.15	6.00
26	Transcables Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	..	..	63.40	63.24	25.56
27	Krishna Fastners (Private) Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	..	..	5.33	5.33	..

Amount of guarantee given	Amount of guarantees outstanding at the close of current year	Out-standing guarantee Commission payable at close of current year	Position at the end of the year for which accounts were finalised				Remarks
			Year for which Accounts were finalised	Paid-up capital at the end of the year	Accumulated Profit(+) Loss (-)	Any excess of loss over paid-up capital	
5(a)	5(b)	5(c)	6(a)	6(b)	6(c)	6(d)	7
..	1973-74	Accounts not finalised		..	..
..	1974-75	0.92	(—)0.81	..	..
..	1975-76	6.58	Under construction		..
..	1976-77	3.10	Under construction		..
..	1981-82	150.00	(—)122.67	..	..
1531.00	1290.00	..	1984-85	750.00	(—)1713.66	963.66	..
..	1977-78	254.10	2.43	..	..
..	1972-73	Accounts not finalised.			
..	1982-83	69.11	Nil	..	..
..	1983-84	33.95	(—)24.88	..	..
200.00	9.64	..	1981-82	8.09	(—)20.66	..	..
..	1974-75	3.06	Under construction		..

Serial number	Name of Company	Paid-up capital as at the end of current year				Loans outstanding at the close of the current year
		State Government	Central Government	Others	Total	
1	2	3(a)	3(b)	3(c)	3(d)	4
28	Northern Electrical Equipment Industries Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	..	..	0.07	0.07	..
29	Uttar Pradesh State Leather Development and Marketing Corporation Limited	205.69	..	..	205.60	122.53
30	Uttar Pradesh State Brassware Corporation Limited	212.00	10.00	..	222.00	77.50
31	Faizabad Roofings Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	..	..	1.63	1.63	..
32	Bundelkhand Concrete Structurals Limited (Subsidiary of Bundelkhand Vikas Nigam Limited)	2.61	..	..	2.61	..
33	Uttar Pradesh State Mineral Development Corporation Limited	1678.91	..	..	1678.91	410.00
34	Uttar Pradesh Electronics Corporation Limited	1149.20	..	..	1149.20	203.10
35	Uttar Pradesh State Tourism Development Corporation Limited	329.63	..	..	329.63	..
36	Uttar Pradesh State Spinning Mills Limited (No. I) (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	..	..	2638.00	2638.00	2145.50
37	Uttar Pradesh State Spinning Mills Limited (No. II) (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	..	..	1387.86	1387.86	874.00
38	Uttar Pradesh Food and Essential Commodities Corporation Limited	50.00	..	..	50.00	..
39	Prayag Chitrakoot Krishivan Godhan Vikas Nigam Limited	44.00	6.00	..	50.00	..

Amount of guarantee given	Amount of guarantees outstanding at the close of current year	Out-standing guarantee Commission payable at close of current year	Position at the end of the year for which accounts were finalised			Remarks	
			Year for which Accounts were finalised	Paid-up capital at the end of the year	Accumulated Profit(+) Loss(—)		Any excess of loss over paid-up capital
5(a)	5(b)	5(c)	6(a)	6(b)	6(c)	6(d)	7
..	1979-80	0.07	Under construction		
..	1984-85	205.60	(—)144.48		..
..	1982-83	207.50	(—)12.43		..
..	1975-76	1.49	1.74		..
..	1979-80	2.40	(—)0.54		..
410.00	410.00	..	1982-83	990.00	1.24		..
..	1983-84	530.00	66.53		..
..	1977-78	80.87	1.45		..
..	1984-85	2638.00	(—)3088.28		451.28
..	1984-85	1387.86	(—)864.58		..
..	1880-81	50.00	Nil		..
..	1984.85	50.00	(—)7.81		..

Serial number	Name of Company	Paid-up capital as at the end of current year				Loans outstanding at the close of the current year
		State Government	Central Government	Others	Total	
1	2	3(a)	3(b)	3(c)	3(d)	4
40	Uttar Pradesh Instruments Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	..	..	202.22	202.22	..
41	Uttar Pradesh Pashudhan Udyog Nigam Limited	80.05	..	..	80.05	20.00
42	Uttar Pradesh Scheduled Castes Finance and Development Corporation Limited	383.47	377.96	..	761.43	..
43	Nandganj Sihori Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	..	..	540.00	540.00	215.65
44	Chandpur Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	..	..	390.00	390.00	57.18
45	Chhata Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	..	..	258.00	258.00	174.46
46	Uttar Pradesh Rajkiya Nirman Nigam Limited	100.00	..	..	100.00	103.78
47	Garhwal Anusuchit Janjati Vitta Evam Vikas Nigam Limited (Subsidiary of Garhwal Mandal Vikas Nigam Limited)	8.00	..	12.00	20.00	6.80
48	Uttar Pradesh Carbide and Chemicals Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Limited)	..	..	269.17	269.17	553.94
49	Kumaon Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	22.00	..	28.00	50.00	..
50	Tarai Anusuchit Janjati Vikas Nigam Limited	45.00	..	..	45.00	..
51	Uttar Pradesh Rohilkhand (Tarai) Ganna Beej Evam Vikas Nigam Limited	12.75	..	11.86	24.61	..

Amount of guarantee given	Amount of guarantee outstanding at the close of current year	Out-standing gurantee Com-mission payable at close of current year	Position at the end of the year for which accounts were finalised				Remarks
			Year for which Accounts were finalised	Paid-up capital at the end of the year	Accumu-lated profit(+) Loss (—)	Any excess of loss over paid-up capital	
5(a)	5(b)	5(c)	6(a)	6(b)	6(c)	6(d)	7
..	..	..	1983-84	202.02	(—)336.98	..	
[30.00	24.43	..	1978-79	65.05	(—)44.96	..	..
..	..	..	1981-82	679.47	(—)4.95	..	
..	..	..	1983-84	540.00	(—)2651.35	1511.35	..
376.18	57.18	..	1984-85	390.00	(—)122.60	..	..
..	..	..	1983-84	258.00	£ 395.99	137.99	..
..	..	..	1981-82	100.00	(—)148.49	..	..
..	..	..	1980-81	20.00	(—)0.81	..	..
..	..	..	1983-84	269.17	Under construction		
..	..	..	1980-81	25.00	(+)11.96	..	..
..	..	..	1979-80	20.00	(+)1.96	..	..
250.00	151.00	..	1984-75	24.61	(+)6.12	..	..

Serial number	Name of Company	Paid-up capital as		at the end of current year		Loans outstanding at the close of the current year
		State Government	Central Government	Others	Total	
1	2	3(a)	3(b)	3(c)	3(d)	4
52	Uttar Pradesh (Paschim) Ganna Beej Evam Vikas Nigam Limited	10.00	8.07	..	18.07	294.18
53	Uttar Pradesh (Poorva) Ganna Beej Evam Vikas Nigam Limited	12.75	..	4.48	17.23	..
54	Uttar Pradesh (Madhya) Ganna Beej Evam Vikas Nigam Limited	11.39	..	3.54	14.93	..
55	Uttar Pradesh Chalchitra Nigam Limited	587.27	..	0.21	587.48	57.18
56	Uttar Pradesh Textile Printing Corporation Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	26.20	..	..	26.00	..
57	Uttar Pradesh Tyres and Tubes Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	..	..	106.70	106.70	28 .95
58	Lucknow Mandaliya Vikas Nigam Limited	70.00	..	..	70.00	5.00
59	Allahabad Mandal Vikas Nigam Limited	60.00	..	..	60.00	..
60	Agra Mandal Vikas Nigam Limited	100.00	..	..	100.00	..
61	Gorakhpur Mandal Vikas Nigam Limited	89.56	..	..	89.56	..
62	Garhwal Mandal Vikas Nigam Limited	275.00	..	..	275.00	..
63	Varanasi Mandal Vikas Nigam Limited	70.00	..	..	70.00	13.04
64	Meerut Mandal Vikas Nigam Limited	100.00	..	..	100.00	..
65	Uttar Pradesh Small Industries Corporation (Pottetries) Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	..	..	58.00	58.00	43.50

Amount of guarantee given	Amount of guarantee outstanding at the close of current year	Out-standing guarantee Commission payable at close of current year	Position at the end of the year of which accounts were finalised				Remarks
			Year for which Accounts were finalised year	Paid-up capital at the end of the year	Accumulated profit(+) loss(-)	Any excess of loss over paid-up capital	
5(a)	5(b)	5(c)	6(a)	6(b)	6(c)	6(d)	7
320.00	293.94	..	1984-86	18.65	(-)13.99	..	
298.00	128.59	..	1984-85	17.78	(+)1.69	..	
..	..	..	1980-81	14.66	(+)1.82	..	
376.18	57.18	..	1983-84	461.49	(-)134.85	..	
..	..	..	1979-80	16.00	(+)2.70	..	
..	..	..	1982-83	96.88	(-)130.86	..	
..	..	..	1980-81	50.00	(+)0.64	..	
..	..	..	1981-82	60.00	(+)0.27	..	
..	..	..	1982-83	100.00	(-)20.53	..	
..	..	..	1979-80	80.53	(-)38.82	..	
..	..	..	1979-80	182.50	(+)1.54	..	
..	..	..	1983-84	70.00	(-)13.63	..	
..	..	..	1981-82	100.00	(+)0.31	..	
..	..	..	1979-80	23.26	(-)9.17	..	..

Serial number	Name of Company	Paid-up capital as the end of current year				Loans outstanding at the close of the current year
		State Government	Central Government	Others	Total	
1	2	3(a)	3(b)	3(c)	3(d)	4
66	Uttar Pradesh Nalkoop Nigam Limited	390.00	100.00	..	490.00	957.60
67	Uttar Pradesh Handloom Intensive Development Corporation Limited (Gorakhpur and Basti) (Subsidiary of Uttar Pradesh Handloom Corporation Limited)	..	..	3.00	3.00	..
68	Bhadohi Woollens Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	..	275.18	16.38	291.56	13.75
69	Harijan Evam Nirbal Varg Avas Nigam Limited	15.00	..	..	15.00	165.92
70	Uttar Pradesh Abseott Private Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	..	..	5.06	5.06	..
71	Uttar Pradesh Handloom Intensive Development Corporation Limited (Bijnor) (Subsidiary of Uttar Pradesh Handloom Corporation Limited)	..	..	2.00	2.00	..
72	Uttar Pradesh Pashchim Chhetriya Vikas Nigam Limited	125.00	..	..	125.00	..
73	Uttar Pradesh Development System Corporation Limited	60.00	..	..	60.00	..
74	Uttar Pradesh State Horticulture Produce Marketing and Processing Corporation Limited	160.76	..	5.00	165.76	54.00
75	UPAI Limited	..	15.00	..	17.01	..
76	UPTRON Powertronix Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	..	..	27.00	27.00	8.07

Amount of guarantee given	Amount of guarantee outstanding at the close of current year	Out-standing guarantee Commission payable at close of current year	Position at the end of the year for which accounts were finalised				Remarks
			Year for which Accounts were finalised	Paid-up capital at the end of the year	Accumulated Profit(+) Loss (—)	Any excess of loss over paid-up capital	
5(a)	5(b)	5(c)	6(a)	6(b)	6(c)	6(d)	7
996.11	927.61	..	1982-83	440.00	(—)5.34	..	..
..	..	..	1978-79	1.00	(+)5.95	..	..
..	..	..	1984-85	291.56	(—)199.40	..	..
165.91	165.91	..	1984-85	15.00	(+)44.97	..	..
..	..	..	1975-76	4.8*	(—)2.80	..	..
..	..	..	1978-79	2.00	(—)3.35	..	..
..	..	..	1977-78	100.00	(+)1.27	..	..
..	..	..	1983-84	60.00	(—)6.53	..	..
25.00	25.00	..	1978-79	5.00	(—)23.52	..	..
..	..	..	1979-80	17.91	(—)1.01	..	..
..	..	..	1984	22.00	(+)38.90	..	..

Serial number	Name of Company	Paid-up capital as at the end of current year				Loans outstanding at the close of the current year
		State Government	Central Government	Others	Total	
1	2	3(a)	3(b)	3(c)	3(d)	4
77	Uptron Sampack Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)		..	2.55	2.55	..
78	Uttar Pradesh Digital Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	35.20	..	..	35.20	37.96
79	Uptron Capacitors Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	..	..	149.34	149.34	1529.5
80	Moradabad Mandal Vikas Nigam Limited	20.00	..	..	20.00	..
81	Uttar Pradesh Bhoomi Sudhar Nigam Limited	130.00	..	..	130.00	..
82	Uptron Components Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	..	..	5.30	5.30	..
83	Uptron Digital System Corporation Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	..	..	82.00	82.00	26.26
84	Uptron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	..	..	183.00	183.00	3.39
85	Uttar Pradesh Matsya Vikas Nigam Limited	100.00	..	..	100.00	55.74
86	Uptron Communications and Instruments Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	..	..	54.65	54.65	2.64
87	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	100.00	..	..	100.00	..
88	Uttar Pradesh Alpsankhyak Vitta Evam Vikas Nigam Limited	25.00	..	..	25.00	..

Amount of guarantee given	Amount of guarantee outstanding at the close of current year	Out-standing guarantee Com-mission payable at close of current year	Position at end of the year for which accounts were finalised—				Remarks
			Year for which Accounts were finalised	Paid-up capital at the end of the year	Accumu-lated profit(+) loss (—)	Any excess of loss over paid-up capital	
5(a)	5(b)	5(c)	6(a)	6(b)	6(c)	6(d)	7
..	1979-80	2.55	(+)3.37	..	..
..	1984-85	35.20	(—)5.21	..	..
..	1983-84	99.34	(+)2.09	..	..
..	1982-83	20.00	(+)0.27	..	..
..	1982-83	130.00	(—)7.14	..	..
..	1978-79	Accounts no finalised.			
..	1983-84	46.00	(+)41.80	..	..
..	1983-84	183.00	(+)182.85	..	..
85.07	55.74	..	1984-85	99.70	(—)6.13	..	..
..	1983-84	54.65	(+)8.94	..	..
..	1982-83	100.00	Under construction.		
..	1984-85	25.00	(—)0.07	..	..

ANNEXURE 3

Summarised financial results of Government companies for the latest year for which accounts were finalised

(Referred to in paragraph I-2-3 Page no. 5)

Serial no.	Name of Company	Name of Administrative Department	Date of incorporation	Period of Accounts	Month and year in which comment issued	Total Capital investment at end of the year of Accounts
1	2	3	4	5	6	7
1	The Indian Turpentine and Rosin Company Limited	Industries	22nd February, 1924	1984-85	December, 1985	169.64
2	Uttar Pradesh Small Industries Corporation Limited	Industries	13th June, 1958	1983-84	April, 1986	751.52
3	Uttar Pradesh State Industrial Development Corporation Limited	Industries	29th March, 1961	1983-84	December, 1985	18,85.63
4	Mohammadabad Peoples Tannery Industries Limited	Industries	21st December, 1964	1976-77	January 1982	5.61
5	Uttar Pradesh Export Corporation Limited	Industries	20th January, 1966	1983-84	May, 1986	232.53
6	Uttar Pradesh State Agro Industrial Corporation Limited	Agriculture	29th March, 1967	1979-80	January, 1985	1312.71
7	Uttar Pradesh Seeds Evam Tarai Vikas Nigam Limited	Agriculture	27th. February 1969	..	Accounts not fin:	
8	Uttar Pradesh State Textile Corporation Limited	Industries	22nd December, 1969	1984-85	November, 1985	10623.65
9	Uttar Pradesh State Sugar Corporation Limited	Sugar Industries	29th March, 1971	1983-84	May, 1985	9133.26
10	Bundelkhand Mandal Vikas Nigam Limited	Area Development	30 March, 1971	1977-78	September, 1985	86.47
11	Uttar Pradesh Poorvanchal Vikas Nigam Limited	Area Development	30th March, 1971	1978-79	June, 1985	98.01
12	Kumaon Mandal Vikas Nigam Limited	Hill Development	30 March, 1971	1982-83	March, 1986	413.81

Profit(+)/ Loss(-)	Total interest charged to profit and loss account	Interest on long term loan	Total return on capital invested	Capital employed	Total return on capital employed	Percent- age of total return on capital invested	Percent- age of total return on capital employed	Remarks
8	9	10	11	12	13	14	15	16
(+)84.24	2.81	2.81	(+)87.02	158.75	(+)87.02	51.3	54.8	54.8
(+)4.62	78.53	78.53	(+)83.15	964.57	(+)83.15	11.1	8.6	.. ..
(+)153.76	38.61	38.61	(+)192.37	2469.63	(+)192.37	10.2	7.8	..
(-)24.97	1.26	..	(-)24.97	296.34	(-)23.71	..	..	..
(-)20.46	3.73	3.69	(-)16.77	189.18	(-)16.73	..	..	..
(-)119.94	96.82	12.03	(-)107.91	831.48	(-)23.12	..	..	..
alised since inception								
(-)1022.08	349.49	302.11	(-)719.97	5276.93	(-)672.59	..	..	..
(-)2453.55	1159.57	495.17	(-)1958.38	3847.17	(-)1293.98	..	..	..
(-)10.25	0.12	..	(-)10.25	62.74	(-)10.13	..	..	..
(-)2.09	0.08	..	(-)2.09	42.34	(-)2.01	..	..	..
(+)0.57	6.56	6.51	(+)7.08	352.53	(+)7.53	1.7	2.02	

1	2	3	4	5	6	7
13	Kichcha Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	Sugar Industries	17th February, 1972	1983-84	May, 1985	1267.82
14	Pradeshia Industrial and Investment Corporation of Uttar Pradesh	Industries	29th March, 1972	1984-85	December, 1985	13963.61
15	Uttar Pradesh State Cement Corporation Limited	Industries	29th March, 1972	1984-85	January, 1986	11635.20
16	Uttar Pradesh Buildwares Limited (Subsidiary of Uttar Pradesh Small Industries Corporation)	Industries	28th June, 1972	1973-74	Accounts not final-	
17	Uttar Pradesh Plant Protection appliances Private Limited (Subsidiary of U. P. Small Industries Corporation Limited)	Industries	29th June, 1972	1974-75	December, 1984	5.50
18	Uttar Pradesh Potteries Private Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Industries	28th June, 1972	1975-76	October, 1982	16.43
19	Uttar Pradesh Pre-stressed products Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Industries	30th September, 1972	1976-77	October, 1980	1.24
20	Uttar Pradesh State Bridge Corporation Limited	Public works	18th October, 1972	1981-82	June, 1985	938.61
21	Auto Tractors Limited	Industries	28th December, 1972	1984-85	January, 1986	2207.31
22	Uttar Pradesh Handloom Corporation Limited	Industries	9th January, 1973	1977-78	July, 1980	507.5
23	Uttar Pradesh Panchayati Raj Vitta Evam Vikas Nigam Limited	Panchayati Raj	24th April, 1973	1982-83	November, 1984	101.68
24	Uttar Pradesh Roofings Private Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Industries	24th November, 1973	1972-73	Accounts not final	
25	Teletronix Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	Hill Development	24th November, 1973	1983-84	December, 1985	36.40
26	Transcables Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	Hill Development	29th Nov., 1973	1974-75	September, 1985	9.70

8	9	10	11	12	13	14	15	16
(-)375.01	205.20	106.21	(-)269.20	365.91	(-)170.21	..	..	..
(+)28.35	437.67	437.67	(+)466.02	11358.88	(+)466.02	3.3	4.1	..
(-)2001.60	861.32	792.17	(-)1209.43	7562.48	(-)1140.28	..	..	..

alised since inception

(-)0.81	0.28	0.28	(-)0.53	4.63	(-)0.53	..	..	..
..	..	..	..	2.89	..	..	..	..
237.67	407.34	244.44	(-)6.77	501.02	(-)169.67	0.2	33.99	..
(+)362.79	1.59	..	(+)362.79	1041.07	(+)364.33	38.20	35.0	..
(-)555.60	225.03	186.70	(-)368.90	1473.85	(-)33.57	..	..	..
(+)11.80	12.00	11.57	(+)23.37	473.80	(+)23.38	4.6	4.0	..
(+)4.12	0.84	0.84	(+)4.96	102.15	(+)1.95	4.9	4.6	..

alised

(-)1.57	5.03	..	(-)1.57	3.16	(+)3.4	..	5.5	..
(-)9.41	7.07	..	(-)9.44	70.06	(-)2.37	..	..	..

1	2	3	4	5	6	7
27	Krishna Fasteners Private Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Industries	14th December, 1973	1974-75	September, 1985	4.9
28	Northern Electrical Equipment Industries Limited (Subsidiary of Garhwal Mandal Vikas Nigam Limited)	Hill Development	29th January, 1974	1979-80	January, 1985	0.07
29	Uttar Pradesh State Leather Development and Marketing Corporation Limited	Industries	12th February, 1974	1984-85	March, 1986	522.15
30	Uttar Pradesh State Brassware Corporation Limited	Industries	12th February, 1974	1982-83	October, 1985	365.50
31	Faizabad Roofing Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Industries	16th February, 1974	1975-76	November, 1984	8.95
32	Bundelkhand Concrete Structural Limited (Subsidiary of Bundelkhand Mandal Vikas Nigam Ltd.)	Industries	2nd March, 1974	1979-80	December, 1985	2.40
33	Uttar Pradesh State Mineral Development Corporation Limited	Industries	23rd March, 1974	1982-83	April, 1985	1142.68
34	Uttar Pradesh Electronics Corporation Limited	Industries	30th March, 1974	1983-84	August, 1985	790.72
35	Uttar Pradesh Tourism Development Corporation Limited	Tourism	5th August, 1974	1977-78	July, 1981	82.32
36	Uttar Pradesh State Spinning Mills Company (No. I) Limited. (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	Industries	20th August, 1974	1984-85	September, 1985	5772.56
37	Uttar Pradesh State Spinning Mills Company (No. II) Limited. (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	Industries	20th August, 1974	1984-85	November, 1985	2601.05
38	Uttar Pradesh State Food and Essential Commodities Corporation Limited	Food and Civil Supplies	22nd October, 1974	1980-81	December, 1984	91.82
39	Prayag Chitrakoot Krishi Evam Godhan Vikas Nigam Limited	Animal Husbandry	7th December, 1974	1984-85	December, 1985	50.0

8	9	10	11	12	13	14	15	16
(-)0.37	0.02	0.02	(-)0.35	4.54	(-)0.35	..	..	..

Under constructions

(-)47.09	7.70	1.11	(-)45.98	449.87	(-)39.39	..	..	..
(-)4.06	5.82	5.82	(+)1.76	234.29	(+)1.76	0.5	0.8	..
(-)1.74	0.23	0.23	(-)1.51	7.72	(-)1.51	..	..	..
(-)0.05	..	..	(-)0.05	1.54	(-)0.05	..	..	..
(+)8.84	0.01	..	(+)8.84	457.12	(+)8.85	0.8	2.5	..
(+)16.82	4.47	4.47	(+)21.29	371.63	(+)21.29	2.7	5.4	..
(+)0.31	0.18	..	(+)0.31	82.27	(+)0.4)	0.4	0.6	..
(-)1123.72	380.77	255.36	(-)868.36	3350.71	(-)742.95	..	..	..
(-)448.54	122.28	111.43	(-)337.11	1593.32	(-)326.26	..	..	..
(+)38.75	3.29	3.29	(+)42.04	53.60	(+)42.04	45.8	44.9	..
(-)3.17	0.13	..	(-)3.17	39.01	3.04	..	..	..

1	2	3	4	5	6	7
40	Uttar Pradesh Instruments Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	Industries	1st January, 1975	1983-84 April, 1984		282.64
41	Uttar Pradesh Pashudhan Udyog Nigam Limited	Animal Husbandry	5th March, 1975	1978-79 April, 1986		75.13
42	Uttar Pradesh Scheduled Castes Finance and Development Corporation Limited	Harijan and Social Welfare	23rd March, 1975	1981-82 April, 1985		690.37
43	Nandganj—Sihori Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	Sugar Industries	18th April, 1975	1983-84 August, 1985		1036.81
44	Chandpur Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	Sugar Industries	18th April, 1975	1984-85 April, 1986		594.46
45	Chhata Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	Sugar Industries	18th April, 1975	1983-84 April, 1985		577.20
46	Uttar Pradesh Rajkiya Nirman Nigam Limited	Public Works	1st May, 1975	1981-82 March, 1986		123.61
47	Garhwal Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Garhwal Mandal Vikas Nigam Limited)	Hill Development	30th June, 1975	1980-81 June, 1986		20.00
48	Kumaon Anusuchit Janjati Vikas Nigam Limited (subsidiary of Kumaon Mandal Limited)	Hill Development Vikas Nigam	30th June, 1975	1980-81 October, 1984		26.96
49	Tarai Anusuchit Janjati Vikas Nigam Limited	Harijan and Social Welfare	2nd August, 1975	1979-80 April, 1985		31.96
50	Uttar Pradesh (Rohilkhand Tarai) Ganna Beej Evam Vikas Nigam Limited	Co-operative	27th August, 1975	1984-85 December, 1985		281.37
51	Uttar Pradesh (Paschim) Ganna Beej Evam Vikas Nigam Limited	Co-operative	27th August, 1975	1984-85 May, 1986		26.11
52	Uttar Pradesh (Poorva) Ganna Beej Evam Vikas Nigam Limited]	Co-operative	27th August, 1975	1984-85 January, 1986		19.56

8	9	10	11	12	13	14	15	16
(-)60.01	18.01	14.75	(-)45.26	27.36	(-)42.00	..	..	..
(-)10.57	1.87	1.25	(-)9.32	37.66	(-)8.70	..	..	..
(+)5.29	[0.10	[0.10	(+)5.39	[590.64	(+)5.39	[0.8	[0.9	..
(+)43 4.53	[285.39	[183.52	(-)251.01	[348.14	(-)149.14	..	..	..
(+)(22.44)	[18.04	[0.20	(-)22.24	[457.68	(-)4.40	..	..	..
(+)1.75	[78.62	[33.61	(+)35.36	[449.33	(+)80.37	6.13	[17.9	..
(-)101.41	[8.08	..	(-)101.41	[37.81	(-)93.33	..	..	..
(-)0.42	..	..	(-)0.42	[19.18	(-)0.42	..	..	..
(+)0.142	..	..	(+)0.42	[26.79	(+)0.42	[1.6	[1.6	..
(+)0.29	..	..	(+)0.29	[21.96	(+)0.29	0.9	0.9	..
(+)9.78	[25.37	[25.37	(+)35.15	[283.49	(+)35.15	[12.5	[12.4	..
(+)1.59	35.59	..	(+)1.59	[341.07	(+)37.18	[6.1	[10.9	..
(+)0.12	16.37	..	(+) 0.12	[173.76	(+)16.49	[0.6	[9.5	..

1	2	3	4	5	6	7
53	Uttar Pradesh (Madya) Ganna Beej Evam Vikas Nigam Limited	Co-operative	27th August, 1975	1980-81	November, 1984	201.55
54	Uttar Pradesh Chalchittra Nigam Limited	Information	10th September, 1975	1983-84	January, 1986	605.95
55	Uttar Pradesh Textile Printing Corporation Limited. (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	Industries	5th December, 1975	1979-80	July, 1985	18.74
56	Uttar Pradesh Tyres and Tubes Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	Industries	14th January, 1976	1982-83	April, 1986	231.42
57	Lucknow Mandalika Vikas Nigam Limited	Kshetriya Vikas	31st January, 1976	1980-81	September, 1985	54.26
58	Allahabad Mandal Vikas Nigam Limited	Kshetriya Vikas	31st March, 1976	1981-82	June, 1985	61.27
59	Agra Mandal Vikas Nigam Limited	Kshetriya Vikas	31st March, 1976	1982-83	May, 1985	100.00
60	Gorakhpur Mandal Vikas Nigam Limited	Kshetriya Vikas	31st March, 1976	1979-80	March, 1984	87.79
61	Garhwal Mandal Vikas Nigam Limited	Hill Development	31st March, 1976	1979-80	May, 1984	325.22
62	Varanasi Mandal Vikas Nigam Limited	Kshetriya Vikas	31st March, 1976	1983-84	June, 1985	74.15
63	Meerut Mandal Vikas Nigam Limited	Kshetriya Vikas	31st March, 1976	1981-82	April, 1984	112.00
64	Uttar Pradesh Small Industries Corporation (Potteries) Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Industries	27th April, 1975	1979-80	June, 1986	23.25
65	Uttar Pradesh Nalkoop Nigam Limited	Irrigation	25th May, 1976	1982-83	June, 1985	474.32
66	Uttar Pradesh Handloom Intensive Development Corporation Limited (Gorakhpur and Basti) Limited (Subsidiary of Uttar Pradesh Handloom Corporation Limited)	Industries	26th May, 1976	1978-79	March 1984	100.45
67	Bhadohi Wollens Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	Industries	14th June 1976	1984-85	October 1985	319.71

8	9	10	11	12	13	14	15	
(+)0.60	16.31	16.31	(+)16.91	201.49	(+)16.91	8.4	8.4	..
(-)66.86	14.09	14.09	(-)52.77	372.42	(-)52.77	..	..	..
(+)1.22	..	..	(+)1.22	(+)18.50	(+)1.22	6.5	6.6	..
(+)24.23	28.75	28.67	(-)65.56	211.00	(-)65.48	..	..	..
(-)0.29	..	..	(-)0.29	50.66	(-)0.29	..	..	..
(-)0.84	3.93	..	(-)0.84	94.24	(+)3.09	..	3.03	..
(-)16.55	4.74	3.26	(-)13.29	106.60	(-)11.81	..	..	..
(-)11.30	0.49	0.49	(-)8.81	44.38	(-)8.81	..	..	..
(+)21.76	0.02	..	(+)21.76	320.63	(+)21.78	6.7	7.8	..
(-)7.13	3.04	..	(-)7.13	72.77	(-)4.19	..	..	..
(+)4.97	0.56	..	(+)4.97	111.73	(+)5.53	4.4	5.0	..
(-)2.35	0.38	..	(-)2.35	8.04	(-)1.97	..	..	..
(-)9.60	71.46	..	(-)9.60	806.00	(-)61.86	..	0.04	..
(-)9.17	7.19	7.19	(-)16.36	148.92	(+)16.36	16.3	11.0	..
(-)31.35	12.02	8.82	(-)22.53	122.18	(-)19.33	..	..	..

1	2	3	4	5	6	7
68	Harijan Evam Nirbal Varg Avas Nigam Limited	Harijan and Social Welfare	25th June, 1976	1984-85 January, 1986		75.5
69	Uttar Pradesh Abscott (Private) Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Industries	28th June, 1972	1975-76 February, 1985		15.26
70	Uttar Pradesh Handloom Intensive Development Corporation (Bijnore) Limited (Subsidiary of Uttar Pradesh Handloom Corporation Limited)	Industries	13th September, 1976	1978-79 December, 1982		192.66
71	Uttar Pradesh Paschim Kshetriya Vikas Nigam Limited	Kshetriya Vikas	3rd January, 1976	1977-78 November, 1984		105.09
72	Uttar Pradesh Development System Corporation Limited	Planning	15th March, 1977	1983-84 August, 1986		60.00
73	Uttar Pradesh State Horticulture Produce Marketing and Processing Corporation Limited	Agriculture	6th April, 1977	1978-79 November, 1985		21.26
74	UPAI Limited	Industries	28th April, 1977	1979-80 August, 1985		17.01
75	Uptron Powertronics Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Industries	30th April, 1977	1984 June, 1985		80.2
76	Uptron Sempack Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Industries	23rd May, 1977	1979-80 October, 1984		2.55
77	Uttar Pradesh Digital Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	Industries	8th March, 1978	1984-85 May, 1986		35.2
78	Uptron Capacitors Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Industries	13th March, 1978	1983-84 September, 1985		296.0
79	Moradabad Mandal Vikas Nigam Limited	Kshetriya Vikas	30th March, 1978	1982-83 March, 1985		21.8
80	Uttar Pradesh Bhoomi Sudhar Nigam Limited	Agriculture	30th March, 1978	1982-83 January, 1985		131.21

8	9	10	11	12	13	14	15	16
(+)29.93	..	..	(+)29.03	247.32	(+)29.03	38.4	12.0	
(-)-1.15	1.14	1.14	(-)-0.41	12.39	(-)-0.41	..	..	..
(-)-0.23	9.22	9.20	(+)-8.97	189.26	(+)-8.99	4.7	4.8	..
(+)-1.69	..	..	(+)-1.69	104.82	(+)-1.69	1.6	1.6	..
(-)-10.76	..	..	(-)-10.76	53.39	(-)-10.76	..	..	..
(-)-23.54	2.22	0.23	(-)-23.31	74.66	(-)-21.31	..	..	..
(-)-0.14	..	..	(-)-0.14	4.71	(-)-0.14	..	..	..
(+)-20.95	18.01	..	(+)-20.05	200.17	(+)-38.06	25.0	19.0	..
(-)-0.78	0.42	..	(-)-0.78	1.99	(-)-0.36	..	..	..
(-)-2.09	0.82	..	(-)-2.09	49.92	(-)-1.27	..	..	..
(+)-4.52	38.57	38.57	(+)-43.09	414.26	(+)-43.09	14.5	10.4	..
(+)-0.62	..	..	(+)-0.62	20.6	(+)-0.62	2.8	3.0	..
(-)-3.90	..	..	(-)-3.90	106.95	(-)-3.90	..	..	..

1	2	3	4	5	6	7
81	Uptron Components Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Industries	31st March, 1978-79 1977	Accounts	not	
82	Uttar Pradesh Carbide and Chemicals Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Limited)	Industries	23rd April, 1983-84 1979	Under		
83	Uptron Digital System Corporation Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Industries	18th May, 1979	1983-84 February, 1986	141.80	
84	Uptron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Industries	18th October, 1979	1983-84 October, 1985	418.07	
85	Uttar Pradesh Matsya Vikas Nigam Limited	Animal Husbandry	27th October, 1979	1984-85 December, 1985	301.91	
86	Uptron Communication and Instruments Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Industries	15th November, 1977	1983-84 September, 1985	97.62	
87	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	Power	25th August, 1980	1982-83 October, 1984	3195.00	
88	Uttar Pradesh Sankhyak Vitta Evam Vikas Nigam Limited	Alpa Harijan and Social Welfare	17th November, 1984	1984-85 June, 1986	25.00	

8	9	10	11	12	13	14	15	16
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finalised since inception.

construction.

(+)11.87 65.56 7.09 (+)18.96 399.56 (+)77.43 13.4 19.4

(+)42.51 147.96 36.68 (+)79.19 1147.49 (+)190.47 18.9 16.6

(+)2.37 6.11 6.61 (+)8.48 260.91 (+)8.48 2.8 3.3

(+)8.04 14.0 .. (+)8.04 142.48 (+)42.04 8.2 15.5

Under construction.

(—)0.07 (—)0.07 23.98 (—)0.07

ANNEXURE

Statement showing summarised financial results of Statutory

(Figures in columns 6 to 10, 12 and 13 are in

(Referred to in paragraph

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
1	Uttar Pradesh State Electricity Board*	Power	1st April 1959	1984-85	436714.52
2	Uttar Pradesh Financial Corporation	Industries	1st November 1954	1984-85	22957.33
3	Uttar Pradesh State Warehousing Corporation	Co-operative	19th March 1958	1984-85	2489.36
4	Uttar Pradesh State Road Transport Corporation	Transport	1st June 1972	1978-79	5814.96

- NOTES : (1) Capital invested represents paid-up capital *plus* long-term loans
 (2) Capital employed (other than for Uttar Pradesh Financial Corporation)
 (3) In the case of Uttar Pradesh Financial Corporation, capital employed
 (i) paid-up capital (ii) bonds and debentures (iii) reserves,
 scheme advanced by the State Government.

*Figures are provisional.

Corporations for the latest year upto which Accounts prepared

lakhs of Rupees)

1.3 page 17)

Profit (+) Loss (—)	Total interest charged to profit and loss account	Interest on long term loans	Total return on capital invested (7+9)	Percentage of total return on capital invested	Capital employed	Total return on capital employed (7+8)	Per- centage of total return on capital employed
7	8	9	10	11	12	13	14
—)5884.93	26280.88	26280.88	26936.29	6.2	214673.34	26936.29	12.5
(+)177.58	1255.91	1255.91	1433.49	6.2	20926.85	1433.49	6.9
(+)126.90	101.16	101.16	228.06	9.2	2479.45	228.06	9.2
(—)247.39	410.04	380.01	132.62	2.3	5426.18	162.65	3.0

plus free reserves

represents net fixed assets plus working capital

represents mean of the aggregate of opening and closing balance of
 (iv) borrowings including refinance (v) deposits and (vi) funds for special

ANNEXURE—5

Financial position of the Uttar Pradesh State Leather Development and Marketing Corporation Limited at the end of last 5 years

(Referred to in para 2A.1.4 page 28)

(Rupees in lakhs)

	1980-81	1981-82	1982-83	1983-84	1984-85
<i>Liabilities :</i>					
Paid-up Capital	67.00	88.00	98.00	99.00	205.60
<i>Reserves and surplus :</i>					
Investment Allowance Reserve	6.24	7.40	9.20	9.51	9.51
Interest	0.57	0.96	228.03	268.10	268.40
Reserve and Grants -in-aid	73.29	205.67	4.14	7.17	6.24
Surplus	..	0.05	..	..	..
Secured loan from banks	..	33.45	43.22	49.80	41.75
<i>Unsecured loan :</i>					
State Government	6.77	8.64	8.64	85.64	38.64
Pradeshiya Industrial Investment Corporation of Uttar Pradesh Limited	..	..	..	30.00	30.00
<i>Trade Dues and other liabilities :</i>					
<i>Current liabilities :</i>					
Creditors for goods supplied	1.95	9.10	8.77	22.59	23.97
Amount utilised from vulcanising plant fund	..	..	..	(13.63)	(15.39)
Outstanding expenses	1.14	2.39	2.16	3.52	3.07
Outstanding liabilities	1.82	22.18	2.97	13.44	8.64
Securities	3.34	3.87	6.70	5.44	4.23
(a) Fabricators	(3.01)	(2.39)	(5.63)	(5.08)	(3.73)

1980-81 1981-82 1982-83 1983-84 1984-85

(Rupees in lakhs)

(b) Society Welfare fund	..	(1.01)	(0.57)	..	..
Grants	..	..	10.00	..	..
Total	8.25	37.54	30.60	44.99	39.91
Provisions	0.73	1.99	2.04	2.91	3.39
Interest accrued	..	0.86	2.01	6.16	12.15
Total	162.85	384.56	425.88	603.28	655.59
<i>Assets</i>					
<i>Gross block :</i>					
Valcanising plant/ High Frequency	..	..	..	52.57	53.40
Common Facility Centre Unnao	44.37	47.79	50.07	51.87	51.87
Common Facility Centre Fatehpur	..	..	..	28.74	41.92
Footwear Complex Agra	15.64	19.59	22.47	26.73	27.00
Common Facility Centre Rae Bareli	..	..	..	..	22.28
Head Office	6.30	6.58	7.75	8.64	9.26
Design Develop- ment Centre Agra	0.86	1.10	5.05	5.12	5.13
Micro Service Centre	..	1.62	3.19	3.19	3.19
Franchise shops	..	2.43	2.74	2.90	2.90
Shoe last bank	..	0.81	2.83	2.83	2.83
Common Facility Centre Basti	..	..	1.35	23.72	.44
Kamdhenu Yojna	..	..	0.99	1.24	1.24
Chauri Chaura	..	..	..	..	0.10

	1980-81	1981-82	1982-83	1983-84	1984-85
(Rupees in lakhs)					
Total Gross Block	67.17	79.92	96.44	207.55	222.56
Less-Depreciation	6.20	11.74	18.99	28.19	36.12
Net Fixed Assets	60.97	68.17	77.44	119.36	186.44
<i>Current assets :</i>					
Inventories	31.85	95.53	108.62	101.50	56.93
Sundry debtors	32.29	88.00	70.08	94.92	90.18
Cash balance (including cheques)	0.45	0.29	01.32	0.57	2.33
Bank/post office]	7.43	1.00	3.80	7.42	4.14
Fixed deposit	10.00	2.80	45.82	9.88	3.98
P.L.A.	8.02	104.35	12.00	13.21	12.47
Interest accrued (Bank)	0.01	0.03	0.33	0.07	2.09
<i>Loans and Advances :</i>					
Advance to suppliers	1.14	7.77	33.13	23.73	30.21
Advance to Staff	0.50	0.86	1.86	1.94	2.32
Lodgement of claim	0.32	0.90	1.73	1.66	1.66
Sales Tax Department	1.44	1.44	1.44	1.44	1.69
Government of India	...	0.24	4.64	6.28	4.60
Shortage/Discrepancy (Staff)	...	...	...	...	1.59
Uttar Pradesh Export Corporation Limited	...	..	...	..	59.60
Grants]	2.50	11.44	6.00	3.60	3.95
Uttar Pradesh State Industrial Development Corporation for construction	..	..	...	13.18	..

1980-81 1981-82 1982-83 1983-84 1984-85

(Rupees in lakhs)

Direct vulcanising

Plant, Main Office	--	--	--	13.63	15.39
Balance with Banks	--	--	--	18.42	10.42
Pre-operation expenses	--	--	--	2.51	11.20
Others	1.50	1.07	1.63	2.26	2.42
Total	7.40	23.72	50.41	88.63	145.05
Miscellaneous expenditure	0.83	0.62	4.45	10.33	7.50
Accumulated loss	3.57	--	51.61	97.39	144.48
Total	162.85	384.56	425.88	603.28	655.59
Capital employed	149.73	344.04	335.89	442.75	449.88
Net worth	69.41	95.79	279.17	268.89	331.53

NOTES :

1. Capital employed represents net fixed assets (excluding capital work-in-progress) *plus* working capital.
2. Net worth represents the paid-up capital *plus* reserves and surplus less intangible assets.

ANNEXURE

Machine-wise data of actual earning during 1980-81 to 1984-85 in common Marketing Corporation Limited.

(Referred to

Name of machine	Cost	Capacity	1980-81	
	(Rupees in lakhs)	(One shift of 8 hours in 300 days)	Income	Percentage
(1)	(2)	(3)	4(a)	4(b)
Splitting	11.81	1.80	0.57	31.67
Buffing and Dusting	4.76	1.95	0.16	8.2
Shaving	4.35	1.44	0.20	13.9
Press	5.71	1.13	0.11	9.7
Finiflex	5.78	0.72	..	..
Measuring	0.97	2.40	..	..
Setting	2.62	0.72	..	..
Spray	0.05	0.30	..	..
Padding/Drawing	1.21	0.14	..	..
Mailing/Trimming	0.57	0.15	..	..
Drumming	1.13	1.08	..	..
Staking/molidies	3.99	0.88	..	..
Glazing (molidies)	0.15	0.12	..	..
Staking (slow comb)	0.23	0.18	..	..
Total	43.33	13.01	1.04	7.9

—6

facility Centre, Unnao of Uttar Pradesh State Leather Development and

in para 2.A.2.3. Page 47)

Actual performance

1981-82		1982-83		1983-84		1984-85	
Income	Percentage	Income	Percentage	Income	Percentage	Income	Percentage
5 (a)	5 (b)	6 (a)	6 (b)	7 (a)	7 (b)	8 (a)	8 (b)
0.46	25.56	0.03	1.7	0.16	8.7	0.33	19.3
0.45	23.1	0.30	15.4	0.24	12.2	0.61	31.5
0.44	30.5	4.30	20.5	0.28	19.9	0.42	29.0
0.45	39.8	0.40	35.9	0.22	19.9	0.32	28.4
0.01	1.4	0.03	4.3	0.03	4.9	0.06	7.8
0.05	2.1	0.07	2.9	0.08	3.7	0.08	3.2
..	..	0.01	0.6	0.10	14.4	0.10	..
0.01	3.33	0.03	10.4	0.05	17.9	0.08	25.7
..	..	..	..	0.02	15.4	0.07	50.1
..	..	0.03	2.1	0.03	17.9	0.11	12.7
..	..	0.01	0.9	0.09	8.2	0.11	10.5
0.01	1.1	..	..	..	..	0.16	18.6
..	..	..	..	..	..	0.003	2.9
..	..	0.004	2.3	0.03	18.6	..	..
1.88	14.5	1.19	9.0	1.33	10.0	2.45	20.0

ANNEXURE

Year-wise data of balances, issued of raw material and adjustments in Leather Development and Marketing Corporation Limited.

	(Referred to Opening balance)	
	General	Export
1980-81		
Fabricators (Number)	..	..
Value (Rupees in lakh)	..	..
1981-82		
Fabricators (Number)	..	..
Value (Rupees in lakh)	..	..
1982-83		
Fabricators (Number)	..	1
Value (Rupees in lakhs)	..	0.36
1983-84		
Fabricators (Number)	19	17
Value (Rupees in lakhs)	7.01	5.58
1984-85		
Fabricators (Number)	19	22
Value (Rupees in lakhs)	7.01	4.33

Figure shown represents for the year

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dealings with fabricators, during 1980-81 to 1984-85 in Uttar Pradesh State

in Paragraph 2A3.3 page 61)

Issue		Adjustment made		Closing balance		Total
General	Export	General	Export	General	Export	
..
..
..	1	..	..	..	1	1
..	0.36	..	..	..	0.36	0.36
*22	17	..	..	19	17	36
89.22	7.52	82.21	2.30	7.01	5.58	12.59
..	..	..	..	19	22	41
..	8.40	..	9.65	7.01	4.33	11.34
..	5	..	..	17	18	35
..	3.64	0.89	3.06	6.12	4.91	11.13

1981-82 and 1982-83.

ANNEXURE

Working results of various units/activities of Kumaon Mandal Vikas Nigam

(Referred to in

Serial number	Name of the unit/activity	Value of production business
1	Rosin and turpentine factory	33.35
2	Parvat Wire Factory	98.81
3	Parvat Plastic factory	9.58
4	Parvat Nails factory	0.21
5	Marketing of fruits, plants and boulders and <i>bajries</i> and goods transport service.	24.53
6	Marketing of <i>jari-buti</i> .	..
7	Parvat Gas	7.43
8	Tourism	5.04
9	Civil construction division	0.97
10	Cement concrete blocks	0.12
11	Headquarter including material rope way	0.01
12	Company as a whole	180.05

—8

Limited

paragraphs 2B.1.3 page 65)

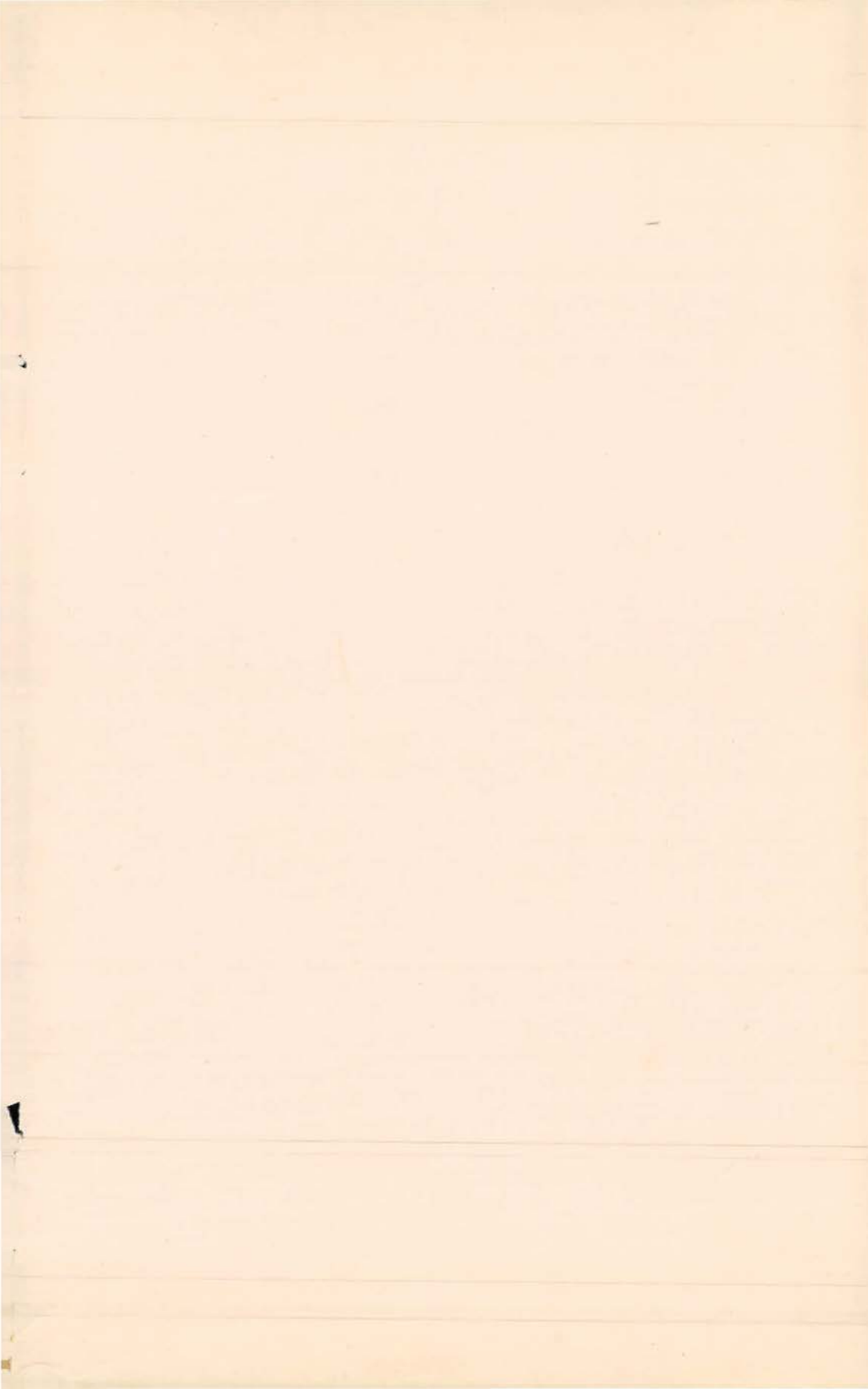
1980-81		1981-82		1982-83			
Cash profit (+)/ Loss (—)	Net profit (+) Loss (—)	Value of production business	Cash profit (+) Loss (—)	Net profit (+) Loss (—)	Value of production/ business	Cash profit (+)/ Loss (—)	Net profit (+)/ Loss (—)
(Rupees in lakhs)							
(+)1.07	(+)0.02	42.48	(+)9.84	(+)8.88	46.94	(+)2.84	(+)1.81
(+)7.27	(+)6.91	77.33	(+)2.38	(+)2.01	34.19	(+)2.22	(+)1.89
(—)0.92	(—)1.13	10.35	(—)0.71	(—)0.87	13.07	(—)0.58	(—)0.83
(—)0.11	(—)0.12	0.10	(—)0.08	(—)0.09	0.18	(—)0.03	(—)0.04
(+)4.88	(+)4.09	20.92	(+)5.06	(+)3.99	36.71	(+)9.56	(+)8.62
..	..	9.72	(—)1.15	(—)1.19	13.71	(—)0.41	(—)0.44
(+)0.21	(+)0.18	43.29	(+)2.89	(+)2.82	84.33	(+)9.51	(+)0.70
(—)0.57	(—)1.68	9.34	(—)2.32	(—)3.81	17.58	(—)2.51	(—)5.79
(—)0.67	(—)0.70	1.28	(—)2.06	(—)2.32	3.96	(—)1.04	(—)1.27
(—)0.04	(—)0.06	(—)0.07	(—)0.18	(—)0.20	0.47	(+)0.02	Nil
(—)2.72	(—)4.12	.02	(—)6.54	(—)7.69	0.01	(—)9.12	(—)11.26
(+)8.40	(+)3.39	14.76	(+)1.53	(+)1.53	251.15	(+)10.46	(+)1.42

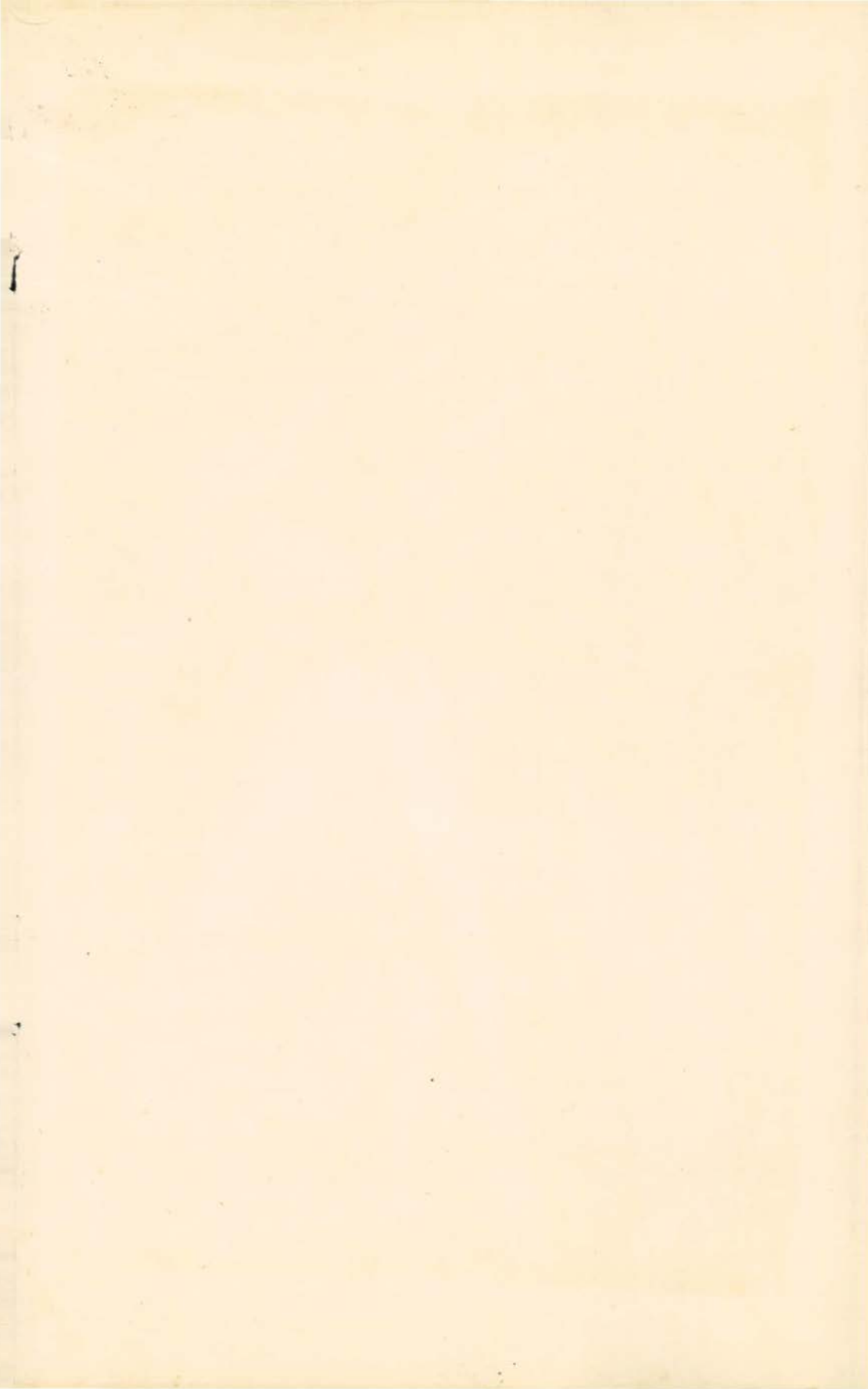
ANNEXURE—9

Working results of Parvat Nails unit of Kumaon Mandal Vikas Nigam Limited

(Referred to in paragraphs 2B.2.4 page 101)

<i>Particulars</i>	1980-81	1981-82	1982-83 (In tonnes)	1983-84	1984-85
1. Production	3.731	1.318	2.382	1.029	1.736
2. Sales	2.348	1.600	0.350	1.142	4.586
3. Closing stock	4.466	4.184	6.216	6.103	3.253
(Per cent)					
5. Actual production to targetted production (30 M.T.) as envisaged in the scheme.	12.4	4.4	7.9	3.4	5.8
6. Closing stock to sales	190.2	261.5	1776.0	534.4	0.9
(Rupees in lakhs)					
7. Cost of sales	0.22	0.29	0.06	0.20	0.49
8. Sales	0.11	0.20	0.02	0.07	0.27
9. Profit (+)/ Loss (—)	(—)0.11	(—)0.09	(—)0.04	(—)0.13	(—)0.22





ERRATA

*Report of the Comptroller and Auditor General of India for the year
1984-85 (Commercial)—Government of Uttar Pradesh*

Sl. No.	Page No.	Para No.	Line Number	For	Read
1.				Reference to Chapter	Reference to Paragraph.
2.				Uttar Pradesh State (Road) Warehousing (Transport) Corporation.	Uttar Pradesh Warehousing Corporation.
3.	(ii)		Annexure 6	Date	Data
4.	Preface	2	1st	results	results
5.	Preface	3	3rd	Computroller	Comptroller
6.	Preface	3	1	Government	Government
7.	Do.	4	7	independently	independently
8.	Do.	4	9	the Audit Report	The Audit Report
9.	2	Footnote		Rs. 344.50 lakhs is	Rs. 344.50 crores
10.	3	Footnote		under reconcilia- tion	difference is under reconciliation
11.	4	Table	Col. 11	12	22
12.	5	1, 2, 4, 1	Item 6 Item 1, 5, 6, & 7 of table	Avam	Evam
13.	5	1.2.4.1	Table item 2	Limied	Limited
14.	5	1.2.4.1	Item 5	Vkas	Vikas
15.	5	1.2.4.1	Item 7	Gannas	Ganna
16.	5	1.2.4.1	Last line	to Rs	to
17.	6	2nd	6th	Compaany	Company
18.	7	1st	4th	was	it was
19.	7	4	3rd	increase the	increase in the
20.	7	5	3rd	coresponding	corresponding
21.	7	5	5th	the 36 per cent	36 per cent
22.	8		2nd line from above	finialised	finalised
23.	8	column 5 of table	Item 1	(—)4741	(—) 47.41
24.	10	1.2.7	Item 3 heading	Bundelkand	Bundelkhand
25.	10	6(a)	3rd	was	were
26.	10	1.2.7	Item 8 Heading	Industrail	Industrial
27.	12	1.4.2.	5th line of sub- para 2	terms	term

<i>Sl. No.</i>	<i>Page No.</i>	<i>Para No.</i>	<i>Line Number</i>	<i>For</i>	<i>Read</i>
28.	13.	1.4.4	A of table	Liabiities	Liabilities
29.	15	1.4.6 (Table)	Item 3 Total of 1983-84	11683257	11683.257
30.	16	1.4.7	3rd line of sub-para 2	Kwh sold	Kwh
31.	17	1.5.1.	2nd	established repayment	established repayment
32.	17	1.5.3	2nd	1984-84	1984-85
33.	17	1.5.3	last item of table		
34.	17	Footnote	last line	reconciliation	reconciliation
35.	18	1.5.4	Item 8 of table	Average	Average
36.	19	1.6.3	Table	Liabilities subvention	(A) Liabilities subvention
37.	19	1.5.4	Item 7 of table		
38.	20	Table	Column of 1984-85	(Provisioal)	(Provisional)
39.	21	1.6.5	Item 5	5.06	55.06
40.	21	1.6.5	Item 5	canceled	cancelled
41.	21 & 22	1.6.5	Table		figures of Rupees may be read after placing decimal to second place.
42.	23	1.7.2	6th	Earahousing	Warehousing
43.	24	1.7.4	Item 4 of liabilities	2.01	2.00
44.	27	Section 2-A	Heading	Uttar Pradesh	Uttar Pradesh
45.	28	2-A.1.3	3rd	latter	State
46.	30	3rd	4th	untillised	firm
47.	30	2-A.2	Heading	Marketing Activities	unutilised Marketing Activities
48.	30	2-A.2.1	Heading and last line of sub-para (a)	Centres	Centre
49.	31	Last para	3rd	has	have
50.	32	2-A.2.2	7th	3.75 lakhs pairs	3.75 lakh pairs
51.	32	2-A.2.2	14th	contingency	contingency
52.	35	2-A.2.3	2 () of table	Services	Service
53.	35	2-A.2.3	6th line of last sub-para	obtaining	obtaining

<i>Sl No.</i>	<i>Page No.</i>	<i>Para No.</i>	<i>Line Number</i>	<i>For</i>	<i>Read</i>
54.	35	2A.2.4(1)	6th	reprot	report
55.	36	2-A.2.4(1)	1st	to finish wetblue	to finish their wet-blue.
56.	36	2A.2.4 (ii)	5th	in the year of commissioning	in the third year of commission- ing
57.	37	2.A.2.4 (ii)	2nd	Rs. 21.89 lakhs	21.80 lakhs
58.	37	2.A.2.4 (ii)	5th	as	an
59.	38	2A.2.4 (iii) (a)	4th	Rs. 0.11 lakhs	Rs. 0.11 lakh
60.	39	2nd para	4th	Rs. 1.97 lakhs	1.09 lakhs
61.	40	1st para	4th	Rs. 32.72 lakhs	Rs. 2.73 lakhs
62.	41	2.A.3.2 (i) (c)	1st	have	has
63.	43	2.A.3.3	4th	date	data
64.	43	2.A.3.3	8th	costing	casting
65.	43	2.A.3.3	9th	costing	casting
66.	43	2.A.3.3	10th	cost	cast
67.	43	last para	last line	1981-62	1981-82
68.	45	2.A.3.4 (2)	last line of sub- para 3	surpra	infra
69.	45	2.A.3.4 (3)	1st	1677	1977
70.	46	(a)	3rd	Rs. 37.40 lakhs	Rs. 39.40 lakhs
71.	46	(b)	9th	suplies	supplies
72.	47	2A.3.4 (4)	Item 2(ii) (b) of 1981-82	(2)	(1)
73.	49	2.A.3.4 (6) (i)	5th	repuired	required
74.	49	2.A.3.4 (6) (ii)	6th	on	an
75.	50	(iii) (a)	4th	upen	open
76.	51	1st	4th	lolged	lodged
77.	51	(e)	4th	Kindom	Kingdom
78.	53	1st	3rd	Rs. 0.80 lakh	Rs. 0.89 lakh
79.	53	1st	7th	instalment	in instalments
80.	53	2.A.4.1	heading	Under	Undue
81.	55	1st	1st	CRC	CFC
82.	57	2.A.5(2) (a)	2nd	10.68 lakhs	Rs. 10.68 lakhs
83.	58	2nd	4th	arrangemnt	arrangement
84.	58	Para (b)	5th	Rs. 1.50 lakhs	1.50 lakhs
85.	58	Para (b)	12th	has used	has been used
86.	58	Para (c)	4th	vacent	vacant
87.	59	1st	7th	other	their

<i>Sl. No.</i>	<i>Page No.</i>	<i>Para No.</i>	<i>Line No.</i>	<i>For</i>	<i>Read</i>
88.	61	(iii)	last line	lakhs)	lakhs.
89.	62	(iv)	2nd line of sub-para 1	olders	orders
90.	62	(iv)	7th line of sub-para 1	(94.7 per cent) of the number order)	(94.7 per cent of the number ordered)
91.	62	(iv)	3rd line of sub-para 2	ankle	ankle
92.	63	1st	3rd	Rs. 5.10 lakhs	Rs. 5.16 lakhs
93.	63	1st	last line	Rs. 1.64	Rs. 1.64 lakhs
94.	63	3rd	3rd	Kanpur sale	Kanpur for sale
95.	65	2.B.1.2	4th line of 2nd sub-para	nominal lease	nominal lease rent
96.	65	2 B.1.2	7th line of 2nd sub-para	following	The following
97.	65	2.B.1.3	2nd	units activities	units and activities
98.	66	Table	Col. 5 Heading	Averag	Average
99.	66	Table	Item 4	Parvate	Parvat
100.	69	(a)	4th	1981182	1981-82
101.	70	1st	6th	negotitations	negotiations
102.	70	2nd	6th	tonnes	tonne
103.	70	2.B.2.3	2nd	Polethene	Polythene
104.	70	2.B.2.3.	5th line of 2nd sub para	1683-84	1983-84
105.	71	2.B.2.4	3rd	Pargat	Parvat
106.	72	2nd	4th	1783-84	1983-84
107.	73	1st	16th	per cent annum	per cent per annum
108.	74	1st	3rd	undertaking	undertaken
109.	74	4th	1st	was	were
110.	74	4th	3rd	A part	Apart
111.	74	2B.2.8	2nd	may	May
112.	74	2B.2.8	3rd	Nanital	Nainital
113.	75	2B.2.8 (b)	9th	worth while	worthwhile
114.	76	(b)	heading of table	1984-8	1984-85
115.	76	(b)	Item 1 of table	56	569
116.	80	2.B.4.(1) sub para 2	4th	lease rest	Lease rent
117.	81	1st	5th	cent to	cent of
118.	81	1st	7th	various form	varied from
119.	81	2B.4(2)(c)	4th	polythense	polythene
120.	82	(d)	5th	three	there

Sl. No.	Page No.	Para No.	Lin Number	For	Read
121.	82	2B.4(3)(a)	4th	Rs. 10 lakh	Rs. 10 lakhs
122.	83	2B.4(3)(c)	12th	socieies	societies
123.	83	4th	9th	granding	grinding
124.	84	1st	1st	year	years
125.	84	2nd	1st	For	(4) For
126.	84	2B.4(5)(c)	3rd	Rs. 0.48 lakhs	Rs. 0.48 lakh
127.	85	1st	1st	certiftied	certified
128.	85	2B.4(5)(e)	1st	varification	verification
129.	85	column 8	last	deteriorated	deteriorated
130.	86	3.A.1	heading	assesment	assessment
131.	86	3.A.1	2nd from bottom	capacitor	capacitors
132.	87	column 8	Heading	reailsed	realised
133.	87	Column 9	Item 1	reprt is awaiated	report is awaited
134.	88	column 3	heading	(Rupees in)	(Rupees in lakhs)
135.	88	column 7	heading	Govern	Government
136.	89	column 7	Item 6(b)	1934	1984
137.	90	column 3	Item 11	0.89	0.39
138.	91	column 5	Item 12	agianst	against
139.	91	column 5	Item 14	as per item	as per item 13
140.	91	column 9	Item 14	power consumers 13	power consumers
141.	92	column 2	Item 18	896 consumers	896 consumers in excess of
142.	93	3.A.2.1.	15th line of 3rd sub-para	amount short	amount for short
143.	93	3.A.2.1	2nd line of 4th sub-para	aproximate	approximate
144.	94	(iii)	3rd	1683	1983
145.	96	3rd	2nd	1785	1985
146.	96	3.A.4	4th	to a firm to	to a firm of
147.	96	3.A.4	9th	Furtner,	Further,
148.	97	3.A.6.	6th	ETCD	ETDC
149.	97	3.A.6	8th	weeks	works
150.	98	column 3	heading	qunaitty	quantity
151.	98	column 5	heading	Quantiy	Quantity
152.	98	column 7	Item 4	136	6.136
153.	99	column 9(b)	Item 3	9.80	9.89
154.	100	3.A.7	5th	making the wage committee's scales of pay effective from	Board payable from 1st July 1977 revised later to
155.	100	3.A.7.	7th line of 3rd sub para	n ter in purchase	matter in

<i>Sl. No.</i>	<i>Page No.</i>	<i>Para No.</i>	<i>Line Number</i>	<i>For</i>	<i>Read</i>
156.	100	3.A. 7	12th line of 3rd sub para	were	was
157.	101	1st	3rd	tim	time
158.	101	3.B.1	4th	dying	dyeing
159.	101	3B.1 sub para 2	2nd	establisment	establishment
160.	102	3.C.1	3rd	Rs. 148 lakhs	Rs. 1.48 lakhs
161.	102	3.C.1	3rd line of 2nd sub-para	of finding at	on finding it
162.	107	Annexure 1	Serial number 15	419.89	491.89
163.	107	Annexure 1	Serial number 16 and 17	Premior	Premier
164.	108	Annexure 2	heading	paragraph 2.2	paragraph 1.2.2
165.	108	Annexure 2	heading	working capitals	working results
166.	108	column 3 (d)	Item 1	22.92	22.02
167.	109	column 6 (c)	Item 3	59.2	5.92
168.	110	column 3 (c)	Item 26	63.40	63.24
169.	111	column 6(b)	Item 18	6.58	6.88
170.	112	column 3(a)	Item 29	205.69	205.60
171.	113	column 6 (a)	Item 38	1880-81	1980-81
172.	114	column 2	Item 47	as	Vikas
173.	115	column 6 (b)	Item 40	202.02	202.22
174.	115	column 6(c)	Item 43	(—)2651.35	(—)2051.35
175.	115	column 6 (a)	Item 51	1984-75	1984-85
176.	116	column 3 (d)	Item 56	26.00	26.20
177.	116	column 4	Item 57	28.95	280.95
178.	117	column 6 (a)	Item 52	1984-86	1984-85
179.	118	Table	Column 3 Heading	Capital as the	Capital as at the
180.	118	column 4	Item 69	165.92	165.91
181.	118	column 2	Item 72	Chhetriya	Kshetriya

<i>Sl. No.</i>	<i>Page No.</i>	<i>Para No.</i>	<i>Line Number</i>	<i>For</i>	<i>Read</i>
182.	120	column 4	Item 79	1529.5	159.25
183.	120	column 4	Item 84	3.39	53.39
184.	123	Above the heading	line of	..	(Figures in column 7 to 13 are in lakhs of Rupees)
185.	123	column 16	Item 1	54.8	..
186.	124	column 2	Item 14	Uttar Pradesh	Uttar Pradesh Limited.
187.	124	column 3	Item 19	Industries September	Industries
188.	124	column 7	Item 19	1.24	11.24
189.	124	column 7	Item 16	finaliised	finalised
190.	125	column 8	Item 19	237.67	(—)237.67
191.	125	column 12	Item 25	3.16	63.16
192.	126	column 2	Item 28	Garhwal	Kumaon
193.	126	column 2	Item 35	Uttar Pradesh	Uttar Pradesh State
194.	128	column 2	Item 48	Kumaon Vikas Nigam Mandal Limited.	Kumaon Mandal Vikas Nigam Limited.
195.	129	column 8	Item 48	(+)0.142	(+)0.42
196.	130	column 2	Item 53	(Madya)	(Madhya)
197.	130	column 2	Item 67	Wollens	Woolens
198.	131	column 11	Item 66	(—)16.36	(+)16.36
199.	131	column 8	Item 66	(—)9.17	(+)9.17
200.	132	column 7	Item 68	75.5	75.55
201.	132	column 7	Item 78	296.0	296.1
202.	133	column 8	Item 69	(—)1.15	(—)1.55
203.	133	column 12	Item 79	20.6	20.67
204.	135	column 10	Item 85	6.61	6.11
205.	136	Annexure 4	Heading	Paragrph	Paragraph
206.	137	Annexure 4	Heading	Page 17	Page 11
207.	139	Figures of 1984-85	3rd item from below	.44	1.44
208.	147	Value of production 1981-82	Item 12	14.76	214.76
209.	148	Annexure 9	heading	Page 101	Page 71
210.	148	Figures of 1984-85	Item 5	0.9	70.9
211.	148	Annexure 9	Serial Number	5, 6, 7, 8, 9	4, 5, 6, 7, 8

