REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 2000

COMMERCIAL

GOVERNMENT OF UTTAR PRADESH

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PREFACE

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

(i) Government companies,

(ii) Statutory corporations, and

(iii) Departmentally managed commercial undertakings.

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

3. Audit of accounts of Government companies is conducted by the Comptroller and Auditor General of India under the provisions of Section 619 of the Companies Act, 1956. There are, however, certain companies which, in spite of Government investment are not subject to audit by the Comptroller and Auditor General of India as Government holds less than 51 *per cent* of their share capital.

4. In respect of Uttar Pradesh State Road Transport Corporation, Uttar Pradesh Avas Evam Vikas Parishad, Uttar Pradesh Jal Nigam, Uttar Pradesh Forest Corporation and Uttar Pradesh State Employees Welfare Corporation which are Statutory corporations, the Comptroller and Auditor General of India is the sole auditor. In respect of Uttar Pradesh State Financial Corporation and Uttar Pradesh State Warehousing Corporation, he has the right to conduct the audit of their accounts in addition to the audit conducted by the Chartered Accountants appointed by the State Government in consultation with CAG. The Audit Reports on the annual accounts of all these corporations are forwarded separately to the State Government.

5. The cases mentioned in this Report are those which came to notice in the course of audit during the year 1999-2000 as well as those which came to notice earlier but were not dealt with in the previous Reports. Matters relating to the period subsequent to 1999-2000 have also been included, wherever necessary.

Overview

1. General

- *The State had 98 Government companies (including 37 subsidiaries), five companies under the purview of Section 619-B of the Companies Act, 1956 and seven Statutory corporations as on 31 March 2000. Of these, 12 companies were under the process of liquidation and three companies were under merger.*

  (Paragraphs 1.1, 1.2.1 and 1.10)

- *The total investment in 105 Public Sector Undertakings (98 Government companies and seven Statutory corporations) was Rs. 17313.04 crore which comprised equity of Rs. 5198.85 crore including share application money Rs. 381.14 crore) and long term loans Rs. 12114.19 crore.*

  (Paragraph 1.2)

- *During the year the State Government guaranteed the repayment of loans and interest thereon amounting to Rs. 824.63 crore obtained by 11 Government companies and two Statutory corporations. The outstanding amount of guarantees aggregated Rs. 1564.72 crore at the close of March 2000.*

  (Paragraph 1.4)

- *Of 98 Government companies and seven Statutory corporations only three companies and one Statutory corporation had finalised their accounts for the year 1999-2000 and accounts of 91 Government companies and six Statutory corporations were in arrears for period ranging from one year to 25 years.*

  (Paragraph 1.5.1)

- *According to the latest available accounts, 38 Government companies and two Statutory corporations had eroded their paid-up capital as their accumulated loss amounting to Rs. 3210.88 crore, exceeded paid-up capital of Rs. 1549.67 crore.*

  (Paragraphs 1.6.1.2 and 1.6.2.2)

2. Review on Government companies

THE PRADESHIYA INDUSTRIAL AND INVESTMENT CORPORATION OF UTTAR PRADESH LIMITED

- *The Corporation was established on 29 March 1972 with a view to promote and develop industries in the State by providing financial assistance to medium and large scale industrial units. The paid-up capital of the Corporation as on 31 March 1999 was Rs. 110.58 crore which had been completely eroded by its accumulated loss of Rs. 112.54 crore as of 31 March 1999.*

  (Paragraphs 2A.1 and 2A.5.2)

- *The Corporation disbursed term loans to two units without ascertaining viability of the projects which resulted in non-recovery of dues of Rs. 5.67 crore.*

  (Paragraphs 2A.7.1.1 and 2A.7.1.5)

- *Irregular release of bridge loan to one unit relaxing all pre-disbursement conditions of loan (including title deed of land and building plan) led to loss of Rs. 4.40 crore.*

  (Paragraph 2A.7.1.3)

- *The Corporation suffered loss of Rs. 21.82 crore due to disbursal of term loan to seven loanee units with one main promoter/guarantor by relaxing all pre-disbursement conditions of loans and without ensuring the availability of hypothecated assets and first charge certificate from Registrar of Companies.*

  (Paragraph 2A.7.1.6)

- *The Corporation sanctioned Short Term Loans (STL) to one unit ignoring eligibility criterion and relaxing all the basic conditions of STL which resulted in non-recovery of dues of Rs. 12.90 crore due to non-commissioning of project and insufficient security against PG of promoter.*

  (Paragraph 2A.7.2.1)

- *Sanction of Working Capital Term Loan and Equipment Refinance Scheme to two units despite heavy recession in paper industry and not fulfilling the eligibility criterion, resulted in non-recovery of dues of Rs. 8.71 crore.*

  (Paragraphs 2A.7.3.1 and 2A.7.3.2)

- *The Corporation was deprived of potential profit of Rs. 29.89 crore and had to suffer extra burden of interest on borrowings amounting to Rs. 17.00 crore during 1994-95 to 1998-99 due to non dis-investment of its share holding in Indo-Gulf Fertilizer and Chemicals Limited.*

(*Paragraph 2A.7.4.1.1*)

- *Owing to heavy default in repayment of loans and interest, non-performing assets (NPAs) of the Corporation increased to 58.5 per cent of the total loan assets as on 31 March 1999.*

(*Paragraph 2A.8.2*)

PROCUREMENT, PERFORMANCE, MAINTENANCE AND REPAIR OF TRANSFORMERS IN UTTAR PRADESH POWER CORPORATION LIMITED (ERSTWHILE UTTAR PRADESH STATE ELECTRICITY BOARD)

- *In Uttar Pradesh Power Corporation Limited (erstwhile Uttar Pradesh State Electricity Board) the growth of sub-power transformation capacity was not matching with the growth of distribution transformation capacity and connected load which resulted in overloading. The overall distribution transformation capacity per MW of connected load also ranged between 0.92 and 0.99 MW during last four years up to 1998-99.*

(*Paragraph 2B.4*)

- *The damage rate of distribution transformers was abnormally high ranging between 16.2 and 22.5 per cent against the norm of 2 per cent fixed by the Company itself. Due to this, the Company had to bear a heavy financial burden of Rs. 325.28 crore on repair of 232341 distribution transformers failed in excess of the norm during the period of five years up to 1999-2000.*

(*Paragraph 2B.6.2*)

- *Due to change in technical specifications of repaired transformers, the Company allowed higher tolerance in load loss and no load loss over and above the guaranteed loss prescribed for procurement of new transformers. Due to this, the Company not only accepted inferior quality of repaired transformers from outside agencies but also suffered energy loss of 130.16 MU (value Rs. 20.96 crore) in repair of 177983 distribution transformers during five years up to 1999-2000.*

(*Paragraph 2B.7.2.1*)

ELECTRIFICATION OF TAJ TRAPEZIUM AREA BY UTTAR PRADESH POWER CORPORATION LIMITED (ERSTWHILE UTTAR PRADESH STATE ELECRICITY BOARD)

- *For undertaking environmental protection of Taj Trapezium Area (TTA), a project at an estimated cost of Rs. 189.64 crore was conceived by erstwhile Uttar Pradesh State Electricity Board now Uttar Pradesh Power Corporation Limited to maintain un-interrupted power supply in TTA.*

  (Paragraphs 2C.1 and 2C.4.1)

- *Electricity Transmission Divisions, Agra and Aligarh incurred an expenditure of Rs. 1.10 crore on works not covered in TT project.*

  (Paragraph 2C.5.3)

- *Estimates for construction of 16 nos. new 33/11 KV sub-station and associated lines were prepared on higher side by Rs. 2.47 crore due to which the Company had to bear an interest liability of Rs. 1.25 crore on excess drawal of loan fund.*

  (Paragraph 2C.5.5)

- *Panther Conductor (100.202 kms) procured for the value of Rs. 0.77 crore (July 1999), remained unutilised as the same was not required as per project report.*

  (Paragraph 2C.6.1)

3. Review on Statutory corporation

OPERATIONAL PERFORMANCE AND MATERIAL MANAGEMENT OF UTTAR PRADESH STATE ROAD TRANSPORT CORPORATION

- *Uttar Pradesh State Road Transport Corporation (Nigam) was established (June 1972) to accelerate pace of development and provide adequate, efficient and economical road transport system in the State. However, the performance of the Nigam was marked by poor operational and inventory control resulting in continuous losses. The accumulated losses at the close of March 1999 aggregated Rs. 504.63 crore.*

  (Paragraphs 3.1, 3.4 and 3.5)

- *Substantial number of Nigam's buses were old and uneconomical causing loss of Rs. 183.50 crore.*

(Paragraph 3.5.1)

- *Fleet utilisation was low compared to targets due to inefficiencies of the workshops leading to loss of potential contribution of Rs. 85.10 crore.*

(Paragraph 3.5.2)

- *Vehicle productivity was low and cancellation of scheduled kms was highest in the country leading to a loss of Rs. 97.77 crore and Rs. 404.55 crore respectively.*

(Paragraph 3.5.3)

- *As a sequel to unauthorised operation of private buses and issue of permits to private operators on nationalised routes the load factor was low and resulted in loss of Rs. 183.64 crore.*

(Paragraph 3.5.4)

- *Maintenance cost of operation was high due to higher bus staff ratio. The Nigam also failed to avoid premature scrapping of new tyres. This resulted in excessive cost on new tyres aggregating Rs. 14.92 crore.*

(Paragraphs 3.5.8, 3.5.9 and 3.6.1.2.5)

- *Staff productivity was low leading to a loss of Rs. 72.04 crore due to excess or shortfall of crew/staff.*

(Paragraph 3.5.12)

4. Miscellaneous Topics of Interest

UTTAR PRADESH STATE YARN COMPANY LIMITED

- *Investment of fund raised for modernisation of the Mills through private placement of bond was invested in fixed deposits carrying lower rate of interest resulting into loss amounting to Rs. 0.64 crore.*

(Paragraph 4A.2)

UTTAR PRADESH SMALL INDUSTRIES CORPORATION LIMITED

- *The Company suffered a loss of Rs. 1.53 crore due to non recovery of trade tax from its customers besides incurring further liability of Rs. 0.96 crore towards refund of trade tax.*

(Paragraph 4A.5)

UTTAR PRADESH STATE INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

- *Due to tardy progress of project and fixation of unreasonably higher rate of developed plots and flatted factories, the Company failed to attract entrepreneurs to establish export oriented units in EPIP defeating the very object of the scheme.*

  (Paragraph 4A.7)

UTTAR PRADESH POWER CORPORATION LIMITED (ERSTWHILE UTTAR PRADESH STATE ELECTRICITY BOARD)

- *Billing at assessed consumption of energy without consideration of Minimum Consumption Guarantee resulted in undercharge of revenue amounting to Rs. 22.80 lakh.*

  (Paragraph 4A.13)

- *The Company, in contravention of its own directives, failed to raise bills amounting to Rs. 3.42 crore in eight cases of theft of energy.*

  (Paragraph 4A.16)

- *Incorrect application of tariff resulted in undercharge of revenue amounting to Rs. 1.60 crore.*

  (Paragraph 4A.18)

- *The Company, in contravention of its own directives, allowed the release of connection by tapping of trunk line emanating from 132/33/11 KV sub-station thereby resulting in undue benefit to a consumer amounting to Rs. 0.81 crore.*

  (Paragraph 4A.20)

UTTAR PRADESH FINANCIAL CORPORATION

- *Appraisal of the project without ensuring viability resulted in non-recovery of dues amounting to Rs. 1.30 crore.*

  (Paragraph 4B.2)

CHAPTER-I

1. General view of Government companies and Statutory corporations

1.1 Introduction

As on 31 March 2000, there were 98 Government companies (including 37 subsidiaries) and seven Statutory corporations as against 97 Government companies (including 37 subsidiaries) and eight Statutory corporations as on 31 March 1999 under the control of the State Government. During the year one new Government company viz. Uttar Pradesh Power Corporation Limited was incorporated. The accounts of the Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors appointed by Government of India on the advice of Comptroller and Auditor General of India (CAG) as per provision of Section 619 (2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provisions of Section 619 of the Companies Act, 1956.The audit of the Statutory corporations are conducted under the provisions of the respective Acts as detailed below:

Sl. No.	Name of the Corporation	Authority for audit by the CAG	Audit arrangement
(1)	(2)	(3)	(4)
1.	Uttar Pradesh State Road Transport Corporation	Section 33(2) of the Road Transport Corporation Act, 1950	Sole audit by CAG
2.	Uttar Pradesh Avas Evam Vikas Parishad	Section 19(3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971	Sole audit by CAG
3.	Uttar Pradesh Jal Nigam	Section 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971	Sole audit by CAG
4.	Uttar Pradesh Forest Corporation	Section 19(3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971	Sole audit by CAG

(1)	(2)	(3)	(4)
5.	Uttar Pradesh State Employees Welfare Corporation	Section 19(3) of the Comptroller and Auditor General's (Duties, Powers & Conditions of Service) Act, 1971	Sole audit by CAG
6.	Uttar Pradesh State Warehousing Corporation	Section 31(8) of the Warehousing Corporations Act, 1962	Chartered Accountants and supplementary audit by CAG
7.	Uttar Pradesh Financial Corporation	Section 37(6) of the State Financial Corporations Act, 1951	Chartered Accountants and supplementary audit by CAG

1.2 Investment in Public Sector Undertakings (PSUs)

As on 31 March 2000, the total investment in 105 Public Sector Undertakings (98 Government companies and seven Statutory corporations) was Rs. 17313.04 crore (equity: Rs. 4817.71 crore; long term loans[1] : Rs. 12114.19 crore; and share application money : Rs. 381.14 crore) as against a total investment of Rs. 20842.20 crore (equity: Rs. 2382.35 crore; long term loans : Rs. 18432.62 crore and share application money: Rs. 27.23 crore) in PSUs (97 Government companies and eight Statutory corporations) as on 31 March 1999. The analysis of investment in PSUs is given in the following paragraphs.

1.2.1 Government companies

Total investment in 98 companies (including 37 subsidiaries) as on 31 March 2000 was Rs. 15243.82 crore (equity: Rs. 4384.98 crore; long term loans: Rs. 10554.77 crore and share application money : Rs. 304.07 crore) as against total investment of Rs. 3358.98 crore (equity: Rs. 1948.01 crore; long term loans: Rs.1383.74 crore and share application money : Rs. 27.23 crore) as on 31 March 1999 in 97 Government companies (including 37 subsidiaries). As on 31 March 2000, investment (provisional) included equity of Rs. 2639.24 crore and long term loan of Rs. 8798.88 crore transferred from erstwhile Uttar Pradesh State Electricity Board (UPSEB) to three Government companies viz. Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL), Uttar Pradesh Jal Vidyut Nigam Limited (UPJVNL) and Uttar Pradesh Power Corporation Limited (UPPCL) due to re-structuring of erstwhile UPSEB on 14.01.2000.

1 Long term loans mentioned in para 1.2, 1.2.1 and 1.2.2 are excluding interest accrued and due on such loans.

The classification of the Government companies was as under:

Status of companies	Number of companies		Investment (Rupees in crore)				Number of companies referred to BIFR	
			Paid up capital		Long term loans			
(a) Working companies	57	(56)	4585.43	(1871.62)	10394.39	(1226.09)	12[2]	(10)
(b) Non working companies:								
(i) Under liquidation	12[3]	(12)	15.86	(15.86)	0.03	(0.03)	Nil	
(ii) Under closure		Nil		Nil		Nil	Nil	
(iii) Under merger	3[4]	(3)	0.47	(0.47)	2.69	(2.69)	Nil	
(iv) Others	26[5]	(26)	87.29	(87.29)	157.66	(154.93)	Nil	
Total	**98**	**(97)**	**4689.05**	**(1975.24)**	**10554.77**	**(1383.74)**	**12**	**(10)**

(figures in brackets are previous year figures)

As 41 companies were non working or under process of liquidation/closure under Section 560 of the Companies Act/merger for 3 to 25 years and substantial investment of Rs. 264.00 crore is involved in these companies, effective steps need to be taken for their expeditious liquidation or revival.

Due to increase in long term loans in all sectors except textile, cement and tourism, the debt equity ratio increased from 0.70:1 in 1998-99 to 2.25:1 in 1999-2000 (Annexure-1). The summarised financial results of Government companies are detailed in Annexure-2.

Sector-wise Investment in Government companies

As on 31 March 2000, of total investment in Government companies, 30.76 *per cent* comprised equity capital and 69.24 *per cent* comprised loans compared to 58.80 *per cent* and 41.20 *per cent* respectively as on 31 March 1999.

The sector-wise investment (equity including share application money and long term loans) in Government companies as at the end of 1998-99 and 1999-2000 is given in the pie diagrams on the next page.

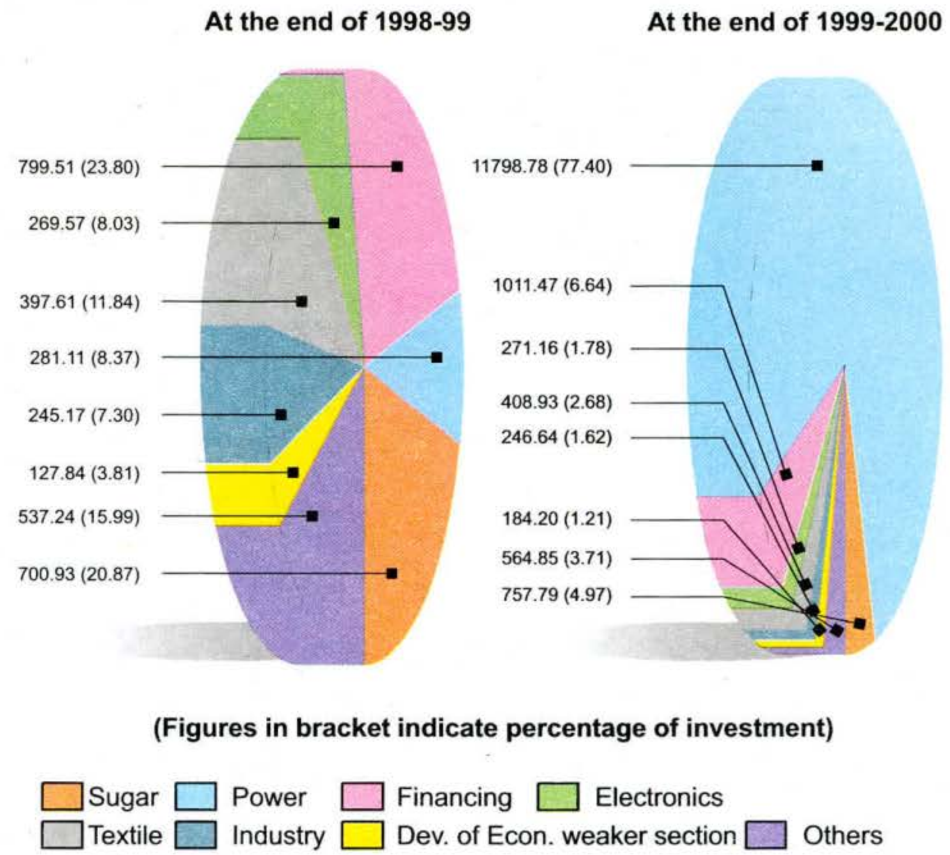
2 Reference to Annexure-I serial numbers 16, 31, 32, 41, 42, 43, 75, 77, 78, 79, 80 and 82.

3 Reference to Annexure-I serial numbers 24, 25, 26, 27, 28, 37, 38, 39, 40, 45, 67 and 84.

4 Reference to Annexure-I serial numbers 44,47 and 48.

5 Reference to Annexure-I serial numbers 3, 9, 13, 14, 15, 18, 20, 23, 34, 35, 36, 50, 55, 56, 57, 58, 59, 60, 61, 62, 64, 65, 66, 71, 83 and 94.

Sector-wise investment in Government Companies



1.2.2 Statutory corporations

The total investment in seven Statutory corporations at the end of March 2000 and eight Statutory corporations at the end of March 1999 was as follows:

(Rupees in crore)

1998-99				1999-2000		
Sl. No.	**Name of Corporation**	**Capital**	**Loan**	**Name of Corporation**	**Capital**	**Loan**
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Uttar Pradesh State Electricity Board[6]	-	15178.75	—	—	—
2.	Uttar Pradesh State Road Transport Corporation	321.57[7]	105.83[7]	Uttar Pradesh State Road Transport Corporation	321.57[7]	88.41[7]
3.	Uttar Pradesh Financial Corporation	100.00	1423.04	Uttar Pradesh Financial Corporation	100.00[7] (74.86)	1283.49[7]

6 Uttar Pradesh State Electricity Board has been restructured into three wholly owned Government companies with effect from 14 January 2000.

7 Provisional.

(1)	(2)	(3)	(4)	(5)	(6)	(7)
4.	Uttar Pradesh State Warehousing Corporation	10.36 (2.41)	1.43	Uttar Pradesh State Warehousing Corporation	11.16 (2.21)	1.08
5..	Uttar Pradesh Avas Evam Vikas Parishad	–	28.26[7]	Uttar Pradesh Avas Evam Vikas Parishad	–	19.64[7]
6.	Uttar Pradesh Jal Nigam	–	302.20	Uttar Pradesh Jal Nigam	–	131.02[7]
7.	Uttar Pradesh Forest Corporation	–	7.00	Uttar Pradesh Forest Corporation	–	32.58[7]
8.	Uttar Pradesh State Employees Welfare Corporation	–	2.37[7]	Uttar Pradesh State Employees Welfare Corporation	–	3.20[7]
	Total	**431.93 (2.41)**	**17048.88**		**432.73 (77.07)**	**1559.42[8]**

(Figures in bracket indicate share application money)

Out of seven corporations, four corporations have no share capital. The total loans of these Statutory corporations outstanding as on 31 March 2000 was Rs. 1559.42 crore as against Rs. 1870.13 crore (excluding Rs. 15178.75 crore pertaining to erstwhile UPSEB which has been re-structured on 14.01.2000) as on 31 March 1999. The decrease in outstanding loans is attributed mainly due to repayment of loans by Uttar Pradesh Jal Nigam, Uttar Pradesh State Road Transport Corporation and Uttar Pradesh Financial Corporation and also conversion of loan into equity (Rs. 11.26 crore) in respect of Uttar Pradesh Financial Corporation.

The summarised financial results of all Statutory corporations as per latest finalised accounts are given in Annexure-2 and financial position and working results of individual[9] Statutory corporations for the three years up to 1999-2000 are given in Annexures-4 and 5 respectively.

1.3 Disinvestment, Privatisation and Restructuring[10] of Public Sector Undertakings in Uttar Pradesh

1.3.1 The policy for privatisation/disinvestment of PSUs formulated (June 1994) by the Government provided for the review of all enterprises, excluding those engaged in social and welfare activities and public utilities, whose annual loss was more than Rs. 10 crore and which eroded their net worth by 50 *per cent* or more. A comprehensive policy detailing the various modalities and basis of valuation of assets and liabilities, selection of entrepreneurs etc. is yet to be made by the Government.

8 The decrease in loans as compared to previous year was mainly on account of restructuring of Uttar Pradesh State Electricity Board into three Government companies.

9 Except Uttar Pradesh State Employees Welfare Corporation whose audit was entrusted to the Comptroller and Auditor General of India during 1997-98 but no account has been received so far.

10 Restructuring includes merger and closure of PSUs.

An Empowered Committee (EC) was constituted (December 1995) to review and decide cases for privatisation/disinvestment/reference to BIFR and to recommend other alternatives such as partial privatisation, management by private entrepreneurs, lease to private entrepreneurs etc. The recommendations of the EC have not been made available to Audit. The Government intimated (May 2000) that on the recommendation of EC, State Disinvestment Commission has since been constituted.

1.3.2. Under the Uttar Pradesh Electricity Reforms Act, 1999, the Uttar Pradesh State Electricity Board (UPSEB) was restructured on 14.01.2000 and its functions relating to thermal generation and hydro generation were transferred to the existing Government companies viz. Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL) and Uttar Pradesh Jal Vidyut Nigam Limited (UPJVNL) respectively and functions relating to transmission and distribution of electricity were transferred to a wholly owned Government company viz. Uttar Pradesh Power Corporation Limited (UPPCL) formed in November 1999. In order to exercise the regulatory function, Uttar Pradesh State Electricity Regulatory Commission was also formed with effect from 10 September 1998. The assets and liabilities of erstwhile UPSEB as on 31 March 1999 were transferred (14.01.2000) on provisional basis to UPPCL (Rs. 8793.58 crore), UPRVUNL (Rs.5248.03 crore) and UPJVNL (Rs.1100.90 crore). The liabilities of Rs. 3045.50 crore and assets of Rs. 203.19 crore were retained by the State Government on provisional basis as detailed below:

(Rupees in crore)

A. Liabilities	
1. Surcharge claim for delayed payment of bills for power purchase	306.64
2. Surcharge claim for delayed payment of transmission charges	61.95
3. Dues payable to Central Government Undertakings/ Corporations/ Institutions claims for adjustment against Central Plan allocation	2327.13
4. Contingent liabilities	349.78
Total	**3045.50**
B. Assets	
1. Investment in Tehri Hydro-Electric Project standing in the name of UPSEB	176.69
2. Investment in Betwa Hydro-Electric Project	26.50
Total	**203.19**

1.4 Budgetary outgo, Subsidies, Guarantees and Waiver of dues

The details of budgetary outgo, subsidies, guarantees issued, waiver of dues and conversion of loans into equity by State Government to Government companies and Statutory corporations are given in Annexure-1 and 3.

The budgetary outgo from the State Government to Government companies and

Statutory corporations for the three years up to 1999-2000 in the form of equity capital, loans, grants and subsidy is given below:

(Amount : Rupees in crore)

	1997-98				1998-99				1999-2000			
	Companies		Corporation		Companies		Corporation		Companies		Corporation	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Equity Capital	11	48.94	2	1.16	9	26.48	2	7.14	4	3.06	2	36.46
Loans	12	109.95	2	829.50	13	113.80	4	1149.49	13	215.84	2	1.17
Grants	-	-	1	60.28	-	-	-	-	-	-	-	-
Subsidy towards : (i) Projects/Programmes/ Schemes	-	-	-	-	-	-	3	3.01	5	75.80	1	404.55
(ii) Other Subsidy	13	197.77	1	638.03	4	80.62	1	133.92	4	4.78	1	1.73
(iii) Total Subsidy	13	197.77	1	638.03	4	80.62	3	136.93	9	80.58	2	406.28
Total outgo	**26**	**356.66**	**2**	**1528.97**	**21**	**220.90**	**8**	**1293.56**	**21**	**299.40**	**5**	**443.91**

During the year 1999-2000, the Government had guaranteed the loans aggregating Rs. 824.63 crore obtained by 11 Government companies (Rs. 762.28 crore) and two Statutory corporations (Rs. 62.35 crore). At the end of the year, guarantees amounting to Rs. 1564.72 crore against nine Government companies (Rs. 937.50 crore) and two Statutory corporations (Rs. 627.22 crore) were outstanding. Government had forgone Rs. 177.58 crore by way of interest waived or giving moratorium on loan repayment in two companies (Rs. 26.92 crore) and two corporations (Rs. 150.66 crore). The Government also converted its loans amounting to Rs. 79.17 crore into equity capital in six companies (Rs. 67.91 crore) and one corporation (Rs. 11.26 crore) during the year. Unlike other States, no guarantee commission is being charged from Government companies and Statutory corporations by the Government.

1.5 Finalisation of accounts by PSUs

1.5.1 The accounts of the companies for every financial year are to be submitted for audit within six months from the end of relevant financial year under Section 166, 210, 230, 619 and 619-B of the Companies Act, 1956 read with Section 19 of Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. They are also to be laid before the Legislature within nine months from the end of financial year. Similarly, in case of Statutory corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

However, as could be noticed from Annexure-2, out of 98 Government companies only three companies (including one company which finalised accounts for the period from October 1998 to September 1999) and out of seven Statutory corporations, only one corporation has finalised its accounts for the year 1999-2000, within the stipulated period. During the period from October 1999 to September 2000, 49 Government companies (including three companies which are under liquidation/merger) finalised 52 accounts (including four accounts of companies under liquidation/merger) for the year 1999-2000 or previous years (49 accounts for previous years by 46 companies and three accounts for 1999-2000 by three companies including one account for the period from October 1998 to September 1999). Similarly, during this period, four Statutory corporations finalised four accounts for 1999-2000 or previous years (three accounts for previous years by three corporations). The accounts of other 91[11] Government companies (including 9 companies under liquidation and 3 companies under merger) and six Statutory corporations were in arrears for period ranging from one year to 25 years as on 30 September 2000 as detailed below:

Sl No.	Year from which accounts are in arrears	Number of years for which accounts are in arrears	No. of Companies/ Corporations		Reference to Serial No. of Annexure-2	
			Government Companies	Statutory Corporations	Government Companies	Statutory Corporations
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	1975-76	25	1		14	
2.	1977-78	23	1		13	
3.	1978-79	18	1		40[12]	
4	1982-83	18	1		60	
5.	1983-84	17	1		71	
6.	1980-81	16	1		38[12]	
7.	1984-85	16	1		58	
8.	1985-86	15	2		9,59	
9.	1986-87	14	2		62, 70	
10.	1987-88	13	4		35,57,61,74	
11.	1988-89	12	4		50,56,65,69	
12.	1989-90	11	2		36,66	
13.	1976-77	10	1		26[12]	
14.	1990-91	10	4		18,34,46,90	
15.	1991-92	9	2		21,91	
16.	1992-93	8	4		11,15,20,55	
17.	1993-94	7	2		3,96	
18.	1994-95	6	5		12,33,63,64,68	
19.	1995-96	5	-	1		5
20.	1993-94	4	1		37[12]	

11 Companies at Sl No 24, 25 and 67 of Annexure-2 are under liquidation having no arrears and accounts of company at Sl No. 87 is not due.

12 Companies at Sl. Nos. 26, 27, 28, 37, 38, 39, 40, 45 and 84 of Annexure-2 are under liquidation, therefore the arrears are up to the date of their going into liquidation.

(1)	(2)	(3)	(4)	(5)	(6)	(7)
21.	1996-97	4	9		2,17,23,32,49,73,75,80,98	
22.	1988-89	3	1		48	
23	1993-94	3	1		27[12]	
24.	1997-98	3	6	1	22,54, 78,83,93,97	7
25	1989-90	2	1	-	28[12]	
26.	1998-99	2	10	1	1,7,16,41,51,77,79,92,94,95	6
27.	1990-91	1	2		44[13],47[13]	
28.	1993-94	1	1		84[12]	
29.	1995-96	1	1		45[12]	
30.	1996-97	1	1		39[12]	
31.	1999-2000	1	18	3	4,5,6,8,10,19,29,42,43,52, 53,72,76,81, 85,86,88,89	1,2,4

Of the above 91 Government companies whose accounts are in arrears, 38[14] companies were non working companies.

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

1.5.2 Status of placement of Separate Audit Reports of Statutory Corporations in Legislature

The table given below indicates the status of placement of various Separate Audit Reports (SARs) on the accounts of Statutory Corporations issued by the Comptroller and Auditor General of India in the Legislature by the Government.

Sl No.	Name of Statutory Corporation	Year up to which SARs placed in Legislature	Years for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
(1)	(2)	(3)	(4)	(5)	(6)
1.	Uttar Pradesh State Road Transport Corporation	1993-94	1994-95 1995-96 1996-97 1997-98	08.11.1996 20.01.1998 10.09.1999 12.01.2000	Information is awaited.

13 Companies at Serial Numbers 44, 47 and 48 of Annexure-2 are under merger, therefore the arrears are up to the date of merger.

14 Serial numbers 3, 9, 13, 14, 15, 18, 20, 23, 26, 27, 28, 34, 35, 36, 37, 38, 39, 40, 44, 45, 47,48,50,55,56,57,58,59,60,61,62,64,65,66,71,83,84 and 94 of Annexure-2.

(1)	(2)	(3)	(4)	(5)	(6)
2.	Uttar Pradesh Financial Corporation	1992-93	1993-94 1994-95 1995-96 1996-97 1997-98	07.07.1995 18.04.1996 28.08.1998 17.12.1999 27.07.2000	Information is awaited
3.	Uttar Pradesh State Warehousing Corporation	1997-98	1998-99	27.07.2000	Information is awaited
4.	Uttar Pradesh Forest Corporation [15]	--	1997-98	17.08.2000	Information is awaited
5.	Uttar Pradesh Avas Evam Vikas Parishad	-------[16]	1990-91 1991-92 1992-93 1993-94	23.02.1998 23.02.1998 27.02.1998 19.08.1999	Information is awaited
6.	Uttar Pradesh Jal Nigam	-------[16]	1995-96 1996-97 1997-98	21.10.1997 18.02.1999 03.07.2000	Information is awaited
7.	Uttar Pradesh State Employees Welfare Corporation [17]	--	--	--	--

1.6 Working results of Public Sector Undertakings

According to latest finalised accounts of 94[18] Government companies and six Statutory corporations, 65 companies and three corporations had incurred an aggregate loss of Rs. 325.17 crore and Rs. 147.52 crore, respectively, and the remaining 28 companies and three corporations earned aggregate profit of Rs. 28.02 crore and Rs. 43.17 crore, respectively.

The summarised financial results of Government companies and Statutory corporations as per latest finalised accounts are given in Annexure-2. Besides, working results of individual corporations for the latest three years for which accounts are finalised are given in Annexure-5.

1.6.1 Government companies

1.6.1.1 Profit earning companies and dividend

Out of three companies (including two subsidiaries) which finalised their accounts for 1999-2000 by September 2000 (including one subsidiary which finalised accounts for October 1998 to September 1999), one company (Sl. No. 31 of Annexure-2) earned a profit of Rs. 1.56 lakh but did not declare dividend.

15 Audit was entrusted from 1997-98.

16 Information as regards to Uttar Pradesh Avas Evam Vikas Parishad prior to 1990-91 and Uttar Pradesh Jal Nigam prior to 1995-96 awaited from Government.

17 Audit has been entrusted from 1997-98. Accounts have not been received so far.

18 Three companies at serial number A-35,36 and 40 of Annexure-2 have not finalised their accounts since inception and accounts of company at serial number 87 are not due.

Similarly, out of 46 companies which finalised their accounts for previous years by September 2000, 15 companies earned an aggregate profit of Rs.17.49 crore and only 13[19] companies earned profit for two or more successive years.

The Government has not formulated any dividend policy for PSUs. However, the Government ordered (June 1994) for formulating of corporate plans by the PSUs. The Government intimated (May 2000) that no such plans were made available to them.

1.6.1.2 Loss incurring companies

Out of three companies (including two subsidiaries) which finalised their accounts for 1999-2000 by September 2000, two companies (Sl. No. 30 and 82 of Annexure-2) incurred a loss of Rs. 6.19 crore.

Similarly, out of 46 companies which finalised their accounts for previous years by September 2000, 31 companies incurred an aggregate loss of Rs.228.07 crore.

Of the 65 loss incurring companies, 38 companies had accumulated losses aggregating Rs. 2311.73 crore which had far exceeded their aggregate paid-up capital of Rs. 1135.98 crore.

In spite of poor performance leading to complete erosion of paid up capital, the State Government continued to provide financial support to these companies in the form of contribution towards equity, further grant of loans, conversion of loans into equity, subsidy, etc. According to available information, the total financial support so provided by the State Government by way of contribution for equity, further grant of loans, grant of moratorium on loans and conversion of loans into equity during 1999-2000 to 12 companies out of these 38 companies amounted to Rs. 246.56 crore.

1.6.2 Statutory corporations

1.6.2.1 Profit making Statutory corporations and dividend

One Statutory corporation (Sl. No. 3 of Annexure-2) which finalised its accounts for 1999-2000 by September 2000 earned a profit of Rs.13.03 crore and declared a dividend of Rs. 52.00 lakh. The dividend as percentage of share capital in above profit earning corporation worked out to 4.66 *per cent*. The total return by way of above dividend of Rs. 52.00 lakh worked out to 0.12 *per cent* in 1999-2000 on total equity investment of Rs. 432.73 crore in all Statutory corporations as against 0.07 *per cent* in the previous year.

Similarly, out of 5 corporations which finalised their accounts for previous years

19 Serial numbers 5,10,43,48,53,63,68,76,81,86,88,91 and 96 of Annexure-2.

by September 2000, two corporations (Sl. Nos. 4 & 5 of Annexure-2) earned an aggregate profit of Rs. 30.14 crore and both the corporations earned profit for two or more successive years.

1.6.2.2 Loss incurring Statutory corporations

Out of five corporations which fianalised their accounts for previous years by September 2000, three corporations incurred an aggregate loss of Rs. 147.52 crore.

Out of three loss incurring corporations, two corporations (Sl. Nos.1 & 2 of Annexure-2) had accumulated losses aggregating to Rs. 899.15 crore which had far exceeded their aggregate paid-up capital of Rs. 413.69 crore.

In spite of poor performance leading to complete erosion of paid-up capital, the State Government continued to provide financial support to these corporations in the form of contribution towards equity and further grant of loans, conversion of loans into equity, subsidy etc. According to available information, the total financial support so provided by the State Government by way of contribution towards equity and conversion of loans into equity during 1999-2000 to one corporation amounted to Rs.47.51 crore.

1.6.2.3 Operational performance of Statutory corporations

The operational performance of the Statutory corporations is given in Annexure-6 which brings out the following facts:

(i) While the average number of own vehicles held by **Uttar Pradesh State Road Transport Corporation** dropped by 11.2 *per cent* in 1999-2000 as compared to 1997-98, the average number of hired buses held increased by 61.6 *per cent* during the same period. This showed increased dependence on hired buses. The occupancy ratio also declined from 64 in 1997-98 to 61 in 1999-2000.

(ii) The amount overdue for recovery has increased from Rs. 508.17 crore (principal:Rs. 137.65 crore and interest:Rs. 370.52 crore) in 1996-97 to Rs. 737.11 crore (principal Rs. 238.22 crore and interest Rs. 498.89 crore) in 1998-99 (45.05 *per cent*) which indicates poor follow-up by the corporation (**Uttar Pradesh Financial Corporation**).

(iii) In addition, the disbursement of loan by the **Uttar Pradesh Financial Corporation** decreased from Rs. 423.14 crore (1491 cases) in 1996-97 to Rs. 129.39 crore (637 cases) in 1998-99 which was detrimental to the industrial development of the State.

1.7 Return on Capital Employed

As per the latest finalised accounts (up to September 2000) the capital employed[20] worked out to Rs. 2302.58 crore in 94[21] companies and total return[22] thereon amounted to Rs. 10.89 crore which is 0.47 *per cent* as compared to total return of Rs. 96.43 crore (4.68 *per cent*) in the previous year (accounts finalised up to September 1999). Similarly, during 1999-2000, the capital employed and total return thereon in case of Statutory corporations amounted to Rs. 5466.47 crore and Rs.142.54 crore (2.61 *per cent)* respectively against the total return of Rs.174.50[23] crore (3.20 *per cent*) for 1998-99. The details of capital employed and total return on capital employed in case of Government companies and corporations are given in Annexure-2.

1.8 Results of audit by Comptroller and Auditor General of India

During the period from October 1999 to September 2000, the audit of 35 companies and four corporations were selected for review. As a result of the observations made by CAG, two companies (Uttar Pradesh State Agro Industrial Corporation Limited and Uttar Pradesh Textile Printing Corporation Limited) revised their accounts. In addition, the net impact of the important audit observations as a result of review of the remaining PSUs was as follows:

Details	No. of accounts		Rupees in lakh	
	Government companies	Statutory corporations	Government companies	Statutory corporations
(1) Decrease in profit	5	1	32.69	12.12
(ii) Increase in profit	1	1	0.46	2.53
(iii) Increase in losses	11	2	633.98	9783.22
(iv) Decrease in losses	2	1	33.40	31.14
(v) Non disclosure of material facts	8	2	752.67	1938.64
(vi) Errors of classification	6	1	291.98	1816.39

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

21 Excluding companies at serial numbers A-35,36 and 40 of Annexure-2 which have not finalised accounts since inception and serial A-87 of Annexure-2 whose accounts is not due.

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

23 Excluding Uttar Pradesh State Electricity Board.

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

A. Errors and omissions noticed in case of Government companies

U.P. State Industrial Development Corporation Limited (1998-99)

Sundry Debtors (Rs. 1268.68 lakh) included Rs. 8.15 lakh outstanding against two closed Mandal Vikas Nigams (Rs. 3.27 lakh) and three companies (Rs. 4.88 lakh) for more than 10 years, recovery of which was doubtful and for which no provision had been made.

U.P. State Yarn Company Limited (1998-99)

(i) Secured Loans (Rs. 715.25 lakh) was understated by Rs. 50.00 lakh due to exclusion of the amount received from investors during 1998-99 against the issue of bonds carrying interest of 14.90 *per cent* resulting in understatement of current assets also.

(ii) Current liabilities and provisions (Rs. 2200.70 lakh) were understated by Rs. 93.92 lakh due to non provision of electricity dues payable to U.P. State Electricity Board up to March 1999.

The Pradeshiya Industrial and Investment Corporation of Uttar Pradesh Limited (1998-99)

Loss for the year, after Provision and Taxation (Rs. 5322.83 lakh) was understated by Rs. 385.25 lakh on account of under provision of:

(i) Rs. 320.74 lakh for assets classification; and

(ii) Rs. 64.51 lakh towards permanent diminution in the value of equity investments in 18 companies.

Ghatampur Sugar Company Limited (1997-98)

Loans & Advances (Rs.: 132.08 lakh) were overstated on account of:

(i) Inclusion of Rs. 3.78 lakh as part of security deposit with Central Excise Department which was not refundable to the company because it had already been adjusted against Central Excise dues.

(ii) Non provision of doubtful advances amounting Rs. 13.56 lakh due from closed units of the holding company.

U.P. Export Corporation Limited (1996-97)

Income (Rs. 1337.69 lakh) was overstated due to treating Rs. 6.94 lakh, amount of interest earned on unutilised portion of grants received from the Government, payable to the Government, as income of the company.

U.P. Projects and Tubewells Corporation Limited (1998-99)

Sundry Debtors were overstated and loss understated by Rs. 35.06 lakh due to accountal of :

(i) inadmissible escalation Rs. 17.25 lakh; and

(ii) charges for inadmissible contingencies Rs. 17.81 lakh.

U.P. State Leather Development & Marketing Corporation Limited (1997-98)

(i) Current Liabilities (Rs. 209.61 lakh) were understated by Rs. 7.65 lakh on account of non provision of water tax (Rs. 3.80 lakh) and house tax (Rs. 3.85 lakh).

(ii) Fixed Assets were overstated by Rs. 58.35 lakh on account of non provision of depreciation on buildings of High Frequency Center, Agra (Rs. 41.72 lakh) and three Common Facility Centres (Fathehpur, Jais and Basti Rs. 16.63 lakh).

The Indian Turpentine & Rosin Company Limited (1998-99)

Current Liabilities & Provisions (Rs. 2348.44 lakh) were understated by Rs. 7.86 lakh due to non provision of license fee for alcohol plant payable to Excise Department.

U.P. State Bridge Corporation Limited (1997-98)

(i) Works Expenses (Rs. 17356.54 lakh) were understated by Rs. 38.29 lakh on account of deduction of amount of old unclaimed sundry creditors written back instead of treating it as Miscellaneous Income.

(ii) Depreciation was short provided by Rs. 35.54 lakh (including Rs. 3.65 lakh for the current year) on account of non-adoption of depreciation rates prescribed in Schedule XIV of the Companies Act, 1956.

Teletronix Limited (Under Liquidation) (1992-93)

Unsecured Loans (Rs. 258.13 lakh) as well as current assets (Rs. 309.61 lakh) were understated by Rs. 21.99 lakh due to non-accountal of loan obtained from the Government through holding company.

Handloom Intensive Development Corporation (Gorakhpur-Basti) Limited (1989-90)

Provisions (Rs. 33.98 lakh) were understated by Rs. 11.18 lakh due to non-provision of gratuity payable to employees.

U.P. Matsya Vikas Nigam Limited (1991-92)

Fixed assets (Rs. 433.12 lakh) was understated and depreciation was overstated by Rs. 50.41 lakh due to adoption of higher rates of depreciation than those prescribed in Schedule XIV of the Companies Act, 1956.

B. Errors and omissions noticed in case of Statutory corporations

Uttar Pradesh State Warehousing Corporation (1998-99)

Other Income (Rs. 12.10 lakh) included Rs. 9.97 lakh being interest earned on fixed deposits made out of funds received from the Government for construction of godowns which should have been credited to the Government in terms of order dated 04.12.1993.

Uttar Pradesh Jal Nigam (1997-98)

Income – centage (Rs. 5650.01 lakh) was overstated on account of:

(a) Accountal of centage Rs. 941.67 lakh on all 'cost plus' and deposit works of the Government executed by the corporation during 1997-98 at 15 *per cent* instead of admissible 12.5 *per cent.*

(b) Accountal of inadmissible centage of Rs. 7905.22 lakh including Rs. 1347.82 lakh for the year at 15 *per cent* on Accelerated Rural Water Supply Programme (ARWSP) of Government of India.

(c) Accountal of inadmissible centage Rs. 25.69 lakh on Accelerated Urban Water Supply Programme (AUWSP).

C. Persistent irregularities and system deficiencies in financial matters of PSUs

The following persistent irregularities and system deficiencies in the financial matters of PSUs has been repeatedly pointed out during the course of Audit of their accounts but no corrective action had been taken by these PSUs so far.

Government companies

Uttar Pradesh Scheduled Caste Finance and Development Corporation Limited

(i) Under the procedure followed in respect of Special Component Plan and Self Employment Scheme financing, company's share of the admissible amount of subsidy and margin money loan is paid by field offices to the lead banks by cheques. Thus, accountal of subsidy utilised and margin money loan distributed by the company during a year represented the subsidy and margin money paid to the banks for disbursement to the beneficiaries and not the actual utilisation. Undisbursed amount lying with various banks in respect of 61 units of the Company up to 31 March 1994 amounted to Rs. 403.31 lakh (previous year: Rs. 271.44 lakh).

(ii) The amount of undisbursed loans refunded by the banks are not being credited to the loanees' account, consequently, the interest is being charged on the undisbursed amount. This resulted in overstatement of interest (amount indeterminate) on refunded amount of Rs. 78.02 lakh up to 31 March 1994 (previous year: Rs. 33.35 lakh).

Uttar Pradesh State Industrial Development Corporation Limited

(i) Industrial Land under Development at cost (Rs. 21,348.89 lakh) under Current Assets, Loans and Advances had been understated by Rs. 67.76 lakh being cumulative amount of earnest money/premium forfeited which had been shown by way of deduction from development expenses instead of being credited to Profit and Loss Account.

(ii) This also included Rs. 23.51 lakh incurred in respect of acquisition, processing of land at Agra although acquisition proposal had been withdrawn by the Company which should have been charged to Profit and Loss Account.

D. Closure

Even after completion of five years of their existence, the turnover (sales and other income) of 23 Government companies (Annexure-7) have been less than Rs. 5 crore. Similarly, 13 Government companies (Annexure-8) have been making losses for five consecutive years leading to a negative net worth. In spite of poor performance and erosion of paid-up capital, the Government did not consider any action for improvement in their working or liquidation.

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

Period of Audit Report	Total No. of reviews and paragraphs appeared in the Audit Report		No. of reviews and paragraphs pending for discussion	
	Reviews	Paragraphs	Reviews	Paragraphs
(1)	(2)	(3)	(4)	(5)
1976-77	2	53	-	5
1977-78	5	28	1	3
1979-80	6	59	-	7
1980-81	6	30	-	2

(1)	(2)	(3)	(4)	(5)
1981-82	4	73	4	39
1982-83	5	50	4	21
1983-84	4	60	4	10
1984-85	2	14	1	7
1985-86	6	22	6	11
1986-87	3	28	2	19
1987-88	8	23	7	12
1988-89	5	22	5	13
1989-90	6	14	3	10
1990-91	6	21	5	21
1991-92	4	38	4	35
1992-93	5	33	4	28
1993-94	5	31	5	31
1994-95	5	41	5	38
1995-96	7	39	7	26
1996-97	8	40	8	28
1997-98	5	67	5	66

1.10 619-B Companies

Some non-Government companies are deemed to be Government companies under Section 619-B of the Companies Act, 1956 for the limited purpose of extending to them the provisions relating to audit of Government companies contained in Section 619 of the Act. There were five such companies covered under Section 619-B of the Act. The following table indicates the details of paid-up capital and working results of these companies based on the latest available accounts.

(Rupees in crore)

Name of company	Year of accounts	Paid-up capital	Investment by			Profit (+) / Loss (-)	Accumulated loss
			State Government	Government Companies	Others		
Almora Magnesite Limited	1999-2000	2.00	--	1.22	0.78	(+) 0.08	2.27
Command Area Poultry Development Corporation Limited	1994-95	0.24	--	--	0.24	(+) 0.00003[24]	0.07
Electronics and Computers (India) Limited	Accounts not finalised since inception (1975-76)						
Steel and Fasteners Limited	1978-79	0.90	--	0.55	0.35	(-) 0.45	–
Uttar Pradesh Seeds and Tarai Development Corporation Limited	1998-99	2.77	0.83	--	1.94	(+) 1.49	–

24 Rs. 316 only.

1.11 Companies not subject to audit by Comptroller and Auditor General of India

The State Government had invested Rs. 10.16 lakh in 27 companies which were not subject to audit by the Comptroller and Auditor General of India as the aggregate amount of investment made by the State Government was less than 51 *per cent* of the equity capital of respective companies.

There was no company in which the investment by State Government by way of share capital was more than Rs. 10.00 lakh.

CHAPTER-II

2. Reviews relating to Government Companies

2A. The Pradeshiya Industrial and Investment Corporation of Uttar Pradesh Limited

HIGHLIGHTS

The Corporation was established on 29 March 1972 with a view to promote and develop industries in the State by providing financial assistance to medium and large scale industrial units. The paid-up capital of the Corporation as on 31 March 1999 was Rs. 110.58 crore which had been completely eroded by its accumulated loss of Rs. 112.54 crore.

(Paragraphs 2A.1 & 2A.5.2)

Despite huge cancellation of sanctions (Rs. 249.34 crore) in 1997-98, sanctions pending disbursement as on 31 March 1999 aggregated Rs. 155.20 crore representing 52.5 per cent of the total disbursable loans.

(Paragraph 2A.6.2)

The Corporation disbursed term loans to two units without ascertaining viability of the projects which resulted in non-recovery of dues of Rs. 5.67 crore.

(Paragraphs 2A.7.1.1 & 2A.7.1.5)

The loanee unit instead of making payment of one time settlement (OTS) proposal, claimed compensation of Rs. 2.00 crore for missing items of machinery during possession of the Corporation resulting in non-recovery of dues of Rs. 3.70 crore.

(Paragraph 2A.7.1.2)

Irregular release of bridge loan to a loanee unit by relaxing all pre-disbursement conditions of loan (including title deed of land and building plan) led to loss of Rs. 4.40 crore.

(Paragraph2A.7.1.3)

The Corporation disbursed term loan to a unit against submission of false pre-disbursement report on utilisation of loans and arrival of machines at the site which led to loss of Rs. 3.37 crore.

(Paragraph2A.7.1.4)

The Corporation suffered loss of Rs. 21.82 crore due to disbursal of term loans to seven companies with one main promoter/guarantor by relaxing all pre-disbursement conditions of loans and without ensuring the availability of hypothecated assets and first charge certificate from Registrar of Companies.

(Paragraph2A.7.1.6)

The Corporation sanctioned Short Term Loans (STL) to one unit ignoring eligibility criterion and relaxing all the basic conditions of STL which resulted in non-recovery of dues of Rs. 12.90 crore due to non-commissioning of project and insufficient security against personal guarantee of promoter.

(Paragraph2A.7.2.1)

Disbursal of STL to two units against the fake certification of hypothecated assets by the Chartered Accountants led to loss of Rs. 5.25 crore.

(Paragraphs 2A.7.2.2 & 2A.7.2.3)

Sanction of STL to a unit on the basis of inflated turnover and profits certified by Chartered Accountant and disbursement without ensuring credentials of the unit and details of hypothecated assets resulted in loss of Rs. 2.09 crore.

(Paragraph 2A.7.2.4)

Sanction of Working Capital Term Loan and Equipment Refinance Scheme to two units despite heavy recession in paper industry and not fulfilling the eligibility criterion, resulted in non-recovery of dues of Rs. 8.71 crore.

(Paragraphs 2A.7.3.1 & 2A.7.3.2)

The Corporation was deprived of potential profit of Rs. 29.89 crore and had to suffer extra burden of interest on borrowings amounting to Rs. 17.00 crore during 1994-95 to 1998-99 due to non dis-investment of its share holding in Indo-Gulf Fertilizer and Chemicals Limited.

(Paragraph 2A.7.4.1.1)

The Corporation did not disinvest its share holdings in India Polyfibres Limited despite poor performance of this unit which subsequently led to capital loss of Rs. 6.43 crore due to reduction of capital of this unit under revival package of Board for Industrial and Financial Reconstruction (BIFR).

(Paragraph 2A.7.4.1.4)

Sanction of lease assistance to one unit without verifying the credentials of supplier of machines resulted in locking up of funds amounting to Rs. 2.18 crore apart from interest loss of Rs. 0.98 crore up to April 1999.

(Paragraph 2A.7.5.2)

Owing to heavy defaults in repayment of loans and interest, non-performing assets (NPAs) of the Corporation increased to 58.5 per cent of the total loan assets as on 31 March 1999.

(Paragraph 2A.8.2)

2A.1 Introduction

The Pradeshiya Industrial & Investment Corporation of Uttar Pradesh Limited (Corporation) was incorporated in March 1972 as a wholly owned Government Company with the main objective of promoting and developing industries in the State by providing financial assistance to medium and large scale industries already set up or proposed to be set up.

2A.2 Objectives

The main objectives of the Corporation are:

(i) to carry on the business of an investment Company for providing finance to new/existing industrial enterprises in the State;

(ii) to buy, underwrite, invest, acquire and hold shares, stock, debentures, bonds, obligation and securities by original subscription, participation in syndicates, etc.;

(iii) to carry on the business of Merchant Banking in all its aspects and to act as managers to issues and offers; and

(iv) to provide financial assistance on lease and to carry on business of providing investment and financial services in all its aspects.

The present activities of the Corporation are mainly confined to providing financial assistance to new/existing industrial concerns through term loans, short term loans, working capital term loans, lease assistance and equity contribution.

2A.3 Organisational set-up

As on 31 March 1999, the Management of the Corporation was vested in a Board of Directors consisting of a part time Chairman, a Managing Director and nine other Directors, (including Joint Managing Director). The Managing Director is the executive head of the Corporation who is assisted by a Joint Managing Director, two Chief General Managers (Finance and Technical), two General Managers, three Deputy General Managers and a Company Secretary in the day to day affairs of the Corporation at the Corporate office and a Deputy General Manager and three Senior Regional Managers at its four regional offices.

During the last five years up to 1998-99, frequent changes in the incumbency of Managing Directors (MDs) were noticed and tenure of all the MDs during this period varied from five to 23 months. The frequent changes in incumbency of MDs had adversely affected the Management of affairs of the Corporation.

2A.4 Scope of Audit

A sectoral review on "Recovery Performance" of the Corporation with other similar companies was published in the Report of the Comptroller and Auditor General of India for the year 1988-89 (Commercial), Government of Uttar Pradesh which was yet to be discussed by the Committee on Public Undertakings. The present review covers performance of the Corporation during five years up to 31 March 1999. Out of total 391 cases, cases of attached saleable units (58), units sold by the Corporation after attachment (32), loss assets (28) and defaulter units (273), 105 cases were test checked in audit from all categories, conducted during November 1999 to April 2000, results of which are discussed in succeeding paragraphs :

2A.5 Financial position and working results

2A.5.1 Financial Position

The financial position of the Corporation at the end of the last five years up to 31 March 1999, as given in Annexure-9, indicates that the Corporation resorted to heavy borrowings which increased from Rs. 403.49 crore in 1994-95 to Rs. 708.63 crore in 1998-99. This increase was mainly because of (i) non availability of resources from disinvestment of joint sector investment, (ii) locking up of funds in secondary market operations, and (iii) poor recovery of the loans granted to loanees.

The funds so borrowed were utilised for extending financial assistance to medium and large scale industries through various schemes of the Corporation, refund of secured loans and also to meet out revenue expenditure like payment of interest. The accumulated loss of the Corporation as at 31 March 1999, had completely eroded its paid-up capital.

2A.5.2 Working results

The working results of the Corporation for each of the five years up to 1998-99 as summarised in Annexure-10 bring out the following facts:

Accumulated loss had completely eroded the net worth

- From the year 1996-97 and onwards Corporation started incurring loss and its accumulated loss at the end of March 1999 stood at Rs. 112.54 crore which had completely eroded its paid-up capital of Rs. 110.58 crore. The accumulated loss at the end of 31 March 1999 was further understated by Rs. 3.85 crore on account of short provision for non-performing assets (NPAs). The increase in loss was mainly attributable to substantial increase in financial expenses in the shape of interest outgo on market borrowings, shortfall in recovery of interest on loans given against various schemes and increase in provisions for non-performing assets (NPAs).

- Till March 1996, the Corporation was accounting interest income on cash basis and rest of income and expenditure on accrual basis. However, in compliance to the amendment of Section 145 of Income Tax Act, 1961, the Corporation changed its earlier method of accounting and adopted 'Accrual Method' of accounting w.e.f. 1 April 1996. Due to such change in the system of accounting the loss of the Corporation for the year 1996-97 was reduced by Rs. 13.85 crore.

- Payment of interest far exceeded the total income of the Corporation during the year 1997-98 and 1998-99 which was 107.81 *per cent* and 133.69 *per cent*, respectively. This clearly indicates funding of revenue expenditures through borrowings.

Sanction and disbursement of loans

2A.6.1 Scheme-wise performance

The table given below indicates the scheme-wise position of sanction and disbursement of loans for each of the last five years up to 1998-99.

(Rupees in crore)

		1994-95		1995-96		1996-97		1997-98		1998-99	
Sl. No.	Particulars	Sanction for the year	Disburse-ment for the year	Sanction for the year	Disburse-ment for the year	Sanction for the year	Disburse-ment for the year	Sanction for the year	Disburse-ment for the year	Sanction for the year	Disburse-ment for the year
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A. Loan disbursement											
(i)	Term loan (including ERS, EFS, ECS)	138.88	90.61 (87.18)[25]	151.50	71.62 (71.55)[25]	173.65	112.86 (88.65)[25]	236.09	117.59 (80.27)[25]	95.24	66.27 (75.41)[25]
(ii)	Short term loan	30.50	14.47	11.50	21.56	8.25	7.17	13.50	8.08	1.00	5.41
(iii)	Working capital term loan	--	--	18.65	6.92	8.80	7.28	15.30	15.40	2.80	3.92

25 Figures in brackets indicate percentage to total loan disbursed.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(iv)	Bill discounting	--	--	--	--	--	--	4.50	5.43	4.50	12.28
	Total loan (A)	**169.38**	**105.08**	**181.65**	**100.10**	**190.70**	**127.31**	**269.39**	**146.50**	**103.54**	**87.88**
B.	Investment in Joint assisted sector/ projects/ FCD.	4.86	2.19	24.64	11.20	2.53	4.36	15.18	10.95	6.48	9.26
C.	Purchase of equipment for leasing	0.16	0.09	7.84	2.92	2.23	5.05	7.75	5.48	--	--
	Total (A)+(B)+ (C)	**174.40**	**107.36 (61.5)**	**214.13**	**114.22 (53.3)**	**195.46**	**136.72 (69.9)**	**292.32**	**162.93 (57.7)**	**110.02**	**97.14 (88.3)**

(ERS = Equipment Refinance Scheme, EFS = Equipment Finance Scheme, ECS = Equipment Credit Scheme, FCD= Fully Convertible Debenture)

It was noticed that sanctions of total loan assistance declined to Rs. 110.02 crore during the year 1998-99 as compared to Rs. 292.32 crore in 1997-98. Simultaneously, disbursement of loan assistance declined from Rs. 162.93 crore in 1997-98 to Rs. 97.14 crore only at the end of 31st March 1999 which, as attributed by the Management, was mainly due to recessionary trend in the industrial sector as a whole. The percentage of disbursement to sanction ranged between 53.3 and 88.3 during five years up to March 1999 mainly due to non-fulfillment of legal formalities and non-availment of loan during currency period of sanction.

2A.6.2 Un-disbursed sanctions

The position of sanction of loans pending for disbursement during five years up to 31 March 1999, is detailed below:

(Rupees in crore)

Particulars	1994-95	1995-96	1996-97	1997-98	1998-99
Sanction cases pending disbursement at the beginning of the year	258.68	241.69	288.66	305.49	185.54
Add: Sanctions during the year	174.40	214.13	195.47	292.33	110.02
Total disbursable amount	**433.08**	**455.82**	**484.13**	**597.82**	**295.56**
Less: Cancelled during the year	84.02	52.93	41.92	249.34	43.21
Less: Disbursement during the year	107.37	114.24	136.72	162.94	97.15
Sanction cases pending disbursement at the end of the year	241.69	288.65	305.49	185.54	155.20
Percentage of undisbursed sanctions to disbursable sanctions	55.80	63.32	63.10	31.03	52.51

It was noticed in audit that:

- substantial amount of un-disbursed sanctions ranging between Rs. 155.20 crore and Rs. 305.49 crore was pending at the end of each of the five years up to 1998-99;

Huge amount of sanctioned loans were pending for disbursement

- as on 31 March 1999, sanctions pending disbursement amounted to Rs. 155.20 crore which included Rs. 33.61 crore in 18 cases which were more than two years old. No action had been taken by the Management either to cancel or disburse the same to the loanees so far; and

- during the year 1997-98 huge amount of sanctioned loan of Rs. 249.34 crore was cancelled by the Management mainly due to non-fulfilment of pre-sanction's conditions viz. NOC from Pollution Control Board, sanction of working capital loans from banks, availability of entrepreneurs contribution etc. within the currency period of sanction, by the entrepreneures which were initially unwarrantedly relaxed by the Management.

2A.7 Activities

The Corporation during five years up to 31 March 1999, extended financial assistance and services for setting up new medium and large scale industries as well as for modernisation, expansion and diversification of existing units through a comprehensive range of schemes detailed below:

The applications for financial assistance under various schemes of PICUP are duly analysed and put in a prescribed format before the Registration Committee (headed by MD/Joint MD) for registration of the case. If the case is registered, the detailed appraisal activity is taken up by a team of technical and financial officers from project division and the appraisal note is put up before the Advisory Committee headed by MD/Joint MD and also expert members from outside PICUP. Thereafter, the case is recommended by the Advisory Committee for sanction of financial assistance by the Board/MD.

2A.7.1 Term loan scheme

Financing through term loan scheme is a major activity of the Corporation and 70 to 80 *per cent* of the total loan disbursed during five years up to 31 March 1999 was through Term loan scheme only. The Corporation disbursed Term loan (including Equipment Finance Scheme, Equipment Refinance Scheme and Equipment Credit Scheme) of Rs. 458.96 crore (80.96 *per cent*) out of the total loan disbursed (Rs. 566.89 crore) during five years up to 1998-99.

Test check of the term loan cases revealed lapses on the part of the Management

Corporation could not recover dues of Rs. 75.25 crore from 21 units

like incorrect appraisal, submission of false inspection reports by its own officers, relaxation of conditions of pre-disbursement, insufficient security against personal guarantee (PG), non-invocation of PG, non-verification of hypothecated assets after disbursement of loan at periodical intervals, delayed action for attachment of defaulting units and disposal of their assets, and non-follow-up action for recovery of dues etc., leading to non recovery of dues to the tune of Rs. 75.25 crore as on March 2000 from 21 loanee units as given in Annexure-11.

Some of the cases indicating serious lapses on the part of the Management are discussed below:

2A.7.1.1 G.S. Products (P) Ltd.

The Corporation sanctioned (March 1989) a term loan of Rs. 90.00 lakh to G.S. Rubber (P) Ltd. (changed to G.S. Products (P) Ltd. in 1992), promoted by Sri S.P. Sharma, to set up a project for manufacture of PU coated synthetic leather cloth at Bazpur, District Nainital which was subsequently shifted to Sikandrabad, District Bulandshahar. Entire sanctioned loan was disbursed to the Company between April 1990 and November 1991 secured against joint equitable mortgage[26] of assets.

The unit failed in repayment of dues since inception i.e. June 1990 and four notices under Section 29 of State Financial Corporations (SFC) Act, 1951 were issued by the Corporation between March 1993 and May 1994 for recovery of dues failing which the assets of the unit were taken over on 13 June 1994 by the Corporation and sold (June 1995) to Tohfil India (P) Ltd. for Rs. 1.12 crore (including Corporation's share of Rs. 87.30 lakh) with the condition of making down payment of Rs. 28.00 lakh (subsequently increased to Rs. 33.00 lakh in June 1997) and balance in 12 quarterly instalments at 18.5 *per cent* rate of interest with moratorium period of one year of transfer of assets. Management also decided (June 1995) to invoke personal guarantee of old promoters for the difference amount of Rs. 43.16 lakh which is yet to be recovered (July 2000).

Tohfil India (P) Limited obtained possession of the unit but defaulted in payment of balance amount of sale consideration (Rs. 79.00 lakh) for which Recovery Certificate for Rs. 1.13 crore including interest of Rs. 33.89 lakh (up to July 1999) was issued on 11 October, 1999 but no recovery could be initiated so far (July 2000).

Sanction of loan to a non-viable project resulted in loss of Rs. 1.56 crore

The Corporation suffered loss of Rs. 1.56 crore, the reasons for which were mainly (a) failure of the Management to review the viability of the project at the time of shifting from Bazpur to Sikandrabad, (b) non invoking the personal guarantees of old promoters, (c) failure to recover dues and delay of around

26 Joint equitable mortgage means mortgage of immovable assets which can be effected by mere delivery of title deeds of assets.

three years in issue of notice under Section 29 of SFC Act for attachment of unit; and (d) failure to reattach the unit after new promoter's default in payment of balance amount of sale consideration. No action had been taken against the officer sanctioning the loan so far (July 2000).

2A.7.1.2 Hunter Foods (P) Ltd.

The Corporation sanctioned and disbursed (August 1987) a term loan of Rs. 90.00 lakh to Hunter Foods (P) Limited promoted by Sri B.B. Chopra and Smt. H. Chopra for setting up a project for manufacture of potato chips at Dehradun with second hand imported machines. However, the details of personal guarantees given by the promoters were not verified by the Corporation. The project was put to commercial production in December 1989 after a delay of 21 months over the envisaged implementation schedule.

The unit, defaulted in repayment of dues since February 1990 and failed to honour re-schedulement of overdue interest of Rs. 30.15 lakh to be paid from May 1992 to April 1993 at the rate of Rs. 2.50 lakh per month. Therefore, the unit was attached on 22 March, 1993 but was not handed over to the promoter even after deposit of Rs. 5.83 lakh as per decision of the Recovery Review Committee (May 1993). The unit was handed over to a security agency of Dehradun which was withdrawn and handed over to another security agency of Nainital in December 1997.

Interest overdues of Rs. 2.57 crore were waived of under OTS

However, 'One Time Settlement' (OTS) proposal of the unit was agreed to (December 1998) by the Corporation for Rs. 1.27 crore (Principal: Rs. 90.00 lakh and simple interest with interest tax up to 22.03.1993: Rs. 37.41 lakh) with the condition of making down payment of Rs. 14.02 lakh (Net Rs. 8.19 lakh after adjusting Rs. 5.83 lakh already paid) and balance Rs. 1.13 crore in nine equal monthly instalments commencing after three months from the date of approval of OTS. On this arrangement the Corporation had to waive off interest overdues of Rs. 2.57 crore (simple interest Rs. 63.19 lakh and compound & penal interest Rs. 1.94 crore).

Loanee unit instead of making payment of OTS, claimed compensation of Rs. 2.00 crore

The unit after down payment of Rs. 14.02 lakh was handed over to the promoter on 28 January 1999 but instead of making further payment of OTS dues the promoters alleged (29 January 1999) missing items of machinery worth Rs. 2.00 crore during the possession of assets with the Corporation and claimed compensation for the same. The Corporation, however, decided (December 1999) to cancel the OTS and invoke personal guarantee of promoters but no recovery could be made till date (July 2000).

The Corporation, however, neither lodged FIR with the police for missing items nor did the inspecting officers recommend any action for recovery of value of missing machinery from the former security agency.

Chances of recovery of Rs. 3.70 crore were doubtful

The chances of recovery of over dues of Rs. 3.70 crore were remote due to non-availability of property in the name of promoters and except possession of unlisted shares with zero value.

2A.7.1.3 Renuka Resorts Ltd.

Loan was disbursed without compliance of pre-disbursement conditions

The Corporation sanctioned (August 1997) a term loan of Rs. 9.00 crore to Renuka Resorts Pvt. Ltd. for setting up a three star hotel at Lucknow to be promoted by Sri Sanjeev Sharma, Pioneer Finest Ltd., New Delhi and Goldmine Securities, Calcutta. Against the aforesaid sanctioned term loan, a bridge loan of Rs. 5.00 crore was sanctioned and a sum of a Rs. 3.00 crore was disbursed by the Corporation to the unit in September 1997 by relaxing all the conditions, by the Managing Director, which were precedent to disbursement viz. sanction of power load, approval of building plan, title deed of the land, banker's report and credit worthiness of promoters, 100 *per cent* raising of promoter's contribution and tie up of balance term loan of Rs. 1.80 crore.

Subsequently, owing to an inspection carried out in November 1997 which revealed improper utilisation of disbursed loan, unjustifiable expenditure incurred on the project and Hon'ble High Court's order (October 1997) quashing conversion of lease hold land into free hold land, the Corporation cancelled (December 1997) the balance undisbursed loan of Rs. 6.00 crore and recalled (January 1998) the loan of Rs. 3.00 crore already disbursed to the unit.

Chances of recovery of Rs. 4.40 crore were remote

The Corporation invoked the personal guarantees of the promoters through Recovery Certificates (RC) issued for Rs. 3.99 crore in September 1999 but the RC was received back with the remark of DM, Nainital regarding non-availability of immovable/movable property in the name of Sri Sanjeev Sharma from which the dues could be realised. In respect of other two RCs issued against the Corporate companies (viz. Pioneer Finest Ltd., New Delhi and Goldmine Securities, Calcutta), nothing was intimated from the concerned authorities so far (July 2000). Amount recoverable up to January 2000 mounted to Rs. 4.40 crore, the chances of recovery of which had become quite remote. The Management decided (April 2000) to hand over the case to Vigilance Department.

No responsibility had been fixed by the Corporation against its own officers/ officials responsible for lapses at various level.

2A.7.1.4 Ganga Industries Ltd.

Disbursed bridge loan was misappropriated

A term loan of Rs. 1.50 crore was sanctioned in December 1990 to Ganga Industries Limited promoted by Sri Jai Narain Goel, for setting up a plant for manufacturing particle board at Motiganj, District Mainpuri against which a bridge loan of Rs. 1.12 crore was disbursed (March 1991) after pre-disbursement inspection of the unit and was converted into term loan in September 1991 after execution of legal documentation. The Management, however, stopped (December 1991) disbursement of further instalments of term loan (Rs. 37.50 lakh) due to misappropriation of disbursed term loan noticed by the Management and finally cancelled (September 1994) the same reducing the term loan to Rs. 1.12 crore only.

Unit misled the Corporation as the assets mentioned in affidavits were not in the name of promoters

Consequent upon the continued default in repayment of dues, the unit was attached on 16 April 1996 followed by an FIR lodged with the Police at Mainpuri on the same day indicating therein about the non-availability of any assets at the site and a Recovery Certificate for Rs. 2.98 crore (including interest calculated up to 15.10.1998) was issued against the promoters in November 1998 which was returned (March 1999) by the Collector, Mainpuri with the remark that the movable and immovable properties mentioned in affidavits were not in the name of promoters and therefore, nothing could be recovered from them.

Corporation was put to a loss of Rs. 3.37 crore due to various pre and post disbursement irregularities

The Corporation advertised for sale of attached unit and the highest negotiated offer was obtained (October 1999) for Rs. 8.00 lakh against the total assets of the Company (land & building only) valued at Rs. 5.50 lakh available at the site. However, no action had been taken to dispose of assets so far (March 2000). Thus, the Corporation was put to loss of Rs. 3.37 crore (interest calculated up to 31.01.2000) which was mainly due to submission of false inspection reports by Corporation's own officers regarding utilisation of loan, promoter's contribution and arrival of machines at site, failure to follow up the procedures formulated for pre-disbursement inspection and inadequacy of the promoter/director's movable and immovable properties mentioned in affidavits and belated decision for attachment of unit and relaxation of other conditions precedent to pre-disbursement of loan etc.

No responsibility had been fixed by the Management against its own officers responsible for the lapses which caused loss to the Corporation.

2A.7.1.5 L.R. Brothers Indo Flora Ltd. (LRB)

A term loan of Rs. 2.50 crore was sanctioned to L.R. Brothers Indo Flora Ltd. promoted by Sri V.K Garg in July 1996 for setting up a 100 *per cent* export oriented unit for production of 11.83 million roses per annum at Chakrata Road, Saharanpur. Out of this, the Corporation disbursed loan of Rs. 2.25 crore during the period from September 1996 to March 1997 against the equitable mortgage of assets with Industrial Development Bank of India and Industrial Investment Bank of India. The cash in-flow of the loanee unit was poor which resulted in default in repayment of principal and interest from the beginning. The Corporation issued notice under Section 29 of SFC Act, 1951 three times during September 1997 to February 1999 for attachment of the unit but was not attached till date (July 2000) for which no reasons were available on record. The Corporation had also issued demand show cause notices on 28.5.99 against the guarantors but these notices were returned unserved on 2.6.99 with the remark 'Addressee left'. The recovery certificates against the guarantors were also issued on 17.1.2000 for Rs. 4.11 crore (Rs. 2.25 crore principal and Rs. 1.86 crore interest up to 31.10.1999) on the same address with no outcome.

Of the total project cost of Rs. 25.70 crore, Rs. 15.45 crore (60 *per cent* of project cost) was to be financed by financial institutions. Due to heavy size of debt burden and interest thereon, the project was not viable but this aspect was not considered at the time of appraisal/sanction of loan.

Sanction of loan for unviable project led to non-recovery of Rs. 4.11 crore

Thus, due to incorrect assessment regarding viability of the project, partial implementation of production capacity, non-attachment of unit in spite of issue of notices three times, and issue of Recovery Certificate to the guarantors at wrong address, the chances of recovery of Rs. 4.11 crore are remote.

2A.7.1.6 Manu group of companies

Loan was disbursed to seven units with one key promoter without ensuring his credentials

A sum of Rs. 6.30 crore (Rs. 90.00 lakh each) was sanctioned to seven[27] units promoted by Sri Sant Kumar between February 1988 and August 1990 against which a sum of Rs. 5.69 crore was disbursed between May 1988 and July 1991. None of the seven units could start commercial production and were in default since inception. Due to default, notices under Section 29 of SFC Act, 1951, were issued in April 1992 and accordingly units were attached in May 1992. At the time of attachment of units most of the plant and machineries valued at Rs. 1.45 crore were found missing. Hence, FIRs against the promoters/directors were lodged with the police on 16.07.1992 at Police Station, Gomti Nagar, Lucknow but neither the amount could be recovered nor were the promoters arrested so far (March 2000). The personal guarantees of promoters/directors were also invoked by issuing recovery certificates in December 1992 but no amount could be recovered so far. The assets of all the seven units viz. building and plant & machineries excluding land were sold by the Corporation for Rs. 29.62 lakh only in March 1997. The case is being investigated by the EOW[28] at present and the report is awaited (July 2000).

In this connection the following points were noticed by audit:

Loan was disbursed without compliance of pre-disbursement conditions

- The loan was disbursed after relaxing the pre-disbursement conditions of term loan by the Managing Director viz. (i) sanction of power; (ii) NOC from U.P. Pollution Control Board; (iii) appointment of technical person; (iv) charge certificate of hypothecated assets from Registrar of Companies;

27 (1) Kanpur Fats (P) Ltd, Kanpur Dehat, (2) Manu oils (P) Ltd., Kanpur Dehat, (3) Manu Agro (P) Ltd., Kanpur Dehat, (4) Manu Refinery (P) Ltd., Bazpur, (5) Parth Oils (P) Ltd., Bazpur (6) Naini Automotives (P) Ltd., Bazpur and (7) Hill Automotive Components (P) Ltd., Bazpur.

28 Economic Offences Wing of the State Government.

(v) sanction of working capital; (vi) submission of approved building plan, and (vii) submission of credit report from the bankers.

- The value of personal properties of the promoter of all the seven units was only Rs. 1.02 crore (including Rs. 54.60 lakh as share capital of four sold out companies) against guaranteed loan of Rs. 6.30 crore which was insufficient to cover the loan liability.

Belated disposal of assets resulted in loss of assets of Rs. 1.66 crore

- As against the value of building and plant & machineries of Rs. 1.96 crore as valued by approved valuer in August 1992, the Corporation could realise Rs. 29.62 lakh only from sale of all the assets of seven units during 1997. Thus, due to delay of about five years in disposal of assets, the realisation was very poor and the Corporation had to suffer loss in value of assets to the extent of Rs. 1.66 crore.

Insufficient guarantee of promoter made the recovery of dues doubtful

Thus, chances of recovery of overdues of Rs. 21.82 crore (including principal of Rs. 5.69 crore) outstanding against seven units as on February 2000, were quite remote for which no responsibility had been fixed so far (April 2000).

2A.7.2 Short term loan (STL)

The Corporation introduced (October 1994) a scheme of extending short term loan up to Rs. 1.50 crore at 4 to 7 *per cent* rate of interest over the lending rate of SBI for a period of three months which could be extended up to further three months at the discretion of the Managing Director to the units already engaged in manufacturing activities, for more than three years and also in profit during preceding two years with an immaculate payment/track record with Financial Institutions and Banks. The assistance was to be made available preferably for listed units against the pledge of actively traded shares. Leasing and finance units were kept outside the purview of the scheme.

The repayment of loan automatically becomes due on the same date after three months (in case of extension, after six months) failing which it leads to disposal of pledged shares on the seventh day of expiry of date.

Non-recovery of dues of Rs. 28.09 crore from seven companies

It was noticed that the Corporation disbursed STL of Rs. 56.69 crore to 35 units during five years up to 31 March 1999. Test check of some of the cases in audit revealed that the Corporation could not recover its dues amounting to Rs. 28.09 crore in seven cases mainly due to relaxation in many pre-disbursement conditions of STL, non-disposal of pledged shares on defaults, sanction of loan to ineligible units, disbursement of loan against Chartered Accountant's false certification of assets for hypothecation, delayed action in follow up of recovery resulting in registration with BIFR and sanction of loan against the pledged shares of non listed units etc. The details are tabulated in Annexure-12.

Some of the cases are discussed below:

2A.7.2.1 Anand Agrochem (P) Ltd.

Disbursal of loan without fulfilling conditions approved by the Board

Against the laid down policy of giving STL, the Corporation sanctioned and disbursed a short term loan (STL) of Rs. 5.00 crore to Anand Agrochem (P) Ltd. (a non-listed unit) promoted by Sri S.N. Chaturvedi between March and May 1995 for setting up of a newly incorporated sugar mill at Aligarh for a period of three months (extended to six months). STL was approved by the Board of the Corporation, subject to sanction of term loan by the ICICI. Though the sanction of ICICI loan was delayed, the Board approved release of loan in four instalments during March to May 1995 repayable in November 1995 against joint equitable mortgage of fixed assets and personal guarantee of promoter.

The unit defaulted in repayment of principal and interest and overdue principal and interest amounted to Rs. 12.90 crore (including interest of Rs. 7.90 crore) as on 30 November 1999. The project could not be started so far (March 2000).

Stay orders of Hon'ble court could not got vacated since December 1997

The Corporation issued notice under Section 29 of SFC Act, for attachment of unit in February 1996 and again in November 1997. Consequently, the unit was attached in January 1998 and the personal guarantee was invoked in March 1998 but no recovery could be made because the unit obtained (December 1997) stay order from Hon'ble High Court of Allahabad restraining the Corporation from its sale and non-availability of movable and immovable assets in the name of promoter. The Corporation could not get the stay orders vacated till date (July 2000). Recovery certificates issued to DM Mathura, and DM Mumbai (Urban) through DM, Lucknow were returned unexecuted.

Delayed attachment of unit led to non-recovery of dues of Rs. 12.90 crore

In this connection Audit observed that the Management sanctioned STL without considering the eligibility criterion, the viability of the projects, non tie-up of means of financing with ICICI and availability of movable assets only in the form of shares of non-listed unit with nil value against personal guarantee bond.

The Management, thus, extended undue favour to the unit in sanctioning and disbursement of loan and delayed action of attachment of unit gave sufficient time to the Company to move for obtaining Court's stay order which could lead to loss to the Corporation to the extent of Rs. 12.90 crore.

2A.7.2.2 Yogi Pharmacy Ltd.

A short term loan (STL) of Rs. 1.50 crore was sanctioned (July 1997) and disbursed (August 1997) to Yogi Pharmacy Ltd. promoted by Sri Avinash Megan to meet out its working capital requirement, secured against personal guarantees of promoter directors, pledge of 40.00 lakh listed equity shares of Yogi Pharmacy Ltd. and first charge on the entire plant & machineries located at Haridwar valued at Rs. 2.42 crore. Due to non-payment of STL at the expiry of three months i.e. up to 14 November 1997, the STL was rolled over for another three months repayable on 14 February 1998.

All the machines hypothecated were found missing on attachment of the unit

The unit defaulted in payment of STL on due date as its post dated cheques were dishonoured by the bank on presentation. To recover the overdues a recovery certificate against guarantors was issued (June 1998) but no amount could be recovered as no other movable/immovable assets except shares of the unit were available. A notice under Section 29 of SFC Act was also issued (July 1999) against the unit and the assets were attached on 15 September 1999. At the time of attachment, none of the 15 machines hypothecated to the Corporation were found at the site and therefore, an FIR dated 15 September 1999 was lodged with Police Station Industrial Area, Haridwar regarding missing machineries worth Rs. 2.42 crore. It was further noticed that the loanee unit had applied for registration with BIFR for declaration as sick Company. The petition was dismissed as 'non-maintainable' on the ground that the unit had come to BIFR with unclean hands manipulating the accounts and basic data and could not prove its bonafides.

In this connection Audit observed the following:

- The loan was disbursed on the basis of Chartered Accountant's certificate only without verifying the hypothecated assets which were found missing during inspection (January 1998).

Corporation failed to dispose of pledged shares in the market

- The Corporation did not dispose of 40.00 lakh pledged shares of the loanee unit in open market.
- The Corporation did not hold first charge on the entire plant and machineries as entire fixed assets were already pledged with Oriental Bank of Commerce. This fact was not verified from the Registrar of Companies at the time of disbursement of loan.

The chances of recovery of Rs. 2.65 crore (including principal of Rs. 1.50 crore) had become remote and the Corporation was put to loss to that extent. No responsibility had been fixed by the Corporation on its officers responsible for the loss.

2A.7.2.3 H-Lon Hosiery Ltd.

H-Lon Hosiery Ltd., New Delhi promoted by Sri Ratan Lal Garera and Smt. Gunjan Garera was sanctioned short term loan of Rs. 1.50 crore in July 1997 to meet out its working capital requirement for its unit at NOIDA against the exclusive first charge on machineries worth Rs. 6.73 crore of another unit located at Delhi duly certified by the Chartered Accountants along with personal guarantee of promoter directors. The Corporation disbursed the loan (4 August 1997) on the basis of reports of its Merchant Banking Division (MBD) Delhi and after fulfilling legal formalities viz. hypothecation deed, personal guarantee bond of promoter directors for a period of three months which was rolled over for another three months repayable by 3rd of February 1998. The Corporation, however, relaxed the condition of pledging of 40.00 lakh shares valued at Rs. 1.32 crore by the loanee unit which was an essential part of the conditions of sanction of loan.

The loanee unit defaulted in repayment of principal amount of Rs. 1.50 crore and interest thereon as its post dated cheques were dishonoured by the bank on presentation. The Corporation issued recovery certificates against the personal guarantors and the Company in May and August 1998 which were returned (October 1999) unexecuted with the remark that no property was available in the name of personal guarantors and that the unit was under liquidation.

Non-availability of any asset resulted in non-recovery of dues of Rs. 2.60 crore

Since the loanee unit has gone in liquidation and no property was available in the names of guarantors available for recovery, the chances of recovery of dues had become quite remote and the Corporation is expected to incur huge loss of Rs. 2.60 crore which could have been averted had the above lapses been avoided at various levels of the Management.

The following points deserve mention in regard to the above:

Incorrect assessment by MBD about liquidity and market intelligence of the unit

- MBD's report regarding liquidity and market intelligence proved incorrect in view of the fact that unit's earlier requests for lease assistance was also rejected by the Corporation in November 1996 on account of their severe financial crunch and defaults in honouring some commitments in the market.

False certification by the Chartered Accountants about the hypothecated assets

- The Management disbursed loan on an unauthenticated certificate of Chartered Accountants which was neither verified/valued by the officers of the Corporation nor its approved valuer. Further, the Chartered Accountants' certificates with respect to hypothecated assets was also not true as there was first charge for Rs. 1.40 crore on assets by State Bank of Patiala, Wazirpur, Delhi as per the records of Registrar of Companies, Delhi.

No responsibility had been fixed against the officers/officials of the Corporation responsible for the loss.

2A.7.2.4 Lunar Diamond Ltd. (LDL)

Loss due to non-availability of any asset for realisation of dues

The Corporation sanctioned and disbursed (September 1997) STL of Rs. 1.50 crore to Lunar Diamond Ltd. promoted by Sri S.L. Maloo, to augment working capital requirement for its unit located at NOIDA for a period of three months which was rolled over for another three months repayable on 23 March 1998.

Two post dated cheques of Rs. 1.52 crore (including interest of Rs. 2.27 lakh) were dishonoured on presentation. The loanee unit had not made any payment so far (July 2000). Total amount of loan and interest due for repayment aggregated to Rs. 2.09 crore as on 31 March 1999.

Hypothecated assets were not available at the site

The loan was secured by way of hypothecation of plant & machineries of another group Company i.e. Teknik Digital System Pvt. Ltd. (TDSPL) located at NOIDA and the personal guarantee of promoter/directors. Inspection of designated sites of TDSPL on 7 April 1998 and 26 November 1998 revealed the non-existence of TDSPL and its hypothecated assets for which an FIR was lodged (28 November 1998) with the Police at NOIDA against the promoters for committing fraud.

Unit was registered with BIFR under SICA due to heavy losses

The loanee unit, failed to furnish new security to the Corporation as ordered (January 1999) by the Hon'ble High Court, Allahabad. The Corporation did not take any step to counter-file the complaint for non compliance of the orders of Hon'ble High Court, Allahabad regarding non-furnishing of security deposits by the loanee. Personal guarantees of promoters/directors were also not invoked. The loanee unit was registered with BIFR in March 1999 under Sick Industrial Companies (Special Provisions) Act, 1985 (SICA).

Thus, registration of loanee unit's with BIFR due to its deteriorating financial position, heavy outstanding of overdues against the foreign currency loan and interest on Non- Convertible Debentures of IDBI since February 1996 and non-existence of TDSPL and its hypothecated assets at both the designated sites, had reduced the chances of recovery of STL alongwith interest. This was facilitated because of the following lapses, on the part of the Corporation:

Disbursement of loan to an ineligible unit against submission of false statements

- The Corporation disbursed loan to an ineligible unit against submission of false financial statement and without compliance of pre-disbursement conditions of STL viz. pledging of actively traded shares, furnishing of collateral security against land & buildings.
- The hypothecated assets of TDSPL were not verified/valued by the officers of the Corporation at any stage at the time of legal documentation.

The loanee unit submitted financial statement duly certified by CAs with inflated turnover and profits

- The loanee unit furnished provisional financial statement for the year ended 31 March 1997 duly certified by the Chartered Accountants which indicated inflated turnover of Rs. 102.02 crore and false net profit of Rs. 6.01 crore as against the actual turnover of Rs. 16.16 crore and net loss of Rs. 34.57 crore as reported by IDBI. The Corporation did not verify the actual turnover and profit/loss of the unit before disbursement of loan.

No responsibility had been fixed by the Corporation on its own officers/ officials for lapses at various levels.

2A.7.3 Working capital term loan scheme (WCTL)

A WCTL scheme was introduced in August 1995 to provide financial assistance at 1 to 2 *per cent* higher rate of interest over the lending rate of SBI to the financed units of the Corporation which were engaged in manufacturing activities and were in operation for more than three years, which earned profits during preceding two years and were not in default to any Financial Institutions and Banks for more than 15 days during the last one year. Under the scheme, loan is sanctioned up to 75 *per cent* of net working capital requirement of the unit, subject to a minimum of Rs. 33.00 lakh and maximum of Rs. 2.00 crore or 200 *per cent* of net profit whichever is less. During five years up to 1998-99 Corporation disbursed WCTL of Rs. 33.53 crore in 34 cases.

Corporation could not recover Rs. 8.70 crore from two units

Test check of WCTL cases in audit revealed non recovery of dues amounting to Rs. 8.70 crore against two units due to non-adherence of eligibility criterion of these units, lack of monitoring of track records of repayment with other Financial Institutions and Banks and non-observance of WCTL to be disbursed by the banks etc. as narrated below:

2A.7.3.1 Sangal Papers Ltd. (SPL)

Sangal Papers Ltd., Meerut, promoted by Sri Himanshu Sangal, was sanctioned and disbursed, despite heavy recession in Paper Industry, WCTL of Rs. 2.00 crore in June 1997 after relaxing the major conditions of WCTL viz. condition of loanee unit not being in default during last one year, amount of WCTL being beyond the permissible limit (Rs. 20.76 lakh i.e. 200 *per cent* of net profit of Rs. 10.38 lakh of the unit for 1996-97) and condition of furnishing collateral security of land and buildings or shares of listed unit. The loan was secured by extending the charge on fixed assets, demand promissory note for a sum equivalent to WCTL and irrevocable personal guarantees of four directors followed by execution of loan agreement.

The loanee unit defaulted in repayment as result of which notice under Section 29 of SFC Act, 1951 was issued (April 1998) but neither the unit was attached nor any recovery made so far (July 2000).

The loanee unit on the basis of its deteriorating financial position got registered with BIFR on 6 July 1999 as a sick industry. BIFR appointed (January 2000) IFCI to enquire into the matter and submit detailed report on financial status of the unit which was awaited (July 2000).

Loan to a paper manufacturing unit was sanctioned despite heavy recession in Paper Industry

Thus, due to heavy recession in Paper Industry and relaxation of major eligibility criterion of WCTL of the loanee unit, paved the way to huge losses to the extent of Rs. 3.49 crore to the Corporation. Further, the Corporation had not taken any action for recovery of dues viz. attachment of unit, sale of assets, invoking of personal guarantee of promoters etc., except issuance of notice under Section 29 of SFC Act in April 1998 only, which provided sufficient time to the unit to manipulate the situation for registration with BIFR.

No responsibility for the lapses at various levels had been fixed by the Corporation.

2A.7.3.2 Rama Paper Mills Ltd. (RPML)

A loan of Rs. 1.50 crore, despite heavy recession in Paper Industry, was sanctioned to Rama Paper Mills Ltd., Bijnore, promoted by Sri Pramod Kumar, in November 1996 under 'Equipment Re-finance Scheme' (ERS). The loan was disbursed during April/May 1997. Although the unit defaulted in repayment since inception, was further sanctioned and disbursed WCTL of Rs. 2.00 crore in September 1997 against the charge of entire fixed assets of its one branch unit at Najibabad. The charge was however, not created in favour of Corporation as assets were already pledged with ICICI and NOC from ICICI was not obtained and loan was disbursed on the basis of collateral security of Ram Fin Fortunes Pvt. Ltd. and against a post dated cheque of Rs. 2.00 crore. The valuation of collateral security was got done through two separate external valuers viz. Jitson and Associates in September 1997 and S.K. Ahuja and Associates in February 1998 for Rs. 2.03 crore and Rs. 2.02 crore respectively which was found erroneous and on higher side compared to valuation done by its own officers at Rs. 40.00 lakh only. Accordingly, to bridge the deficit in collateral security, the loanee unit was asked to provide additional security of Rs. 1.60 crore which it did not submit so far (May 2000). The post dated cheque of Rs. 2.00 crore also bounced for which a case under Section 138 of Negotiable Instrument Act was filed. Due to default in repayment, notices for attachment of the unit were issued three times during March 1998 to January 1999 but unit was not attached. The loanee unit was registered with BIFR in May 1999 due to which Corporation could not initiate any action for recovery of dues of Rs. 5.22 crore (Rs. 3.20 crore under WCTL and Rs. 2.02 crore under ERS) overdue for recovery in April 2000. Due to inaction on the part of the Corporation the chances of recovery of dues amounting to Rs. 5.22 crore had become remote.

In this connection Audit observed the following:

Chances of recovery of Rs. 5.22 crore were remote

- As per existing practice, this loanee unit was entitled for WCTL of Rs. 1.00 crore on current assets method but this condition was relaxed and WCTL of Rs. 2.00 crore sanctioned on the basis of net fixed assets/ net profit method.

- Under WCTL scheme, the projected DSCR (Debt Service Coverage Ratio) including WCTL loan shall not be less than 2 whereas average DSCR was 1.40 only. This condition was also relaxed without assigning any reason.

- Responsibilities for the above lapses were not fixed by the Corporation.

2A.7.4 Investment in equity shares

2A.7.4.1 Investment in joint/assisted sector

The Corporation had been investing in the shares of units by way of participation in joint/assisted sector or by way of equity participation with the twin objective of promotion of industries and capital appreciation. Total amount of equity investment in such joint/assisted sector units as on 31 March 1999 was Rs. 76.69 crore. The Corporation earned dividend of Rs 4.40 crore during the year 1998-99 against the total investment which represented 5.7 *per cent* of the investment. The Corporation from time to time disinvests these investments either by buy-back by promoters or through sale in open market.

In order to implement disinvestment decisions in an efficient way, the Board of Directors in September 1989 constituted a committee to identify the shares which could be disinvested, their quantum and also the floor price. As per policy of the Corporation the shares could be disinvested any time after commencement of commercial production. The Constitution of Committee itself was far from satisfactory since it did not contain any expert from stock market or any portfolio advisor to assist in identifying the securities, estimating the quantum of disinvestment and floor prices etc. As a result of lack of professional advice, the timing and floor price decisions taken by the Committee were not appropriate and disinvestment at most remunerative prices could not be achieved.

A few illustrative cases are discussed below where disinvestment though otherwise possible, was not made:

2A.7.4.1.1 Indo-Gulf Fertilizer & Chemicals Limited

The Corporation made investment of Rs. 18.15 crore at par in equity share capital of Indo-Gulf Fertilizer & Chemicals Limited, Jagdishpur, in the year 1985. Disinvestment committee of the Corporation decided in November 1994 to disinvest 20 *per cent* share holding (3623000 shares of Rs. 10/- each) of this unit to meet out the requirement of funds at an unrealistic floor price of Rs. 125/- per share, against which only UTI offered (December 1994) to purchase shares at the then prevailing market price of Rs. 92.50 (net of brokerage). As the offer was lower than the floor price fixed by Disinvestment Committee it was rejected (December 1994) without examining other relevant aspects.

Since the Corporation was badly in need of funds and the borrowings had reached an alarming level of more than Rs. 400 crore as at the end of 31 March 1995, on which annual outgo on account of interest alone was more than Rs. 60 crore, a professional approach should have been adopted by the Management for off-loading the shares at Rs. 92.50 per share in favour of UTI in 1994. The present value of shares of the unit have come down to Rs. 42 per share (26 May 2000).

Non dis-investment of share holding deprived the Corporation of profit and also put extra burden of interest on market borrowings

The Corporation was, thus, deprived of potential profits of Rs 29.89 crore on one hand and this also put an extra burden of interest of Rs. 17.00 crore on borrowings during four years up to 1998-99 which could had been avoided otherwise.

A more recent opportunity of disinvestment was available to the Corporation in the year 1999 when the price of the scrip started picking up in the month of July & August 1999 and reached its peak of Rs. 87.50 in January 2000. This too, could not be availed due to lack of professionalism and foresight of the Management.

2A.7.4.1.2 Pashupati Acrylon Limited

Loss of Rs. 2.36 crore due to non dis-investment of 'right issue shares'

The Corporation, out of total holdings of equity shares worth Rs. 4.98 crore of Pashupati Acrylon Ltd., Moradabad, failed to disinvest shares worth Rs. 73.26 lakh acquired by way of rights issue (which were not backed by any buy-back obligation by the promoters) during the year 1992. These shares, if disinvested during the same year at an average price of Rs. 42.25 per share, would have resulted in profits of Rs. 2.36 crore to the Corporation. In so far as originally allotted shares worth Rs. 4.25 crore (backed by buy-back obligations by the promoters) were concerned, the Management failed to prevail upon the promoters to honour their buy-back obligation due to deficiency in the agreement, entered into with them restricting the Corporation to disinvest the shares by off loading in favour of third party at a discount of not more than 10 *per cent* of the price quoted by promoters, thereby resulting in locking up of funds of Rs. 4.98 crore (including "right issue" investment of Rs. 73.26 lakh) and substantial erosion in their values as the market value of these shares had gone down to Rs. 2 as on 8 August 2000. The Corporation was, thus, deprived of anticipated profits of Rs. 2.36 crore due to failure of Management in disposal of rights shares.

2A.7.4.1.3 National Switchgear Limited

Loss of Rs. 1.43 crore due to non disposal of shares

In spite of Disinvestment Committee's recommendation in April 1992 and co-promoters refusal to buy back the same in June 1992, the Corporation failed to disinvest the shares of National Switchgear Ltd., Raebareli, in the market. The main reason adduced for non disposal of shares was the failure of the Corporation in getting the odd lot share certificates (each share certificate of 10,000 shares) converted into marketable lot (each share certificate of 100 shares), despite the fact that the officers of the Corporation themselves were on the Board of Directors of this unit. The shares, if disinvested in the market at an average prevailing price of Rs. 65 during the year 1992 (June 1992 to August 1992), would have resulted in profit of Rs. 1.43 crore at the rate of Rs. 55 per share.

On account of continued unviable operation, the entire net worth of the unit had been eroded and the Corporation had given its consent for winding up of the unit in May 1999. Thus, there was no possibility of realising any return out of the said investment and the Corporation was put to loss of potential profit Rs. 1.43 crore apart from capital loss of Rs. 25.99 lakh.

2A.7.4.1.4 India Polyfibres Limited

The Corporation, in spite of poor performance of India Polyfibres Limited, Barabanki, since inception coupled with execution of defective agreement with co-promoters, as a result of which the buy back of shares was left entirely to the discretion of private co-promoters, failed to disinvest 8032500 equity shares worth Rs. 8.03 crore at prices ranging from Rs. 10 to Rs. 27.50 during the period from January 1994 to June 1995.

Corporation suffered capital loss of Rs. 6.43 crore due to reduction in capital

On account of continued poor performance, the unit became sick and was referred to BIFR who vide their finally approved package of July 1999 consented upon by all the parties, reduced the equity capital of the unit by 80 *per cent* thereby reducing the value of investment to Rs. 1.61 crore.

Thus, due to inaction on the part of Management in disposing of these shares, the Corporation was put to capital loss of Rs. 6.43 crore.

2A.7.5 Lease finance

The Corporation started the scheme of leasing of equipment since the year 1983 in which items of plant and machinery required by the lessee were provided to them for use on payment of monthly specified lease rental with responsibility of maintenance and insurance lying with them. However, ownership of the machinery so provided was to remain with the Corporation alongwith the benefit of charging depreciation on assets.

The position of sanction, disbursement of lease assistance vis-à-vis recovery and outstanding position of lease rental is given in the Annexure-13.

It was noticed in audit that recovery of lease rental remained poor in all those five years period ending 31 March 1999. The percentage of recovery declined from a peak of 43.94 *per cent* in 1994-95 to 10.74 *per cent* in 1998-99. On account of non-recovery of lease rental from a large number of cases, provision for non performing assets amounting to Rs. 1.88 crore had to be made on 31 March 1999 in respect of outstanding lease rental of Rs. 8.50 crore. No significant steps were taken to realise the dues or to take back the possession of leased assets despite the fact that ownership of the machines leased vested with the Corporation.

Some of the interesting cases of defaults committed by lessees are enumerated below:

2A.7.5.1 Premier International Ltd., Delhi

The above unit was sanctioned (April 1997) lease assistance amounting to Rs. 4.00 crore (later reduced to Rs. 2.00 crore) out of which a sum of Rs. 2.00 crore was disbursed to the supplier on 31.5.97 for procurement of Copper Engraved Printing Rolls from Vidiani Engineers Ltd., the manufacturer of the equipment. In order to secure the amount of lease assistance, the collateral security in the form of personal guarantee of directors, corporate guarantee of Primer Vinyl Floorings Ltd. (an associate company of lessee) and mortgage of immovable property equivalent to lease assistance were required to be submitted.

Lessee submitted forged documents

The documents of immovable property as well as attestation of signature of owner of the property by bank turned out to be fake on verification by Chief Legal Advisor of the Corporation on 2.6.97 as the person concerned had died several years back. In spite of this, no efforts were made by the Management to cancel the assistance and initiate criminal proceedings against the lessee for taking back the moneys advanced in June 1997 itself.

The chances of recovery of the amount were remote since the personal guarantee of the directors was not backed by any immovable properties and address of one of the directors was found fake on verification and other directors had already left their residences long back. The corporate guarantee of the group Company also could not be invoked for which no reasons were on record.

In such circumstances, recovery of principal and interest (up to January 2000) amounting to Rs. 3.54 crore was unlikely. No responsibility had been fixed by the Corporation so far (March 2000).

2A.7.5.2 Mideast India Limited, Delhi

Disbursal of lease assistance without verifying credentials and entity of machine supplier

The above unit, despite facing severe liquidity crunch was sanctioned (May 1997) lease assistance of Rs. 2.91 crore, against the policies of the Corporation formulated in this behalf, for procurement of machineries for manufacture of shoe lasts. Out of sanctioned amount, a sum of Rs. 2.18 crore was disbursed to the supplier of equipment (Cougar International (P) Limited) on 28.06.1997 without verifying their credentials who on subsequent enquiry proved to be a non-existent entity.

As a result, the machineries sanctioned on lease never reached the lessee and the Corporation's funds to the tune of Rs. 2.18 crore were thereby put in jeopardy apart from loss of interest amounting to Rs. 98.41 lakh up to April 1999.

The chances of recovery of the amount were remote since (i) the unit on account of various defaults in payment obligation was facing numerous winding up petitions, (ii) the shares submitted as security were not accompanied by transfer deeds, and (iii) the details of immovable properties with recovery certificate had not been confirmed by the Management and was yet to be executed. No responsibility in the matter had been fixed by the Management so far (July 2000).

2A.7.6 Merchant Banking

The Corporation, as part of merchant banking scheme started the scheme of investment in equity shares out of public issues of equity shares of the units in the year 1994-95 which was discontinued w.e.f. 1996-97. Initially the scheme was restricted to investment in AAA/AA rated units with maximum investment of Rs. 25.00 lakh in each unit. The limit was later enhanced to Rs. 50.00 lakh and the condition of investment in AAA/AA rated units only was relaxed in November 1994.

The market value of investment in 16 units was reduced to 24 *per cent* of acquisition price

Accordingly, investment to the tune of Rs. 7.80 crore was made in 16 units as detailed in Annexure-14 during the period from 1994-95 to 1997-98 out of which disinvestment to the tune of Rs. 65.85 lakh only (1 issue full and partial disinvestment in three issues) could be made at a small profit of Rs. 38.92 lakh. The value of equity shares so invested were quoting at substantial discount compared to their acquisition prices and market value of these investment had gone down to Rs. 1.74 crore as on 31 March 1999 as against their acquisition price of Rs. 7.14 crore (net of disinvestment).

The main reason for investing in poor quality stock was lack of formulation of any investment policy and strategy and also the decision of the Management to relax the condition of investment in AAA/AA rated units only, as a result of which investment in unrated units was made at hefty premium which was unjustified and risky. The quality of investment was so poor that these could not be disinvested even at loss as there were only a few transactions taking place on the stock exchanges. Besides diminution in the value of investment, there had been significant loss of interest amounting to Rs. 3.31 crore also, calculated on the simple average rate of borrowings of the Corporation since all these investments had been made with the help of borrowed funds.

2A.8 Poor recovery performance of loans

The position of total loan asset, amount due for recovery and recovery thereagainst at the end of each of last five years up to March 1999 is given in the table on the next page :

(Rupees in crore)

Particulars	1994-95		1995-96		1996-97		1997-98		1998-99	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Total loan assets	470.79		475.00		545.88		607.73		617.37	
Amount due for recovery										
1. Arrears at the beginning of the year	40.09	36.59	41.97	42.51	36.17	43.76	49.76	51.81	61.39	74.83
2. Current dues	66.18	63.83	61.69	61.54	94.82	87.41	102.81	86.22	82.27	62.46
TOTAL (A)	**106.26**	**100.42**	**103.66**	**104.05**	**130.99**	**111.17**	**152.57**	**138.03**	**143.56**	**137.29**
RECOVERY										
1. Out of arrears	1.82	1.73	7.27	4.66	7.20	3.60	4.99	4.87	3.82	1.98
2. Out of current dues	62.48	56.19	60.22	55.63	74.03	55.76	86.20	58.32	69.17	48.75
TOTAL (B)	**64.30**	**57.92**	**67.49**	**60.29**	**81.23**	**59.36**	**91.19**	**63.19**	**72.99**	**50.73**
Outstanding dues at the end of the year (C)	41.97	42.51	36.17	43.76	49.76	51.81	61.39	74.83	70.65	86.57
Percentage of B(1) to A(1)	4.53 (4.6)	4.72	17.32 (14.2)	10.97	19.91 (14.1)	8.22	10.02 (9.7)	9.40	6.23 (4.4)	2.64
Percentage of B(2) to A(2)	94.41	88.03	97.61	90.38	78.07	82.73	83.84	67.65	84.09	78.04
Percentage of B to A	60.50	57.67	65.10	57.94	62.01	53.40	59.77	45.79	50.82	36.95
		(58.3)		**(61.5)**		**(57.7)**		**(52.78)**		**(43.88)**

(Note : Figures in bracket indicate combined percentage of recovery of principal and interest during each year).

The analysis of above table revealed the following:

2A.8.1 Recovery of dues

Poor recovery performance of loans and declining trend of recovery of dues during five years up to 31 March 1999 from 61.5 *per cent* in 1995-96 to 43.9 *per cent* during 1998-99. The above further includes abnormally low percentage of recovery out of arrears which ranged between 4.4 and 14.2 *per cent*.

2A.8.2 Non-Performing Assets (NPAs)

In terms of IDBI guidelines of May 1993, as modified from time to time, the loan portfolio of the Corporation is being classified as standard assets or performing assets (PA) and non-performing assets (NPA) for the purpose of income recognition and provisioning. A standard loan asset becomes an NPA as and when it exceeds period of one year from the date of default which is further sub-classified into four categories viz. (i) Sub-standard assets: loan assets that are NPAs for more than one year and not exceeding two years (ii) Doubtful assets (a): a loan assets which remained NPAs for more than two years and up to five years. (iii) Doubtful assets (b): NPAs for more than five years and (iv) Loss assets: a loss asset is one where losses are identified but not written off wholly or partly. Taking into account the time gap between the account becoming doubtful for recovery, an adequate provision of ten, twenty five, fifty and hundred *per cent*, respectively, is required to be made against the loan assets classified as NPAs under each head.

However, it was observed in audit that the Corporation had not developed any system of regular review of loan portfolios by top Management. System review on a case to case basis with regard to factors affecting performance, prospects of recovery, assets backing etc. is also not done for management of NPAs at regular intervals. In addition, the borrower's balance sheet and profit & loss account are not analysed and information relating to arrears position with other institutions, quality of management and relevant technological issues are not kept up to date to enable the Corporation to have a complete picture of the risk profile of its assets. In addition, close monitoring which is required to be done to prevent new cases from slipping into NPA category is not efficiently undertaken.

NPAs increased up to 58.5 *per cent*

The classification of loan assets of the Corporation for the last five years up to 31 March 1999 as summarised in Annexure-15 indicates continuous slippage of standard assets to NPAs which increased up to 58.5 *per cent* of total loan assets at the end of 31 March 1999 reflecting an adverse situation. The comparative percentage of NPAs to total loan assets in Industrial Credit and Investment Corporation of India and Industrial Financial Corporation of India ranged between 6.7 and 8.1 & 14 and 21 respectively, during the above period.

Poor recovery of loan as discussed in para 2A.8.1 (*supra*) resulted in abnormal increase in NPAs up to 58.5 *per cent* at the end of March 1999 as analysed by audit was mainly attributable to:

- incorrect appraisal of projects (para 2A.7.1.1, 2A.7.1.5, 2A.7.2.1, 2A.7.2.3, 2A.7.3.1, 2A.7.3.2 *supra* and *Annexure-11 Sl. No. 15,16,19 & Annexure-12 Sl. No. 6)*;
- sanction of loan against false certification of value of assets for hypothecation by the Chartered Accountants and false inspection reports by its own officers (para 2A.7.1.4, 2A.7.2.2, 2A.7.2.3, 2A.7.2.4 *supra* and *Annexure-11 Sl. No. 13*);
- unwarranted relaxation in compliance of conditions precedent to disbursement (para 2A.7.1.3, 2A.7.1.6, 2A.7.2.1 *supra*);
- lack of action to recover value of missing assets (para 2A.7.1.2);
- non-verification of hypothecated assets and personal assets against personal guarantee (PG) before execution of the legal documents (para 2A.7.1.4, 2A.7.1.6, 2A.7.2.2 and *Annexure-11 Sl. No. 18*);

- poor recovery of dues due to ineffective follow-up action for recovery of dues (para 2A.7.1.6 and *Annexure-12 Sl. No. 5,7*);
- belated action for attachment of units on default which facilitated removal of assets from the site (para 2A.7.1.1, 2A.7.1.4, 2A.7.1.6 *supra* and *Annexure-11 Sl. No. 14,17*); and
- Non-pursuance of recovery certificates (para 2A.8.3 *infra*).

2A.8.3 Non-pursuance of Recovery Certificates (RC)

117 RCs for Rs. 172.72 crore were still pending for recovery with District Authorities

The position of RCs issued and pending during five years up to 31 March 1999 as given in Annexure-16 indicated that the Corporation had issued 95 RCs valued at Rs. 156.97 crore during five years up to 31 March 1999, out of which seven RCs valued at Rs. 4.89 crore were withdrawn/returned unexecuted and 117 RCs valued at Rs. 172.72 crore were pending with District Authorities. No amount could be recovered against the RCs issued during five years up to 31 March 1999 which is one of the important reasons for poor recovery of dues.

It was further noticed that 29 RCs valuing Rs. 20.66 crore had been pending for more than five years which had neither been returned nor recovery effected thereagainst. This shows lack of monitoring and follow-up at the Management level although Legal Cell at the Head Office and the Regional Offices were responsible to ensure recovery against RCs.

2A.9 One Time Settlement (OTS) of dues

In order to accelerate recovery of dues from defaulting assisted units from whom chances of recovery were quite remote, the Corporation evolved (January 1987) a policy of going in for one time settlement (OTS) from these chronic defaulters.

Interest of Rs. 39.55 crore was waived off under OTS

The position of OTS settlement and the amount of interest waived off thereagainst during five years up to 31 March 1999, as given in Annexure-17, indicated that the OTS proposals were generally not honoured by the defaulting units and the Corporation instead of taking any strict action for recovery, accepted requests for OTS/extension of time for OTS payment, whenever such requests were made by these units subsequently. During five years up to 31 March 1999, out of 92 cases of OTS approved by the Corporation, only 57 cases (62 *per cent*) were fully honoured and 35 cases (38 *per cent*) of OTS were either partially honoured or cancelled due to non-payment of OTS dues. In this way, the Corporation waived off interest overdues of Rs. 39.55 crore (including simple interest of Rs. 8.09 crore).

Conclusion

The Corporation incurred losses from 1996-97 onwards and the accumulated losses aggregated Rs. 112.54 crore at the end of 31 March 1999 which had completely eroded the net worth of the Corporation. The poor performance of the Corporation was mainly due to:

- **inadequacy of its appraisal system in identifying viable and non-viable projects resulting in sanction of loan to non-viable projects;**
- **unwarranted relaxation in compliance of pre-disbursement conditions resulting in sanction of loans to ineligible entrepreneurs leading to non-recovery of dues;**
- **inadequate system of valuation and verification of hypothecated assets and immovable/movable assets against personal guarantee on legal documentation;**
- **lack of monitoring and physical verification of assisted units and delayed attachment of units on default resulted in removal of assets from the sites;**
- **failure of its recovery system in identification of revivable/non-revivable units and willful defaulters and initiation of strict, effective and timely recovery action coupled with liberal settlement of dues under OTS scheme; and**
- **lack of professionalism in dealing with equity participation, lease financing and merchant banking.**

The Corporation needs to review its system of pre-sanction appraisal, sanction and disbursement of loans and financial assistance, reduce NPAs, improve the recovery performance and take judicious decisions in investment and dis-investment.

These matters were reported to the Corporation and the Government (May 2000); the replies had not been received (July 2000).

2B. Procurement, Performance, Maintenance and Repair of Transformers in Uttar Pradesh Power Corporation Limited (Erstwhile Uttar Pradesh State Electricity Board)

HIGHLIGHTS

In Uttar Pradesh Power Corporation Limited (erstwhile Uttar Pradesh State Electricity Board) the growth of sub-power transformation capacity was not matching with the growth of distribution transformation capacity and connected load which resulted in overloading. The overall distribution transformation capacity per MW of connected load also ranged between 0.92 and 0.99 MW during last four years up to 1998-99.

(Paragraph 2B.4)

As there was no scientific assessment of requirement of transformers, 7239 transformers valued at Rs. 19.86 crore remained un-utilised for one year during 1999-2000.

(Paragraph 2B.5)

Procurement of one 315 MVA transformer in excess of requirement at 400 KV sub-station, Unnao (October 1999) resulted in not only unfruitful expenditure of Rs. 4.01 crore but the Company also sustained loss of 6.43 million units of energy (value Rs. 1.14 crore) due to dissipation in guaranteed load loss and no load loss.

(Paragraph 2B.5.4.1)

The damage rate of distribution transformers was abnormally high ranging between 16.2 and 22.5 per cent against the norm of 2 per cent fixed by the Company itself. Due to this, the Company had to bear a heavy financial burden of Rs. 325.28 crore on repair of 232341 distribution transformers which failed in excess of the norm during the period of five years up to 1999-2000.

(Paragraph 2B.6.2)

Due to change in technical specifications of repaired transformers, the Company allowed higher tolerance in load loss and no load loss over and above the guaranteed loss prescribed for procurement of new transformers. Due to this, the Company not only accepted inferior quality of repaired transformers from outside agencies but also suffered energy loss of 130.16 MU (value Rs. 20.96 crore) in repair of 177983 distribution transformers during five years up to 1999-2000.

(Paragraph 2B.7.2.1)

2B.1 Introduction

Transformer is a static equipment installed for stepping up or stepping down voltage in transmission and distribution of electricity. Power is usually generated at very low voltage (11 KV to 15.75 KV) and thereafter it is stepped up (132 KV, 220 KV and 400 KV) through power transformers for transmission to load centres, where it is stepped down (132 KV, 66 KV, 33 KV, 11 KV, 0.400 KV) for supplying electricity to various consumers. Power is distributed to the consumers through transmission and distribution lines having voltage ranging from 440 volts to 132 kilo volts (KV).

2B.2 Organisational set-up

The procurement of power transformers of transmission net work is done by two sub-station design circles, each headed by a Superintending Engineer under overall charge of Member (Transmission) whereas the procurement of distribution transformers is done by Electricity Stores Procurement Circle I (ESPC-I) headed by a Superintending Engineer under the overall charge of Member (Distribution) of Uttar Pradesh Power Corporation Limited {erstwhile Uttar Pradesh State Electricity Board (UPSEB)}. The receipt of transformers and their issue to user Divisions is controlled by the Chief Engineer and Controller of Stores (CE, COS) who is assisted by four Electricity Stores Circles (ESCs) each headed by a Superintending Engineer and 13 Store Divisions under the charge of Executive Engineers. The damaged transformers are got repaired by the Company in its own workshops spread over 13 Workshop Divisions as well as by outside agencies at rate contract finalised by ESPC-I.

2B.3 Scope of Audit

A review on the "Repair of transformers in distribution organisation" was included in the Report of the Comptroller and Auditor General of India (Commercial) 1985-86, Government of Uttar Pradesh, which had not been discussed by the Committee on Public Undertakings so far (April 2000).

The present review conducted during October 1999 to March 2000 covers procurement, performance, maintenance and repair of power and distribution transformers in Company, based on test check of ESPC-I, and nine Divisions of store and workshop for the period from 1995-96 to 1999-2000.

2B.4 Growth of transformation capacity

The table given on the next page indicates the growth of transformation capacity detailing the number of power and distribution transformers installed, vis-a-vis connected load thereagainst during five years up to 1998-1999:

Sl. No.	Particulars	1995-96	1996-97	1997-98	1998-99
1.	Grid power transformation capacity (132 KV and above)				
	MW	18619	18847	19319	21322
	MVA	21905	22173	22728	25085
	(Nos.)	(569)	(575)	(581)	(604)
2.	Sub power transformation capacity (66 KV to 33 KV)				
	MW	8844	9133	9440	10400
	MVA	10405	10745	11106	12236
	(Nos.)	(2559)	(2622)	(2681)	(2878)
3.	Distribution transformation capacity (11/0.4 KV)				
	MVA	14492	16352	16818	17458
	MW	12318	13899	14295	14839
	(Nos.)	(273989)	(296494)	(303366)	(314501)
4.	Percentage of distribution transformation capacity in excess of sub power transformation capacity (2 to 3)	39.3	52.2	51.4	42.7
5.	Connected load				
	MVA	15747	16416	17058	18407
	MW	13385	13954	14499	15646
6.	(a) Connected load in excess of distribution capacity [5–3]				
	MW	1067	55	204	807
	(b) Percentage of excess load	8.7	0.5	1.4	5.4
7.	Sub Power transformation capacity per MVA of connected load				
	MVA	0.66	0.65	0.65	0.78
8.	Distribution transformation capacity per MW of connected load				
	MW	0.92	0.99	0.99	0.95

There was mismatch of growth of power transformation capactiy, distribution transformation capactiy and connected load

It would be seen from the table above that the increase in power transformation capacity, distribution transformation capacity and connected load were not commensurate with each other during all the four years up to 1998-1999. The mismatch among power transformation capacity, distribution transformation capacity and connected load had resulted in load shedding and overloading of transformers.

In this connection, the following audit observations are made:

(i) During the period of four years up to 1998-99, the growth of sub power transformation capacity was 1831 MVA which was much lower than the growth of 2966 MVA of distribution transformation capacity and 2660 MVA of connected load which resulted in overloading of sub power transformation capacity.

(ii) Though the overall distribution transformation capacity per MW of connected load ranged between 0.92 and 0.99 MW during the last four years up to 1998-1999, yet in divisions of seven districts viz. Dehradun, Nainital, Lucknow, Allahabad, Kanpur, Jhansi and Gorakhpur, it was only 0.52, 0.61, 0.69, 0.74, 0.84, 0.87 and 0.93 MW respectively in 1998-99 requiring augmentation of distribution capacity to meet the demand and to avoid damage of transformers.

2B.5 Procurement of transformers

There was no scientific method of assessment of requirement by the field units and no guidelines in this regard had been issued by the Company.

Power and distribution transformers are procured on the recommendations of Superintending Engineers of Sub-Station Design Circles and Electricity Store Procurement Circle-I. The purchases are finalised by three committees of the Company viz. Chief Engineer Committee (for orders up to Rs. 50.00 lakh), Member Committee (above Rs. 50.00 lakh up to 1.50 crore) and Central Store Purchase Committee (CSPC) headed by Chairman (exceeding Rs. 1.50 crore).

No scientific method for assessment of requirement adopted

The annual requirement of transformers are assessed by Chief Engineer and Controller of Stores (CE,COS) tentatively considering the requirement of the annual plan for Rural Electrification (RE) works and for non-RE works on the basis of past consumption which are further revised as per actual requirement conveyed by field units and budget provisions.

Further, the system of assessment of requirement was deficient as it failed:

(i) to assess correct requirements by field units as no guidelines in this regard have been issued to them by the Company;

(ii) to fix the minimum and maximum limit of stock of distribution transformers;

(iii) to link the availability of funds to adhere to the delivery schedule of various orders as per requirements of field units;

(iv) to standardise the design of transformer to facilitate quick and competitive procurement of transformers as well as its spares; and

(v) to evolve vendor rating system.

Year-wise requirement of distribution and power transformers, quantity ordered and value of the order placed for last five years up to 1999-2000 is given in the table as follows :

Year	Distribution transformer (Capacity ranging from 25 KVA to 630 KVA)			Power transformer (Capacity ranging from 1 MVA to 100 MVA)		
	Requirement (Nos.)	Ordered (Nos.)	Value (Rupees in lakh)	Requirement (Nos.)	Ordered (Nos.)	Value (Rupees in lakh)
1995-96	15477	8680 (1869)[29]	2855.14	79	100	2235.98
1996-97	21185	13000 (3160)[29]	3464.39	201	98	4219.34
1997-98	22750	22852 (9)[29]	6239.73	102	162	3003.39
1998-99	22250	19776 (10)[29]	6312.17	249	124	2860.74
1999-2000	23500	6000 (7239)[29]	2238.00	191	120	2867.41
Total	**105162**	**70308**	**21109.43**	**822**	**604**	**15186.86**

7239 transformers remained unutilised for one year due to improper assessment of requirement

Despite requests, the year-wise details of receipt and installation of transformers were not furnished to Audit. However, it would be seen from the above table that the orders were placed much below the requirement in almost every year (except in 1997-98). The wide variation in requirement and placement of orders was due to ad-hoc placement of requirement by the field units which subsequently went on changing till the finalisation of tenders. Further, it was noticed that the ad-hoc assessment of requirement of transformers led to purchase of 7239 transformers valued at Rs. 19.86 crore which remained unutilised for one year during 1999-2000.

The system deficiencies resulting in incorrect assessment of requirement leading to excess/short procurement, frequent extension in delivery schedule of purchase orders causing extra expenditure in procurement of transformers as discussed in succeeding paragraphs.

2B.5.1 Lack of vendor rating system

The Company could not evolve vendor rating system due to non-maintenance of history cards to assess the accurate performance of transformers. As a result, the Company was forced to finalise the tenders at lowest F.O.R. destination price basis only irrespective of their performance.

In audit, it was however, noticed that as regards design of transformers, the supplier were free to adopt any design and the Company only laid down critical

29 Figures in brackets represent stock of transformers at the beginning of the year.

technical parameters and requirements of transformers in each tender specification. Tenders were finalised on the basis of lowest offered FOR destination rates received from technically suitable tenderers, without taking cognizance of main inputs utilised in the transformers, its weight and value, which resulted in procurement of transformers having varied weights at the same price without having corresponding deduction in price of the transformer in lieu of the lesser quantity of main inputs used.

Scrutiny of the purchase of 291 nos. 5 MVA (33/11 KV) transformers revealed that the orders were placed on various firms for supply of tendered quantity of transformers in spite of the fact that the weight of transformers offered by these firms varied between 10580 Kg and 13400 Kg on account of variation in the quantity of main inputs viz. core, HV/LV coils, tank fittings, transformer oil etc. The value of inputs less used by these firms ranged between Rs. 38700 and Rs. 141960 per transformer.

Non-standardisation of design of transformers led to acceptance of transformers having lesser inputs

Thus, due to non-standardisation of design of transformers, the Company had to accept 273 nos. of 5 MVA transformers developed and designed by the firms having lesser input thereby extending undue favour to the firms for Rs. 2.27 crore during the period from 1994-95 to 1998-99.

2B.5.2 Extra expenditure on pre-despatch inspection and testing of new transformers

In order to ensure the quality of the transformers purchased, pre-despatch inspection and routine test of 10 *per cent* of quantity offered by the suppliers were being carried out by the officers of the Company at manufacturer's/supplier's works. The variable cost of such inspection and testing, as worked out by the Company, was 0.31 *per cent* of the cost of transformer.

Pre-despatch inspection ordered to outside agencies entailed extra expenditure of Rs. 0.25 crore

During test check (November 1999) of the records of Electricity Store Procurement Circle-I, it was noticed that in a meeting (December 1997) the Hon'ble Energy Minister stressed the need of pre-despatch inspection and routine test to be got done by third party to ensure the quality of new transformer supplied and to arrest the continued increase of damages of new transformers. Accordingly, the Company placed an order for pre-despatch inspection of 3300 transformers on Lloyds and RITES, New Delhi for Rs. 66 lakh in April 1998.

However, the Company, without considering the performance of outside agencies and the percentage of damages of new transformers against above orders, placed (September 1999) repeat orders for pre-despatch inspection on three agencies viz. Lloyds, RITES and Director General of Supplies and Disposals (DGS&D), New Delhi for 3000 transformers at total cost of Rs. 47.22 lakh. The cost of inspection and routine test by outside agencies worked out to 0.65 *per cent* as against 0.31 *per cent* variable cost of inspection by Company. Thus, the Company incurred extra expenditure of Rs. 24.72 lakh for undertaking the routine test of 3000 transformers during the period 1999-2000.

The Superintending Engineer ESPC-I stated (April 2000) that the third party inspection was carried out as per decision taken in the meeting held in December 1997 under the Chairmanship of Hon'ble Energy Minister. However, the Company had a specialised wing for such inspection since its inception which was capable of carrying out inspection at a much lower cost. Moreover, performance of new transformers were not monitored by the Company to analyse the benefits of third party inspection.

2B.5.3 Irregular waiver of type test

Irregular waiver of type test was granted

An order was placed (November 1997) on Mirzapur Electrical Industries Limited for supply of six nos., 8 MVA (33/11 KV) power transformers against specification no. ESPC-I/282/96 at FOR destination price of Rs. 16.62 lakh each. In April 1998, the firm requested for waiver of type test in this order as 8 MVA transformer of similar design had already been got type tested at Central Power Research Institute (CPRI), Bhopal against tender specification no. ESPC-I/233/93. In response, the Chief Engineer (MM) accorded waiver from type test.

Scrutiny of tender specification no. 233/93 revealed that the weight of copper used in each 8 MVA transformer supplied thereagainst was 3190 Kg and maximum load loss and no load loss was 47 KW and 5 KW respectively, whereas as per approved design of the transformer against tender specification no. 282/96, the weight of copper was only 2500 Kg i.e. less by 690 Kgs and maximum load loss and no load loss were 48 KW and 7 KW respectively. Thus, the waiver of type test was not regular as the design of the transformers were not identical. This resulted in award of undue benefit to supplier to the extent of Rs. 9.58[30] lakh.

The Chief Engineer (MM) stated (August 1999) that parameters such as flux density and current density were similar to the design already type tested. As regards reduction in weight of copper, it was due to changes in requirement of the transformers to be supplied against specification no. 282/96 in which load loss and no load loss was 48 KW and 7 KW respectively. The statement is not acceptable as the designs of the transformer were not identical.

30 Cost of copper less used (690 x 6 = 4140 x 130 = 538200 say Rs. 5.38 lakh) and type test charges Rs. 4.20 lakh.

2B.5.4 Power transformers

2B.5.4.1 Procurement of transformers in excess of requirement

Transformer was installed without requisite load which resulted in dissipation of energy

In test audit of records of 400 KV Sub-Station Construction Division, Unnao (October 1999), it was revealed that two nos. 315 MVA transformer (400/220/33 KV) valued at Rs. 8.03 crore procured from BHEL against contract no. OECF/6 dated 25.2.94 were received in March 1995 and commissioned in November/December 1998 at 400 KV sub-station Sonik district Unnao. Further, from scrutiny of the load log-sheet of the transformers, it was observed that total maximum load on both the transformers ranged between 120 MVA and 240 MVA only since their installation. This indicates that installation of one no. 315 MVA transformer and absence of load resulted in not only unfruitful expenditure of Rs. 4.01 crore but the Company also incurred interest liability to the extent of Rs. 55.19 lakh (at the rate of 2.75 *per cent* per annum during five years up to March 2000). Besides this, due to energisation of transformer without sufficient load, the Company had to sustain loss of Rs. 1.14 crore due to dissipation of 6.43 MUs of energy from January 1999 to March 2000 on account of guaranteed load loss and no load loss.

2B.5.5 Distribution transformers

2B.5.5.1 Extra expenditure due to incorrect calculation of ex-works price

FOR destination rates were incorrectly evaluated

(a) For arriving at lowest comparative FOR destination rate, the rates quoted by the technically suitable tenderers in respect of ex-works price, excise duty, freight, sales tax/trade tax, testing charges, load loss and no load loss etc. are required to be considered. Scrutiny of records in respect of tender specification no. 237/94 and 223/93 for supply of 135 nos. 5 MVA transformers revealed that while evaluating lowest FOR destination rate, the element of trade tax quoted by tenderers had not been taken into account, due to which the ex-works price awarded to nine firms were higher. This resulted in avoidable extra expenditure of Rs. 7.35 lakh in the purchase of 95 nos. 5 MVA transformers against tender specification no. 237/94 (52 nos. transformers) and 223/93 (43 nos. transformers).

(b) Similarly, against tender specification no. 225/93 for purchase of 18000 nos. 25 KVA transformers, 17 out of 24 firms demanded testing charges at Rs. 350 to Rs. 850 per transformer in addition to their FOR destination rates. The Central Stores Purchase Committee (CSPC), however, decided (December 1993) to place orders on 24 firms on lowest quoted FOR destination price of Rs. 0.20 lakh per transformer offered by lowest firm but while calculating ex-works price in respect of these firms who had demanded testing charges extra, the ESPC-I did not reduce the amount of testing charges to arrive at their ex-works price, so as to keep the lowest FOR destination price at par. Thus, due to inclusion of testing charges in ex-works price in case of 17 firms, instead of showing them separately in purchase order, the Company incurred avoidable extra expenditure of Rs. 14.64 lakh on excise duty (Rs. 7.16 lakh) and trade tax (Rs. 7.48 lakh) in purchase of 17140 nos. 25 KVA transformers.

2B.6 Performance of transformers

According to Schedule VII of the Electricity (Supply) Act, 1948, the working life of a transformer having capacity of 100 KVA and above is 35 years whereas for others it is 25 years.

The maintenance of History Card containing full particulars for each transformer is necessary to watch its performance and to ascertain its working life. The history cards are required to contain name of supplier, capacity and voltage ratio, date of issue, date of installation, date of energisation, date of failure, date of expiry of guarantee/warranty period and normal life of transformers.

However, in absence of such history cards it could not be ascertained whether the transformers have achieved the normal life of 25/35 years and what was the age-wise incidence of failure. It could also not be ascertained whether the transformers failed within guarantee period. Further, the frequency of damages due to manufacturing defects, poor quality of repair and failure due to other inherent flaws were not susceptible of audit checks.

2B.6.1 Quality assurance of transformers

With a view to ensuring quality of transformer, the company provides in its specifications for purchase of transformers that the supplier would manufacture a proto type transformer against each order to conduct short circuit test, impulse test to verify losses from CPRI/BHEL/Government Test House in presence of a representative of the company. Besides the routine test, inspection by random sampling is also conducted before issue of despatch instructions. Further, the company also reserves the right to get type test conducted on any piece of transformer during currency of contract and in such cases type test charges are reimbursed to supplier. The deficiencies noticed in this regard are discussed in preceding paragraphs at 2B.5.1, 2B.5.2 and 2B.5.3. In absence of non-provision of clause of joint inspection of transformer damaged during guarantee period in the contract, description of materials provided by the supplier in transformers damaged was not available with the company and as such not susceptible to audit check.

2B.6.2 Maintenance of transformers

The Company had fixed (May 1982) that permissible limit for failure of transformers as only two *per cent* of transformers installed. To achieve this, the Company envisaged to:

(i) carry out detailed monitoring including ascertaining reasons of damages;

(ii) maintain history cards in respect of each transformer;

(iii) use drop out fuses at 11 KVA rating;

(iv) connect LT terminals with crimping tools and copper lugs; and

(v) avoid overloading of LT terminals etc.

Further, the Central Corporation of Irrigation and Power (CCIP) in their Technical Report (July 1974) had recommended that Insulation Resistance (IR) value of distribution transformers should be measured half yearly so as to avoid damage of transformer on account of defective insulation.

Transformers failed in excess of norm due to non-adherence of preventive maintenance

Test check of records of Distribution Divisions revealed that no regular and preventive maintenance of transformers and other measures as recommended by CCIP are being done due to which the percentage of damage always exceeded the norms and ranged between 16.2 and 22.5 *per cent* during last five years up to 1999-2000 as given in the table as under :

Year	Distribution Transformers (In Numbers)				Percentage of total failure
	Installed at the beginning of the year	Total failure	Failure as per norm	Failure in excess of norm	
1995-96	254237	41472	5085	36387	16.3
1996-97	266771	43272	5335	37937	16.2
1997-98	277783	50549	5556	44993	18.2
1998-99	288748	64844	5775	59069	22.5
1999-2000	307306	60101	6146	53955	19.6
Total		**260238**	**27897**	**232341**	

This indicates that in the absence of regular and preventive maintenance damages of transformers were much in excess of the norm on which Company had to bear a heavy financial burden of Rs. 325.28 crore (worked out at the average repairing cost of Rs. 0.14 lakh per transformer) on repair and replacement of 232341 distribution transformers which failed in excess of the norms during the period of five years up to 1999-2000.

The Company neither analysed the reasons for excessive failure nor took any remedial measures to bring the same within norm. However, as analysed in audit, non-installation of adequate protection system at HV and LV side, non-adherence of preventive maintenance and over loading of distribution transformers were the main reasons for excessive damage of transformers.

2B.6.3 Loss due to non-maintenance of protection equipment

Transformer failed due to improper maintenance of protection equipment

One 5 MVA (33/11 KV) transformer (Sl. No. TS-345/101142) was repaired by Mirzapur Electrical Industries Limited, Mirzapur against specification no. ESPC-I/205/91 and installed at 33/11 KV sub-station, Teliarganj, Allahabad on 5 September 1996. The transformer was damaged on 6 August 1997, within the guarantee period and was sent to the firm in October 1998 for repair free of cost.

The firm, however, refused (September 1998) to accept the guarantee clause as the transformer protection equipment installed at site did not work during heavy rains and lightening due to which transformer failed (August 1997). Though the cable burst, the transformer could not be isolated from the system due to non-operation of the breakers. The transformer valued at Rs. 15.20 lakh was still (March 2000) lying with the firm without repair for want of joint inspection.

2B.7 Repair of transformers

The work of repair of damaged transformers is generally carried out in the 13 departmental Transformer Repair Workshops (TRW), earlier attached with the Distribution Division and now with Workshop Division (from 1987-88) of the Company. Later on, due to rapid progress of electrification in the state and consequential increase in the number of distribution transformers and also due to non-strengthening of TRWs adequately, the Company decided (May 1974) to get the repair of damaged transformers done through outside agencies also. Since then, the repair of transformers is being carried out both by the departmental workshops as well as by outside agencies.

2B.7.1 Repair through departmental workshops

Repair cost of transformer at TRW, Allahabad and Bareilly were excess in comparison to cost incurred on outside repair

Although the TRWs were established since inception of the erstwhile UPSEB, the installed capacity or annual targets of repair by these workshops have not been fixed by the Company to have an effective control over its performance. The Board had not fixed any time limit for repair of transformer in the workshop nor it monitored the time taken for repair. Scrutiny of records revealed that out of 260238 nos. damaged transformers received in the departmental workshops, only 57813 transformers (22.2 *per cent*) could be got repaired in departmental workshops during last five years up to 1999-2000. Test audit of five workshop Divisions, further revealed that the cost of repair in two workshop Divisions viz. Allahabad and Bareilly was in excess as compared to the maximum repair charges payable to outside agencies, which resulted in extra expenditure amounting to Rs. 3.62 crore on repair of 4908 transformers during last five years up to 1999-2000.

2B.7.2 Repair from outside agencies

On the basis of rate contract finalised by ESPC-I, the damaged transformers are being got repaired by the field units. The salient points noticed during test check are discussed in the succeeding paragraphs:

2B.7.2.1 Loss due to change in technical specifications of repaired transformers

Prior to March 1993, technical specification of repaired transformers (25 KVA to 1000 KVA) were the same as of newly procured transformers, which provided maximum guaranteed load loss and no load loss. Transformers having higher tolerances over and above the maximum guaranteed load loss and no load loss, were rejected altogether.

Quality of repaired transformers was lowered down by changing technical specification

In March 1993, the Company decided to change technical specification of repair from outside agency and allowed plus tolerance at 10 *per cent* in no load loss and 5 *per cent* in load loss over and above the guaranteed loss to avoid large scale rejections after repair. Reasons for change in technical specification was attributed to deterioration of core in few transformers due to their ageing. The Company, instead of weeding out of transformers having deteriorated/ unhealthy core at the time of handing over for repair to out side agencies, changed the technical specification and allowed plus tolerance in all transformers repairable by out side agencies.

Thus, by allowing plus tolerance in no-load and load loss, the Company not only accepted inferior quality of repaired transformers but also incurred avoidable energy loss to the extent of plus tolerance allowed in repaired transformers over and above the guaranteed losses. The total energy loss during the last five years up to 1999-2000 worked out to 130.16 MU (value: Rs. 20.96 crore) in repair of 177983 transformers (25 KVA to 1000 KVA) by outside agencies.

2B.7.2.2 Repair of transformers at higher rate

The rate contract against tender specification no. ESPC-I/305/98 were finalised (April 1999) by ESPC-I for repair of distribution transformers (25 KVA to 250 KVA) which are applicable till date (April 2000). It was further noticed that the Workshop divisions are also, after inviting tenders, finalising rates for repair of damaged distribution transformers (25 KVA to 250 KVA) in departmental workshops.

Repair of transformers were got done at higher rate by outside agencies

Scrutiny of records of Workshop Division, Meerut revealed that the rates of repair of damaged distribution transformers (25 KVA to 250 KVA) finalised (March to July 1999) was much lower than the rates finalised by ESPC-I against tender specification no. 305/98 as detailed given on the next page :

(In Rupees)

Sl. No.	Name of items	Rates of Meerut Workshop Division	Rates of ESPC-I	Difference in rates
1.	H.V. Bushing	58.62	85	26.38
2.	L.V. Bushing	8.85	20	11.15
3.	H.V. Bushing rod	24.05	75	50.95
4.	L.V. Bushing rod	24.69	60	35.31
6.	Labour charges (per transformer)	624.50	2000	1375.50
	Total	**740.71**	**2240**	**1499.29**

From the above, it may be seen that the rates of ESPC-I were on the higher side as compared to rates of Workshop Division, Meerut. This indicated that the rates were finalised without analysing the reasonability thereof. Thus, due to award of higher rate, the Company incurred extra expenditure of Rs. 5.72 crore on repair of 38134 distribution transformers during the period from April 1999 to March 2000 through outside repairers.

2B.7.2.3 Non-adoption of revised repair procedure

To cope with the problem of poor progress in repair, manipulation of HV/LV coils, its weight etc, the Chief Engineer, Material Management (MM), after getting approval from Member (Distribution) set up a Committee (March 1995) to review the existing procedure in vogue and the procedure relating to "core and tank type repair" followed in Punjab and erstwhile Haryana Electricity Board. On receipt of report, the Chief Engineer (MM) proposed (October 1997) before Management Committee of the Company to switch over to new type of repair (i.e. by giving only core and tank to repairer) after taking out old coils (HV/LV) etc. which could either be used in repair of transformer in departmental workshop or be sold as scrap. The Management Committee of the Company, however, decided (March 1998) to postpone/defer the change in repair procedure without any reasons on record.

In November 1998, the ESPC-I invited tenders against specification no. 305/98 for both type of repair of transformers having capacity of 25 KVA to 250 KVA and on the basis thereof, it was found that the repair of damaged transformer by giving only core and tank was cheaper than conventional type of repair, besides the quality of such repair would be as good as new transformer. However, the decision of the Company to switch over to new procedure was still awaited (April 2000).

Scrutiny of tenders, however, revealed that effective rate of repair in both types are the same except that about 50 *per cent* transformers being repaired after reconditioning of LV coils (Rs. 450 to Rs. 2400 per transformer), in which case

Core and tank type repair, even cheaper one, was not adopted by Company

the cost of repair would be lower than the repair cost of new type of repair. However, taking of scrap value of LV coils being received extra in new type of repair and variable cost of joint inspection of transformer (Rs. 750 per transformer) being not required in core and tank type repair, the new type of repair, besides its quality, was cheaper than the conventional type of repair. In addition, expenditure on carriage of transformer declared uneconomical at firm's works would also not to be incurred. Thus, due to non-switching over to new type of repair, the Company incurred an avoidable extra expenditure of Rs. 2.05 crore on repair of 84468 transformers (25 KVA to 250 KVA) during April 1998 to March 2000.

2B.7.2.4 Non-repair of transformers failed within guarantee period

Scrutiny of damaged (failed) transformer collection registers revealed that 55 to 61 *per cent* failed transformers were received without the requisite name plate bearing the name of manufacturer/repairer by whom supplied/repaired. In its absence, the Company could not avail the opportunity to get the transformers repaired free of cost which failed during the guarantee period of one year.

It was further noticed that the failed transformers were handed over to repairer without ensuring return of repaired transformers against earlier allotments within stipulated period of two months or deduction of the amount equivalent to the value of new transformers in case of non-return of repaired transformers. Irregularities noticed in audit are discussed in succeeding paragraphs:

(a) Non-return of transformers by the repairers

Failed transformers handed over to outside agency for repair were taken back only after lapse of 12 years and were in rusted condition

Scrutiny of the records of Electricity Store Division, Kanpur revealed that 326 failed transformers of 25 KVA to 1.5 MVA capacities, valued at Rs. 1.26 crore (November 1992) were handed over during March 1984 to September 1986 by 11 Distribution Divisions to Transtel Electronics, Kanpur for repair against rate contract finalised (August 1984) by ESPC-I under specification no. ESPC-I/40/83/SP/RC-242/84. Though, the contractor was required to return the repaired transformers within two months from the date of receipt, the Stores Division made no efforts to ensure the return of the repaired transformers during the intervening period up to April 1987 i.e. more than 3 years. In the mean time, the firm was closed and it went under liquidation as per order (July 1987) of the Hon'ble High Court. However, after intervention of the court (January 1996), the Stores Division could get (May 1998), 259 nos. (out of 326 nos.) transformers only as scrap having value of Rs. 2.13 lakh (assessed by the Division) since all the transformers were found rusted/unfit due to long storage of more than 12 years.

This resulted in loss of assets of the Company to the extent of Rs. 1.24 crore (Rs. 1.26 crore – Rs. 0.02 crore). Further, the Company had not fixed any responsibility against defaulting staff so far (April 2000).

(b) Loss due to non-repair of transformers failed within guarantee period

Transformers failed within guarantee period remained un-repaired even after lapse of 11 to 14 years

Scrutiny of records of Electricity Workshop Division, Bareilly revealed that 65 nos. transformers of 25 KVA to 3 MVA capacities, valued at Rs. 28.04 lakh (repaired against orders placed by the ESPC-I), failed within guarantee period during 1984 to 1989 were lying unrepaired (April 2000) at Bareilly (14 nos.) and Pilibhit (51 nos.) workshop centre respectively even after lapse of 11 to 14 years.

The Company, however, failed to take any action to get these transformers repaired free of cost from the repairer or to recover the cost of transformer from their pending bills and to get these transformers repaired by another agency. The Company suffered loss of Rs. 28.04 lakh as all these transformers became rusted and unfit for repair due to passage of time.

In 1997-98, 34 nos. repaired transformers (25 KVA to 400 KVA), valued at Rs. 13.19 lakh and two nos. 63 KVA new transformers, valued at Rs. 0.75 lakh failed within guarantee period and were lying unrepaired with the Store Divisions, Bareilly and Haldwani till date (March 2000). The Store Division, Haldwani, however, recovered a sum of Rs. 1.00 lakh only leaving a balance of Rs. 12.94 lakh. The recovery thereof was still awaited (April 2000).

(c) Non-return/repair of transformers

Cost of transformers not recovered from defaulting contractors

77 nos. transformers (25 KVA to 400 KVA capacities) valued at Rs. 24.20 lakh pertaining to 15 suppliers failed within guarantee period at Electricity Distribution Division, Meerut during June 1996 to May 1999, but the same were not repaired/ replaced by the suppliers till March 2000. Despite contractual provisions, the Company also had not recovered the cost of transformer from pending bills of the contractors. As such the Company's fund to the extent of Rs. 24.20 lakh remained locked up in the failed transformers.

2B.7.2.5 Idle transformer

Power transformer procured in 1984 remained idle for 13 years

One 20 MVA, 132/6.6 KV power transformer (Sl. No. B-25346) was purchased by the Company in 1984 against order dated 31.5.1983 (specification no. SD-296) from General Electric Company, Allahabad for 132 KV sub-station, Sone Pump Canal, Mirzapur. The transformer, however, remained unutilised up to June 1989.

During test check in audit (December 1999), it was noticed that during commissioning of the transformer in July 1989, the Divisional Officer found that the commissioning was not possible as top cover of all the three numbers of 132 KV bushings were not fitted in, as a result of which water entered inside the transformer and it became inoperative. The fact was also confirmed by GEC during joint inspection in the same month.

Further, after lapse of more than five years, the Electricity Transmission Division, Mirzapur carried out repairs (October 1995) at a cost of Rs. 5.77 lakh and incurred Rs. 1.60 lakh on its cartage and testing. The transformer was energised in February 1997.

Thus, due to non-erection/commissioning of new transformer for a period of 13 years, the power transformer remained inoperative and the Company had to incur avoidable expenditure of Rs. 7.37 lakh on its repair, cartage and testing. This also indicated careless and improper storage of the transformer.

2B.8 Scrapping and disposal of unusable transformer/ transformer oil

2B.8.1 Non-dismantling of damaged transformers

According to the Company order (June 1986), the dismantling of burnt, damaged and uneconomical transformers, was to be carried out by Store Divisions for their disposal as scrap.

445 nos. unusable transformers were lying in workshop divisions for 5 to 13 years for want of its disposal

Scrutiny of records of eight Workshop Divisions revealed that 445 nos. damaged/ uneconomical transformers of 0.30 MVA to 7.5 MVA capacity having scrap value of Rs. 1.98 crore being 20 *per cent* of their original cost were lying at Workshop Divisions for last 5 to 13 years, but no action had been taken for their transfer to Store Divisions for dismantling and disposal. Thus, due to failure on the part of Workshop Divisions for non-transfer to Store Divisions, the Company's fund to the extent of Rs. 1.98 crore remained locked up during the aforesaid period resulting in loss on account of avoidable inventory carrying cost of Rs. 35.60 lakh per annum worked out at the rate of 18 *per cent* per annum.

2B.8.2 Non-disposal of burnt transformer oil

According to the Company's order (November 1988) followed by subsequent instructions, all the damaged transformers are handed over by the Distribution Divisions to the Damaged Transformer Collection Centres (DTC) under the Workshop Divisions, where burnt transformer oil is drained out. Transformer oil recovered therefrom is reused by the Workshop Divisions in the transformers repaired by it after reclamation. Burnt transformer oil is required to be sent to the Store Division for its reclamation/disposal to avoid locking up of funds besides pilferage and seepage of oil etc.

Burnt transformer oil was lying in store and workshop divisions for want of reclamation/ disposal

Scrutiny of the records of four Workshop Divisions and Monthly Inventory Statement (MIS) for the last five years up to 1999-2000 revealed that the Workshop and Store Divisions did not transfer/send the transformer oil to the respective Store Divisions for reclamation/disposal. As a result, huge quantity of transformer oil ranging from 404.04 KL to 1529.37 KL remained unreclaimed/ undisposed of during the period from1995-96 to 1999-2000, leading to locking up of Company's fund ranging from Rs. 72.73 lakh to Rs. 10.70 crore. This could have been avoided had the Company made efforts to make use of reclaimed oil instead of fresh oil in the distribution transformers repaired through outside agencies as was done by Kanpur Electricity Supply Administration (KESA), a unit of the company (December 1999) without affecting the performance of the transformers.

2B.8.3 Short retrieval of burnt transformer oil

Recovery of burnt/dirty transformer oil from damaged transformers was far below than the norm

As per norms fixed (September 1995) by the Company, recovery of burnt and dirty transformer oil from the damaged transformers brought to the DTC centres, should not be less than 70 *per cent* of the oil tank capacity of the transformer. In case, the recovery of oil falls below the prescribed norms, the reasons for shortage should be recorded and investigated for taking action against the defaulting official/officer to avoid loss to the Company.

During scrutiny of the records of four workshop divisions at Varanasi, Allahabad, Kanpur and Bareilly for the last five years up to 1999-2000, it was observed that recovery of burnt and dirty transformer oil was much less than the norms and ranged from 26.5 to 58 *per cent* only during the said period, resulting in short recovery of 1162.34 KL transformer oil valued at Rs. 2.09 crore (at the rate of Rs. 18 per litre) from 55906 damaged transformers as per Annexure-18. Reasons for short recovery and remedial action taken were not on record.

2B.8.4 Loss due to sale of burnt transformer oil

Test check of the records of Store Division, Kanpur and Lucknow revealed that Divisions sold (March 2000) 145.00 KL and 21.00 KL burnt transformer oil respectively at the rate of Rs. 9.80 per litre to Jay Pee Lube Chemical Industries, New Delhi against letter of intent (November 1999) issued by the Superintending Engineer, Store Circle, Kanpur. The transformer oil was sold knowing fully that the same could have been got reclaimed from Mineral Oil Corporation, Kanpur at a total cost of Rs. 4.25 per litre as was being done by the Workshop Division, Kanpur and KESA. In absence of reclaimed oil, Store Division, Kanpur had to purchase 57.68 KL fresh oil during the period January 1996 to February 1999 at a cost of Rs. 23.40 to Rs. 26.90 per litre.

Thus, the Company could have saved Rs. 21.33 lakh on sale of 166.00 KL oil being the difference in the cost of fresh oil and reclaimed oil.

Conclusion

The procurement and performance of transformers of the Company was marked by mismatch of transformation capacity, non-standardisation of designs leading to acceptance of lower input transformers, poor quality of repaired transformers, excessive damages due to non-adherence of preventive maintenance and inability to obtain free repairs of transformers damaged within guarantee period due to non-maintenance of history cards. Absence of targets for Transformer Repair Workshops led to underutilisation of workshops and dependence on outside repair at higher rates. This calls for streamlining the systems of preventive maintenance, standardisation of designs and meticulous monitoring and strengthening control mechanisms.

The matters were reported to the Company and Government (May 2000); the replies were awaited (July 2000).

2C. Electrification of Taj Trapezium Area by Uttar Pradesh Power Corporation Limited (erstwhile Uttar Pradesh State Electricity Board)

HIGHLIGHTS

For undertaking environmental protection of Taj Trapezium Area (TTA), a project at an estimated cost of Rs. 189.64 crore was conceived by Uttar Pradesh Power Corporation Limited (erstwhile Uttar Pradesh State Electricity Board) to maintain un-interrupted power supply in TTA.

(Paragraphs 2C.1 & 2C.4.1)

The Company incurred avoidable expenditure of Rs. 0.14 crore on re-transportation of materials due to improper despatch instructions to the suppliers.

(Paragraph 2C.5.2)

Electricity Transmission Divisions, Agra and Aligarh incurred an expenditure of Rs. 1.10 crore on works not covered in TT project.

(Paragraph 2C.5.3)

Estimates for construction of 16 nos. new 33/11 KV sub-station and associated lines were prepared on higher side by Rs. 2.47 crore due to which the Company had to bear an interest liability of Rs. 1.25 crore on excess drawal of loan fund.

(Paragraph 2C.5.5)

A.C.S.R. Panther Conductor (100.202 km) procured for the value of Rs. 0.77 crore (July 1999), remained unutilised.

(Paragraph 2C.6.1)

87 nos. transformers valued at Rs. 0.82 crore were procured in excess of requirement.

(Paragraph 2C.6.2.1)

Materials valued at Rs. 0.20 crore were issued against works which had already been completed.

(Paragraphs 2C.7.2.1 & 2C.7.2.2)

Due to delay in matching construction works of transmission and distribution wings in a coordinated manner, the benefits could not be availed of by the consumers even after incurring the expenditure of Rs. 3.57 crore by the Company.

(Paragraphs 2C.8.3.1 & 2C.8.3.2)

2C.1 Introduction

In a writ petition the Hon'ble Supreme Court directed (April 1996) Government of India and other agencies including Uttar Pradesh Power Corporation Limited for undertaking environmental protection of Taj Trapezium Zone covering almost entire district of Agra, part of Mathura, Hathras (Aligarh), Firozabad and Etah districts of the State. In view of above, Company was directed to maintain uninterrupted power supply in Taj Trapezium Area (TTA) to minimise emission of toxic fumes by use of diesel generating sets. For this purpose Company proposed to carry out improvement of existing system of Transmission and Distribution by constructing new sub-stations and lines and increasing the capacity of existing sub-stations and lines to be completed latest by April 1999.

2C.2 Organisational set-up

The State Government constituted (December 1996) a Committee comprising Secretary (Power), Government of Uttar Pradesh, Member (Transmission), Member (Distribution), Member (Finance and Accounts) and Chief Engineer (Transmission) of Company to monitor the progress of works to be carried out in TTA. In addition to this, Chief Engineer (Transmission Design) was entrusted with coordination of material allocation and design details. At field level, Chief Zonal Engineer (CZE) Agra and Chief Engineer (Transmission West) Meerut were made responsible for execution of Distribution and Transmission works respectively. CZE, Agra was to act as Nodal Officer also for reporting compliance to Committee for Taj Trapezium (TT) Works.

2C.3 Scope of Audit

The review conducted between January 1999 to April 1999 and October 1999 to January 2000 covers the aspects relating to financing, planning, execution and commissioning of new sub-stations/lines and system improvement works in TTA. Records of 16 units out of 23 units were test checked, results of which are discussed in succeeding paragraphs:

2C.4 Project estimation and financing

2C.4.1 Project estimation

Company prepared a project report for improvement in transmission, transformation and distribution system at an estimated cost of Rs. 189.64 crore as a part of short, medium and long term measures

The Company prepared (1995-96) a Project Report for improvement in transmission, transformation and distribution system in TTA at an estimated cost of Rs. 189.64 crore. For ensuring the proposed improvement, the works were chalked out as a part of short, medium and long term measures. These measures envisaged uninterrupted supply of power in TTA. It was envisaged that on completion of short term and medium term measures in August 1996 and April 1998 there would be 30 *per cent* improvement in the power supply position of Agra Mahanagar and on completion of long term measures there would be 100 *per cent* uninterrupted supply in TTA.

2C.4.2 Physical and financial performance

The physical and financial performance against the above measures as given in Annexure-19 are indicated as under:

1. The short and medium term measures were completed by November 1998. The time overrun in medium term measures ranged from 6 to 21 months.
2. Against the estimated expenditure of Rs. 124.61 crore for medium term measures the actual expenditure incurred thereagainst was Rs. 100.82 crore thereby resulting in saving of Rs. 23.79 crore.
3. The physical achievement against long term measures ranged from 60 *per cent* to 100 *per cent* . Against the provision of Rs. 58.76 crore, the actual expenditure up to June 2000 was Rs. 55.33 crore.

The Company had not maintained any records to monitor the impact of short/ medium term measures on improvement of power supply.

However, an analysis in audit revealed that although the short/medium term measures had been completed yet there had not been improvement in the power supply in Agra Mahanagar, area as envisaged in the project due to the following:

1. The percentage of damaged transformers prior to completion of short/ medium term measures ranged between 16 *per cent* to 18 *per cent*. The incidence of failure after the completion of measures ranged between 16 *per cent* to 20 *per cent* which affected power supply.
2. The line losses of Agra Mahanagar which were 37 *per cent* prior to completion of measures, were to the tune of 45 *per cent* afterwards.
3. The consumption of power, which was 126 units per KW/month in

1996-97, was 133 units per KW/month in 1999-2000 showing marginal increase of 5.5 *per cent* against projected improvement of 30 *per cent*.

4. The saving in expenditure on medium term measures was indicative of the fact that the estimation was not done on realistic basis as discussed in para 2C.5.5 *infra*.

5. The average power supply hours per day in Agra Mahanagar during the period April 1999 to June 2000 i.e. after the completion of short and medium term measures ranged between 17 hours and 23:30 hours as noticed during test check of records of 5 nos. 33/11 KV sub-stations.

6. Test check in audit revealed that three nos. 33/11 KV sub-stations viz. Shaheed Nagar, Barrack Road and Hotel Complex were still over loaded by 10.6 *per cent* to 37.2 *per cent* of their capacity due to which frequent load sheddings, breakdowns and trippings were taking place.

2C.4.3 Project financing

As per project report, out of Rs. 189.64 crore, Rs. 90.10 crore was to be borne by Company from its own resources and the balance Rs. 99.54 crore by State Government through central assistance. The Government of India had agreed to provide Rs. 63.00 crore as loan bearing interest at the rate of 13 *per cent* per annum and Rs. 27.00 crore as grant to State Government which was disbursed (November 1996) to State Government on agreed terms and conditions. However, the State Government disbursed (December 1996) the total amount of Rs. 90.00 crore by way of loans to Company at an interest of 14.5 *per cent* per annum.

It may be mentioned in this connection that due to conversion of grant (Rs. 27.00 crore) into loan by the State Government, the Company has been burdened with the capital liability of Rs. 27.00 crore as well as interest liability of Rs. 3.91 crore per annum which was not envisaged in the project report. The Company, however, did not approach the State Government against the conversion of grant into loan.

2C.5 Expenditure

Out of estimated expenditure of Rs. 189.64 crore, the actual expenditure incurred by Company from its own resources and from loan funds up to June 2000 was Rs. 162.42 crore. In this connection, the following points were noticed:

2C.5.1 Inflating of TT expenditure

TT expenditure was inflated by Rs. 8.36 crore

The Committee for TT works in its meeting held on 21 February, 1997 decided that no percentage of establishment charge should be loaded in the estimates of work for TT as no separate infrastructure has to be developed by Company. It was however, noticed in audit, in spite of the fact that the estimates/packages for TT works were sanctioned without loading for establishment charges but in violation of the decision of the Committee, 12 Divisions added 31.5 *per cent* of the cost of work as establishment charges on the expenditure of TT works in the monthly account during the year 1997-98 and 1998-99. As a result the TT expenditure was inflated by Rs. 7.11 crore.

Similarly, in case of TT works, some old material were received back from site due to increasing capacity of the transformers, replacement of conductors and cables. However, the expenditure account of TT was not reduced with the value of old material received back. In test check of 160 sanctioned estimates/packages, the TT expenditure was inflated to the extent of Rs. 1.25 crore.

Thus, the expenditure on TT works was inflated by Rs. 8.36 crore due to loading of establishment charge (Rs. 7.11 crore) and non-deduction of value of old material received back from site (Rs. 1.25 crore).

2C.5.2 Avoidable expenditure on transportation of material

The rates of materials procured by CZE Agra and ESPC, Lucknow were FOR destination for any place in Uttar Pradesh. It was noticed during test check that the materials required for TT work at Mathura and Firozabad were first received at Agra and later on (December 1997 to December 1999) transported to Mathura and Firozabad by four Electricity Distribution Divisions by incurring an expenditure of Rs. 13.60 lakh on transportation. Had proper despatch instructions been given to the suppliers for supply of material at Electricity Stores Centres Mathura and Firozabad, the expenditure of Rs. 13.60 lakh on transportation could have been avoided.

2C.5.3 Expenditure on works not covered in TT project

An expenditure of Rs. 1.10 crore was incurred on works not covered in TT project

In order to ensure uninterrupted power supply in TT area, renewal and replacement (R&R) of existing old equipment were also proposed to be undertaken in TT project. A provision of Rs. 2.50 crore for R&R works in the Transmission wing was made. Scrutiny of records of Electricity Transmission Divisions (ETD), Agra and Aligarh revealed that an expenditure of Rs. 1.10 crore was incurred from TT funds for other than R&R works (referred to above) as discussed below:

(a) The Electricity Transmission Division (ETD) Agra incurred an expenditure of Rs. 84.77 lakh during November 1998 to December 1999 for carrying out miscellaneous works like lighting arrangement of switchyards, fire fighting arrangement at substations, civil works in switchyards, providing mulsifire system[31] and painting of equipment etc. not covered under

31 It is a protective device.

TT project. As these works were not related to R&R of existing equipment, the expenditure of Rs. 84.77 lakh incurred by the division from TT funds was not regular.

(b) During test check of records of ETD Aligarh it was noticed that the division incurred an expenditure of Rs. 13.13 lakh during July to August 1999 on replacement of existing conductor of 132 KV Gokul-Mathura line on Yamuna crossing which was not envisaged in TT project.

(c) Committee for TT works in its meeting held in August 1998 decided that loan funds would not be utilised for works other than TT works. Scrutiny of records of four Distribution Division/Circles, however, revealed that materials valued at Rs. 11.78 lakh required for operation and maintenance (O&M) of works in normal course were purchased using loan funds during the period from July 1997 to October 1999.

2C.5.4 Irregular replacement of equipment

Equipment not requiring replacement were replaced resulting in avoidable expenditure of Rs. 0.12 crore

The replacement of old equipment under TT project required approval of Circle Scrap Committee. The Committee approved (October 1998) for replacement of only one 132 KV minimum oil circuit breaker (MOCB) at 132/33 KV sub-station Mathura. However, apart from above replacement, two number 132 KV MOCB valued at Rs. 9.09 lakh and three number 145 KV current transformers (CT) 800/400/1 Amp valued at Rs. 2.84 lakh were also replaced by ETD Aligarh during April 1998 to July 1999. Thus, equipment not requiring replacement were replaced resulting in avoidable expenditure of Rs. 11.93 lakh

2C.5.5 Over estimation of expenditure

Estimates were higher by 23.4 *per cent* than the actual cost incurred on works

As per provision laid down under Para 317 of Financial Hand Book volume VI, the estimates should be prepared in such a manner so that overall deviations may not exceed (+)/(-) 10 *per cent* . It was, however, noticed that estimate for construction of 16 nos. new 33/11 KV sub-stations and associated lines were prepared for Rs. 10.54 crore (including cost of civil works). Against which the works were got completed by incurring expenditure of Rs. 8.07 crore. It is indicative of the fact that estimates were prepared on higher side by Rs. 2.47 crore (23.4 *per cent* higher) due to which the Company had to bear an interest liability of Rs. 1.25 crore on the excess drawal of loan fund at the rate of 14.5 *per cent* per annum for the period from January 1997 to June 2000.

2C.6 Procurement of material

Procurement of material was made on the basis of tentative requirement instead of assessing actual requirement

In order to achieve optimum utilisation of TT funds, CZE Agra and Chief Engineer (Transmission West) Meerut were required to exercise efficient control over the procurement of material for carrying out the works of their respective wings.

Contrary to this, CZE Agra arranged materials on the basis of tentative requirements instead of assessing actual requirements for the targets to be achieved. Materials were procured from Stores Organisation of Company and also by placing supply orders on the basis of tenders finalised by Superintending Engineer of ESPC, Lucknow from time to time. The Divisional Officers were authorised to arrange non-centrally procured items at their own level by adhering to the procedure already laid down by Company.

System deficiencies led to purchases without requirements, excess procurement of material, defective supplies as discussed in subsequent paragraphs.

2C.6.1 Purchase without requirement

CZE Agra placed (May 1999) an order for supply of 100.202 kilometre ACSR Panther conductor on a Jaipur firm. Total quantity of ACSR Panther Conductor (100.202 kilometre) valued at Rs. 76.64 lakh received in July 1999 remained unutilised so far (December 1999), as the ACSR Panther Conductor was not required in project report for Distribution works.

It was further noticed that 22.187 kms ACSR Panther Conductor valued at Rs. 18.32 lakh procured in July 1997 from TT funds was already lying unutilised with Electricity Transmission Division, Agra at the time of placing above supply order (May 1999).

2C.6.2 Excess procurement of material

Test check of records of units revealed that material valued at Rs. 3.09 crore (Distribution wing : Rs. 2.75 crore, Transmission wing: Rs. 0.34 crore) procured from May 1997 onwards were lying unutilised (December 1999) in various Stores even after the completion of TT works.

In addition to this, following two cases of excess procurement were also noticed:

2C.6.2.1 As per project report, 205 nos. transformers were actually required for the construction of new/increasing capacity of existing sub-stations. Against this, CZE Agra procured 292 nos. transformers during May 1997 to December 1999 which resulted into excess procurement of 87 nos. transformers valued at Rs. 82 lakh. These transformers remained unutilized in TT works so far (December 1999).

2C.6.2.2 Against the requirement of 3 nos. 245 KV current transformers (CTs) for the construction work of 220 KV sub-station Gokul Mathura, the Executive Engineer Electricity Transmission Division, Aligarh procured (March 1998) six nos. 245 KV CTs at a cost of Rs. 12.79 lakh. 3 CTs valued at Rs. 6.39 lakh procured in excess were lying unutilised (January 2000).

2C.6.3 Non recovery of cost of defective switchgears

Replacement of defective equipment valued at Rs. 0.08 crore was not sought

CZE Agra placed (February 1998) an order for the supply of 7 nos. incoming and 21 nos. outgoing 11 KV switchgears at a cost of Rs. 46.85 lakh (excluding statutory duties) on Biecco Lawrie Limited, Madras. The whole quantity was received (March 1998). Out of which one incoming and three outgoing switchgears valued at Rs. 8.20 lakh were issued to the Electricity Urban Distribution Division II, Agra for installation at 33/11 KV substation, Sanjay Place, Agra. On installation (April 1999) these switchgears could not be energised due to manufacturing defects. Neither the defective switchgears have been got replaced nor the cost thereof recovered from the firm although the guarantee period expired in August 1999.

2C.7 Issue of material

Materials were not issued in accordance with provisions of the sanctioned estimates

To exercise control over the issue of materials for execution of works, the Company had prescribed (March 1986) that materials should be issued in accordance with the provision of sanctioned estimates. Contrary to this, Stores Superintendent (TT) issued material valued at Rs. 2.12 crore without estimates through 64 number invoices during the period from May 1997 to July 1999.

2C.7.1 Utilisation of material for other than TT works

Materials purchased for TT works were utilised for other than TT work

The Committee of TT works had decided in February/July 1997 that no material procured for TT works would be utilised for other than TT works. Scrutiny of records, however, revealed that materials valued at Rs. 38.64 lakh were issued and utilised against the works not covered under TT project and on works at places even beyond the TT area during the period from June 1997 to October 1999 while TT works were in progress.

2C.7.2 Issue of material against works completed earlier

Materials worth Rs. 0.20 crore procured from loan funds were issued against works already executed by Company from its own resources

As per project report, the work of increasing capacity of 33/11 KV sub-station water works, Agra and Shaheed Nagar have already been completed before start of the work of TT from Company's own resources. However, scrutiny of records revealed as under :

2C.7.2.1 At Electricity Urban Distribution Division (EUDD)-III, Agra it was noticed that material valued at Rs. 7.42 lakh procured from TT funds have been issued up to December 1999 against increasing capacity of 33/11 KV sub-station water works, Agra which had already been completed in August 1996.

2C.7.2.2 Increase in capacity of 33/11 KV sub-station Shaheed Nagar from 2 x 5 MVA to 3 x 5 MVA by installation of one number 5 MVA transformer was proposed to be carried out from Company's own resources. However, scrutiny of records revealed that one 5 MVA transformer valued at Rs. 13 lakh was issued (December 1999) against the construction of above sub-station which was already completed (August 1996).

Reasons for issue of material valued at Rs. 20.42 lakh as mentioned in paragraphs 2C.7.2.1 and 2C.7.2.2 against already completed works were not on record.

2C.7.3 Completion Report of works

Para no. 339 of Financial Hand Book Vol. VI provides for preparation of completion report of each work as soon as it is completed so that actual consumption of material against particular work may be ascertained. During test check of records of ETD Agra, it was noticed that the work of five transmission lines was completed during October 1997 to August 1998 under phase I, and one 132 KV Double Circuit Agra-Shamsabad line under phase II was completed and energised in October 1999 but the line-wise completion report to ascertain the actual consumption of materials against the above lines had not been prepared so far (March 2000), due to which the quantities of material lying with the contractors after completion of lines could not be ascertained in audit. However, on the basis of constructed length of 132 KV DC Agra-Shamsabad line (27.540 kms), only 168.54 kms ACSR Panther Conductor was to be issued to the contractor against which 183.186 kms conductor was issued during April 1998 to October 1999. Neither the excess quantities of conductor (14.646 kms) valued at Rs. 12.09 lakh were received back from the contractor nor was justification for excess issue, found on record.

2C.8 Execution of works

The irregularities noticed in execution of work are discussed in succeeding paragraphs:

2C.8.1 Non/improper preparation of estimates

40 works valued at Rs. 3.10 crore were carried out without preparation of estimates

Para 375 of Financial Hand Book Vol. VI provides that no work should be taken up without preparing proper estimate and obtaining sanction from competent authority. In violation of the provisions, four Divisions carried out 40 works amounting to Rs. 3.10 crore without preparing and obtaining sanction of estimates during1997-98 to 1999-2000.

The wide variation in executed quantities were not got approved from competent authority

Further, the Electricity Civil Construction Division, Aligarh prepared an estimate of Rs. 32.38 lakh only for carrying out civil works at 400 KV sub-station, Agra. However, the work was actually completed at a cost of Rs. 72.09 lakh during the period from July 1997 to March 1999. Reasons for such heavy variations in quantities were neither on records nor variations have been got approved from the competent authority so far (October 1999).

2C.8.2 Expenditure in excess over the estimates

Expenditure exceeded the estimates

As per progress report of October 1998 of Electricity Distribution Division, Agra, all the targeted works of the Division were stated to have been completed by incurring expenditure of Rs. 4.99 crore against the estimated amount of Rs. 5.09 crore. Test check of records, however, revealed that the Division incurred expenditure of Rs. 73.11 lakh during November 1998 to August 1999 as per monthly account, against the remaining works for estimated amount of Rs. 10.33 lakh. No reason for the excess expenditure of Rs. 62.78 lakh over the estimates was found on record.

2C.8.3 Non execution of matching works

Transmission and Distribution works were not synchronised

The planning for execution of work relating to Transmission and Distribution Wings was to be done in such a manner that all the matching construction works in each wing should have been completed systematically and timely. However, it was noticed that due to lack of matching construction works in a co-ordinated manner, benefits could not be availed of by consumers even after incurring an expenditure of Rs. 3.57 crore as discussed below:

2C.8.3.1 Non utilisation of 33 KV bays

Four nos. 33 KV bays were constructed at 220 KV sub-station Firozabad, 132 KV sub-station Kosikalan and Sadabad at a total cost of Rs. 34.11 lakh by the ETD Agra and Aligarh during the period from February 1998 to April 1999. These bays could not be used for evacuating energy for want of construction of respective 33/11 KV feeders to be constructed by Distribution wing.

2C.8.3.2 Non utilisation of 33/11 KV sub-station

In order to reduce the over loading of existing 33/11 KV sub-station in TT area, six nos. new 33/11 KV sub-stations (three in Firozabad, two in Mathura and one in Agra), along with their associated lines were constructed by Electricity Secondary Works Division, Agra at a total cost of Rs. 3.23 crore during the period from June 1998 to November 1999. For utilisation of these sub-stations, 11 KV feeders were to be constructed by the respective Distribution Divisions in IInd phase. During test check of records of EDD I Mathura and EDD Firozabad, it was noticed that the construction work of associated 11 KV feeders in respect of only two sub-stations (Mai and Narkhi) were taken up in April 1999 by the Divisions concerned but the work of construction of 11 KV feeders associated with the remaining four sub-stations could not be taken up so far (December

1999). Thus, neither the object of carrying out the work could be achieved nor the benefits to the consumers after incurring expenditure of Rs. 3.23 crore be passed on.

2C.8.4 Reporting of doubtful progress

Material valued at Rs. 0.81 crore were issued against works already completed

As per progress report of TT works the construction of Line In Line Out (LILO) of 132 KV Foundary Nagar, Sadabad (2 x 5 kms) line was completed (100 *per cent*) up to 30 April 1998 but on scrutiny of records of ETD, Agra it was noticed that material valued at Rs. 80.71 lakh were issued against the construction of above line during May 1998 to September 1999. Issue of material up to September 1999 indicated that the reporting of the completion of the above line in April 1998 was not correct.

Conclusion

For the environmental protection of Taj Trapezium Area (TTA), a project for augmentation and strengthening the transmission and distribution system was conceived to ensure uninterrupted power supply in the TTA. This envisaged 30 *per cent* improvement in power supply in Agra Mahanagar after completion of short/medium term measures. Although these measures had been completed yet there was no perceptible improvement in power supply. Non-synchronisation of transmission and distribution works, various flaws in procurement and utilisation of material, execution of works and operational deficiencies led to non-completion of the project within stipulated period and thus the envisaged benefits could not be achieved. This requires immediate attention so that uninterrupted power supply in TTA could be ensured.

These matters were reported to the Company and Government (April 2000); the replies were awaited (July 2000).

CHAPTER-III

Review Relating to Statutory Corporation

3. Operational Performance and Material Management of Uttar Pradesh State Road Transport Corporation

HIGHLIGHTS

Uttar Pradesh State Road Transport Corporation (Nigam) was established (June 1972) to accelerate pace of development and provide adequate, efficient and economical road transport system in the State. However, the performance of the Nigam was marked by poor operational/inventory control resulting in continuous losses. The accumulated losses at the close of March 1999 aggregated Rs. 504.63 crore.

(Paragraphs 3.1, 3.4 & 3.5)

Substantial number of Nigam's buses were old and uneconomical causing loss of Rs. 183.50 crore.

(Paragraph 3.5.3.1)

Fleet utilisation was low compared to targets due to inefficiencies of the workshops leading to loss of potential contribution of Rs. 85.10 crore.

(Paragraph 3.5.2)

Vehicle productivity was low and cancellation of scheduled kms. was highest in the country leading to loss of Rs. 97.77 crore and Rs. 404.55 crore respectively.

(Paragraph 3.5.3)

As a sequel to unauthorised operation of private buses and issue of permits to private operators on nationalised routes, the load factor was low and resulted in loss of Rs. 183.64 crore.

(Paragraph 3.5.4)

Assessment of economically viable routes to cross subsidise losses of uneconomical routes was absent. An analysis for 1998-99 revealed that 85.93 per cent routes were economically unviable leading to substantial drop in performance parameters. Further, induction of private buses on economical routes resulted in loss of Rs. 11.66 crore.

(Paragraphs 3.5.5 & 3.5.6)

Maintenance cost of operation was high due to higher bus staff ratio. The Nigam also failed to avoid premature scrapping of new tyres. This resulted in extra cost on new tyres aggregating Rs. 14.92 crore.

(Paragraphs 3.5.8, 3.5.10 & 3.6.1.2.5)

Staff productivity was low leading to a loss of Rs. 72.04 crore due to excess or shortfall of crew/staff.

(Paragraph 3.5.12)

Decision to use plywood chequered sheets as flooring material for buses despite low cost of aluminium chequered sheets resulted in increase in cost by Rs. 2.20 crore.

(Paragraph 3.6.1.2.1)

Nigam incurred loss of Rs. 0.22 crore in procurement of lubricants at higher rates.

(Paragraph 3.6.1.2.5)

3.1 Introduction

The erstwhile Government Roadways was reconstituted (June 1972) as Uttar Pradesh State Road Transport Corporation (Nigam) under Section 3 of Road Transport Corporations Act, 1950. The main object[32] of establishing the Nigam was to accelerate the pace of development and provide adequate, efficient and economical road transport system to the advantage of public, trade and industry and other modes of transport, coordinating with and extending/improving it in any area.

3.2 Organisational set-up

A Board of Directors consisting of Chairman, Managing Director (MD), and eight other Directors manage the activities of the Nigam. At the headquarters, MD is assisted by an Additional Managing Director, three Chief General Managers (each responsible for technical, operation and planning functions), 12 General Managers under them and a Financial Advisor-cum-Chief Accounts Officer. In the field, the operational activities were spread all over the State with 113 depots under 18 Regions and four Zones working under the administrative control of Depot Managers, Regional Managers and Zonal Managers, respectively. Besides two Central workshops at Kanpur (each headed by a General Manager), each region and depot have an attached workshop under the charge of a Service

32 Section 3, 18 and 22 of Road Transport Corporations Act, 1950.

Manager and an Assistant Regional Manager (Technical), respectively, for day-to-day renovation of buses.

3.3 Scope of Audit

The operational performance including material management of the Nigam based on test check of six regions[33] (out of 18) and one Central Workshop at Kanpur (out of two workshops) for a period of five years up to 1998-99 was reviewed during November 1999 to March 2000 and the findings are set out in the subsequent paragraphs.

Fund management of the Nigam was reviewed previously in the report of the Comptroller and Auditor General of India for the year 1995-96 (Commercial), Uttar Pradesh. Discussion of the review by the Committee on Public Undertakings was in progress (August 2000).

3.4 Financial position and working results

The financial position and working results of the Nigam for five years up to 1998-99[34] are given in Annexure-20.

A review of Annexure-20 revealed that the capital expenditure of the Nigam was mainly financed by borrowings. Capital expenditure consisted of expenditure on purchase of chassis and body building. The major application of fund was towards setting off of accumulated losses which have increased from Rs. 340.23 crore in 1994-95 to Rs. 504.63 crore in 1998-99 and have fully eroded the capital contribution.

It would further be seen from the working results that the Nigam was continuously incurring losses ranging from Rs. 20.40 crore to Rs. 48.14 crore during the last five years up to 1998-99. The main reasons for losses as analysed by audit were higher maintenance cost; higher staff cost; high procurement cost and material usage; heavy cancellation of scheduled kms.; premature scrapping of new tyres; inability to check unauthorised operation of private vehicles on nationalised routes; inadequate and inefficient structure of checking staff to curb leakage of revenue etc.

3.5 Operational performance

The operational performance of the Nigam under various operating parameters for the last five years up to 1998-99 is given in Annexure-21. As could be seen from Annexure-21, there was marginal decrease in average number of buses

33 Allahabad, Agra, Dehradun, Kanpur, Lucknow and Meerut.

34 Figures of 1998-99 are provisional throughout the review.

held but there was marginal increase in percentage of buses on road during the five years up to 1998-99. The vehicle productivity and bus staff ratio also show marginal improvement but expenditure incurred per km was much more than the revenue earned per km. As a result, the Nigam incurred loss during each of the five years up to 1998-99.

A review of performance for ten years (1989-99) revealed that the Nigam had achieved fleet utilisation of 89 *per cent* during 1989-90 to 1993-94. It, however, started declining up to 1997-98 and improved to 90 *per cent* during 1998-99. The load factor that was in the range of 66 to 72 *per cent* declined and was in the range of 64 to 69 *per cent* during the same period. The loss per km (paise) that ranged between 13.5 paise to 65.9 paise during 1989-90 to 1993-94 was in the range of 29 paise to 79 paise during 1994-95 to 1998-99. The Nigam has also not prepared any operation manual indicating norms for various operational parameters and systems which could serve as bench mark/guide to the field staff.

The data published by the Central Institute of Road Transport (CIRT), Pune for 1998-99 indicated that though the Nigam occupied fourth position in number of buses held but was comparatively poor in performance parameters (from 2nd to 40th) as detailed in Annexure-22. The performance of the Nigam assessed on the basis of important parameters is discussed in succeeding paragraphs.

3.5.1 Vehicular strength and age profile

As per the review published by Transport Research Wing of the Ministry of Surface Transport (September 1997), the desirable norm for scrapping of a bus is five lakh kms. or eight years of operation, whichever is earlier. Fleet operated after the useful life will have decreased utilisation and increased operational, maintenance and repair costs. Removal of bus, however, depends on its relative condition and availability of fund for replacement.

As per study[35] conducted (April to September 1991) by the General Manager (Technical) of Gujarat State Road Transport Corporation (GSRTC), effect of ageing of a bus reduces the bus utilisation by 30 *per cent* after three lakh kms. and 65 *per cent* after seven lakh kms. of the original. It also increases the operational, maintenance and repairs (diesel, lubricant, tyres, batteries, assemblies, spare parts & consumable and labour) cost by eight *per cent*.

Substantially large number of overage buses resulted in loss of Rs. 183.50 crore due to drop in bus utilisation and high maintenance cost

The Nigam carried substantially large number of overage buses (26 to 41 *per cent* in terms of years and 62 to 72 *per cent* in terms of kms. run) during five years up to 1998-99 (details in Annexure-23) as tabulated on the next page :

35 Pages 536-540 of Journal of Transport Management of September 1993 published by CIRT, Pune.

Attributes	1994-95	1995-96	1996-97	1997-98	1998-99
Number of buses in the beginning	8014	7757	7730	7463	7005
Buses declared obsolete	740	711	447	1258	838
New buses introduced	483	684	180	800	415
Total buses at the end	7757	7730	7463	7005	6582
Average no. of buses	7920	7753	7570	7352	6859
Number of overage buses at the close	2117	2125	2831	2741	2800
Percentage of overage buses:					
More than eight years of age	26	33	41	36	32
More than five lakh kms. run	62	65	72	68	69
Average life of fleet:					
• In years	5.78	5.88	6.47	6.04	6.03
• In lakh kms.	5.34	5.35	5.92	5.80	5.92

Based on study conducted by the General Manager (Technical), GSRTC and taking into account the average life of the fleet of the Nigam, the reduction in bus utilisation in the Nigam during five years up to 1998-99 worked out to 1801.32 lakh kms. with consequential loss of potential contribution of Rs. 95.63 crore and high cost on maintenance of Rs. 87.87 crore during this period.

It was also seen in audit that during five years up to 1998-99, the replacement of buses against the targets could be met only to the extent of 15 to 53 *per cent* (except during 1994-95 and 1997-98) as detailed in Annexure-24. The overall augmentation in fleet was nil during all these years.

The main reason for failure to achieve the targets was Nigam's inability to generate enough surplus out of own sources or to earmark depreciation reserve as a separate fund[36] for the purpose (up to July 1999) as was done prior to formation of Nigam. Under the existing policy to induct fund only in profit making STUs, the Central Government did not infuse any fund from 1989-90 and the State Government contributed only marginally for Kumbh mela and Uttarakhand Vikas and others.

Due to this, the fleet of the Nigam that consisted of about 8000 buses during 1989-90 to 1993-94, started declining and was 6859 in 1998-99 as detailed in Annexure-22. To offset the balance, the Nigam started inducting private buses on hire basis to operate on nationalised routes. During five years up to 1998-99, the Nigam inducted private buses ranging from 310 (1994-95) to 982 (1998-99).

3.5.2 Fleet utilisation

Fleet utilisation represents *percentage* of buses utilised on road to the number of buses held. As per the Association of Road Transport Undertaking (ASRTU)

36 To the extent of cash surplus (loss minus depreciation on bus).

Low fleet utilisation mainly due to inefficiency of the workshop resulted in loss of Rs. 85.10 crore

report of 1998-99[37], even "one *per cent* improvement in the overall fleet utilisation of STUs is equivalent to 1160 buses added to their total fleet". It was noticed that 25 STUs had achieved better fleet utilisation in the country with Coimbatore Division-I, Tamilnadu achieving the best 99.6 *per cent* fleet utilisation during 1998-99. However, the Nigam fixed targets ranging between 91 and 93 *per cent* against which the shortfall ranged between 1 and 7 *per cent* during the five years up to 1998-99 as tabulated below :

Year	Target (%)	Achievement (%)	Shortfall (%)	Total kms. achieved (in lakh)	Average fleet (in nos.)	Total shortfall (kms. in lakh) (5 X 4 /3)	Equivalent no. of buses corresponding to the short-fall (7 X 6 /5)	Loss of potential contribution [38] (Rs. in crore)
1994-95	92	87	5	6006.47	7920	345.20	455	13.98
1995-96	92	85	7	5858.80	7753	482.49	638	23.30
1996-97	92[39]	85	7	5555.08	7570	457.48	623	23.65
1997-98	93	87	6	5689.70	7352	392.39	507	20.32
1998-99	91	90	1	5879.73	6859	65.33	76	3.85
					Total	**1742.89**		**85.10**

As indicated in the table above, the Nigam failed to add buses ranging from 76 to 638 to its fleet without any capital cost due to shortfall in achievement of target of fleet utilisation during last five years up to 1998-99. Considering load factor being constant, the loss of potential contribution worked out to Rs 85.10 crore during five years up to 1998-99 on shortfall of 1742.89 lakh kms. One of the main reasons for shortfall has been delay in repair of buses. Test check of the time taken in putting the buses on line and final despatch in respect of Central Workshop, Kanpur (out of two) alone for 1998-99 and 1999-2000 (up to December 1999) revealed that the workshop did not function in the desired manner leading to delays ranging from 1 day to more than 70 days affecting fleet utilisation adversely. These delays have contributed to a loss of potential contribution of Rs. 71.00 lakh. It was also noticed that the Nigam has not prepared any manual for workshop management in the absence of which efficiency of various operational parameters of the workshop could not be analysed in audit.

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37 Page 11, Profile and Performance 1998-99 of CIRT.

38 Per km contribution (operational income minus variable cost) was Rs. 4.05, Rs. 4.83, Rs. 5.17, Rs. 5.18 and Rs. 5.90 during 1994-95 to 1997-98 respectively.

39 Not fixed, taken as 92 on previous year basis.

3.5.3 Vehicle productivity

Shortfall in vehicle productivity due to highest cancellation of scheduled kms. in the country due to controllable causes resulted in loss of Rs. 404.55 crore

Vehicle productivity denotes kms. done per bus held per day. Twenty seven STUs have achieved better vehicle productivity with State Express Transport Corporation Limited, Tamilnadu Division-II topping the performance at 595.9 kms. per bus held per day during 1998-99. The Nigam, however, fixed a moderate target of vehicle productivity of 235 kms. (1994-95) to 225 kms. (1998-99) and achieved 206 kms. (1996-97) to 243 kms. (1998-99) resulting in shortfall of 14 to 25 kms. (except higher performance by 18 kms. during 1998-99). On the shortfall, the Nigam lost contribution margin of Rs. 97.77 crore as detailed in Annexure-25.

Further analysis of shortfall revealed that the cancellation of scheduled kms. in the Nigam was highest in the country during all the five years reviewed by audit. A comparison for three years up to 1998-99 in respect of four STUs (Gujrat, Maharashtra, Andhra Pradesh and Kerala) with the Nigam revealed that despite almost comparable per bus schedules, the cancellations (in kms.) were highest in case of the Nigam (except for Kerala during 1997-98) as detailed in Annexure-26.

As detailed in Annexure-27, majority of cancellations of scheduled kms. (65.45 to 70.33 *per cent*) were for want of buses from the workshops that were avoidable and accounted for a loss of potential contribution of Rs. 344.60 crore. The second contributory and avoidable reason was for want of crew (9.64 to 14.34 *per cent*) accounted for loss of contribution of Rs. 59.95 crore. Thus, the Nigam failed to take corrective measures to minimise cancellations of scheduled kms. by addressing inefficiencies of the workshops and making best use of the available crew.

In this connection, the following further points were noticed:

- For prevention of cancellation of bus services, the Nigam decided (December 1996/September 1998) to impose penalty of Re. 1 per km (i) on drivers/conductors and other staff who were absent or came late and did not perform duties; (ii) Re. 1 per km from workshop staff including Junior Foreman of the respective groups; (iii) one paise per km on Assistant Regional Managers (ARMs-Depot) and (iv) 1/4 paise per km on Regional Managers (RMs)/Service Managers (SMs). Zonal Managers were made accountable to enforce the recoveries. Such recoveries worked out to Rs. 29.12 crore for 1997-98 and 1998-99 (drivers and conductors: Rs. 3.36 crore, ARMs : Rs. 3.00 lakh, RMs : Rs. 0.10 lakh, workshop staff: Rs. 25.67 crore and SMs : Rs. 6.00 lakh). Whether these amounts were recovered or not from concerned staff was not intimated to audit by the Management.

- In the case of hired services, the cancellation aggregating 792.89 lakh kms. resulted in loss of administrative charges valued at Rs. 15.85 crore during five years up to 1998-99. However, the Nigam did not develop any mechanism to make good such losses from the private operators.

3.5.4 Load factor

Load factor is the percentage of actual passenger earnings to expected passenger earnings at full load including standees allowed (if any). It was noticed by audit that 39 STUs of the country fared better than the Nigam's performance during 1998-99 with Metropolitan Transport Corporation Limited, (Chennai Division II), Tamilnadu topping the performance at 130.722 *per cent*. However, the Nigam targetted load factor between 70 and 72 *per cent* and the actual performance achieved was only between 64 and 69 *per cent*. This resulted in revenue loss of Rs. 183.64 crore during five years up to 1998-99 as detailed in Annexure-28.

Shortfall in load factor was due to unauthorised private operation of buses and grant of permits to them on nationalised routes which resulted in loss of Rs. 183.64 crore

The Nigam attributed[40] the shortfall in load factor to chaotic unauthorised and illegal operation of buses, mini-buses, Tata 407, Swaraj Mazda, Matador, Tempo, Jeep, Cars and Taxis etc. on nationalised routes by private operators. This was the consequence of liberalised permits granted by the Transport Department. The modus operandi adopted was to (i) operate buses on nationalised routes without permit; (ii) operate as stage carriage against permit of contract carriage; (iii) load more than the prescribed load by the taxis, tempos etc. on the nationalised routes; (iv) operate large numbers of private jeeps/cars on nationalised routes without permit; (v) carry passengers by trucks and (vi) operate Mahanagar bus services on nationalised routes i.e. other than authorized routes. These unauthorised services operate from the vicinity of Nigam's loading points at low fare during prime time causing either operation of Nigam's buses at low load or cancelling of the entire schedule altogether due to negligible passenger load.

The Transport Commissioner and the Government were requested (February 2000) to intimate reasons for their failure in tackling the menace. However, the response from these agencies has not been received so far (July 2000).

3.5.5 Assessment of economically viable routes

Eighty six *per cent* routes were not able to break even as analysed by audit. This was due to lack of assessing economically viable routes to plan proper service mix

Nigam does not have a system to assess the most economical mix of services through operational research and quantitative analysis techniques. Based on such assessment and periodical review and corrective measures to curtail negative causes, an STU should plan its service mix such that the losses on un-economical routes are cross subsidised by margin from others. An analysis by audit revealed that the Nigam operates nearly 4008 services (own:3570 and hired:438) on five lakh route kms. Economic viability calculated on the marginal costing concept for 1998-99[41] revealed that the Nigam (which normally operates a 54 seater bus)

40 Annual activity report of the Nigam for the year 1998-99, page 54.

41 Position of earlier years not made available.

meets variable cost at 35 *per cent* load factor and breaks even the total cost at73 *per cent* load factor. Analysis of individual routes, as detailed in Annexure-29 indicated that 57 services (own:54 and hired:3) operate at a load factor below 35 *per cent*, (carrying just about 8 to 18 passengers per bus) not being able to recover even variable cost and 3387 services (own:3058 and hired:329) operate at load factor ranging from 35 to 72 *per cent*, (carrying about 19 to 39 passengers per bus) capable of partially recovering the fixed cost. Only 564 services (own: 458 and hired:106) were operated at load factor of 73 or more (carrying about 39 to 54 passengers per bus) and were contributing positive margin.

Thus, 85.93 *per cent* of the routes are not able to break even and only 14.07 *per cent* of the routes are recovering total cost, contributing margin to some extent to the Nigam's operation. The Management has not undertaken any study of the causes of economically disadvantageous routes with a view to take remedial measures. As a result, the Nigam was not able to act on general commercial/ business principles of finance. It also failed to deploy its own buses on 142 economical routes that were left over to be utilised by private hired buses resulting in denting of its own income to the extent of Rs. 11.66 crore as discussed in paragraph 3.5.6 *infra*.

3.5.6 Deployment of hired buses on economical routes

The Nigam introduced 88 hired buses in its fleet first time during 1977-78 with the object of increasing its capacity to match the need of passenger traffic. It was then decided to operate such buses only on nationalised routes of not more than 100 kms. as shuttle operation. The fleet strength of hired buses that were 23 during 1989-90 rose to 982 during 1998-99.

Following deficiencies in the system of hiring of buses were noticed:

Deployment of hired buses on economical routes resulted in loss of Rs. 11.66 crore

- Without reviewing or modifying the earlier policy, the Nigam issued (March 1997) acceptance letters for hiring of buses for three years as "Express service" on 142 selected prime routes notified for the purpose. Later, it identified 76 non-prime routes to replace the 142 routes. However, the Nigam was estopped from deploying the buses on revised 76 routes as it had already issued acceptance letters to the owners of the buses. Further, the deployment of hired buses on main routes in Moradabad, Bareilly, Etawah, Lucknow and Dehradun regions (where hired buses were mainly engaged) affected the income of the Nigam as load factor of the Nigam's buses generally declined in these regions from 1997-98 when the maximum buses were hired compared to the load factor achieved earlier. This resulted in loss of Rs. 11.66 crore during 1997-99. Nigam could have decided to use these routes for its own fleet to cross subsidise losses of un-economical routes.

- The Nigam had decided to hire buses maximum up to 25 *per cent* of its fleet in a region. This limit was, however, exceeded in Moradabad, Etawah and Meerut regions where it ranged from 25.49 to 42.42 *per cent*. Many routes on which hired buses were engaged were of the length of more than 100 kms. which disproves the Nigam's proposed objective of hiring buses as shuttle.

- Out of 519 nationalised routes covering 18858 routes kms. at the close of February 2000, the Transport Department had declared 87 routes, including 49 complete route profile (route length not available) as non-nationalised and issued permits to the private operators. This not only adversely affected the load factor but also defeated the whole purpose of nationalisation.

3.5.7 Tariff revision

The operational cost of passenger buses depends on the cost of various inputs including increases due to increase in price index (like chassis, tyres, diesel, spare parts etc., pay and allowances of staff) that are not controllable except by optimal use thereof. These increases, therefore, need to be absorbed to some extent by reasonable/timely fare revision. The operation cost that was Rs. 4.68 per km in 1989-90 increased to Rs. 9.82 per km (increase of 209.83 *per cent*) in 1998-99.

Delayed tariff revision resulted in loss of Rs. 223.72 crore

The proposals for fare revision sent in January 1989 (20 *per cent*) and May 1989 (25 *per cent*) were delayed and notified in August 1990 by the State Government. Similarly, the proposals for increase sent in October 1990 (15 *per cent*), April 1991 and September 1991 were delayed and notifications issued in June 1992. Further, proposals for increase from July 1993 (10 *per cent*), February/March 1994 (17.5 *per cent*) were notified from June 1994.

Further, until May 1996, the State Government did not lay down any policy regarding fixation of fare and freight or any formulae for its revision based on input cost to enable the Nigam to revise it in time. The State Government prescribed (May 1996) formulae for increase in the passenger fare consequent on the increase in the prices of input but confined to only two elements viz. diesel and dearness allowance (increase was allowed at the rate of 0.20 and 0.18 *per cent* in the fare for every increase of 1 *per cent* each in the prices of diesel and dearness allowance). Based on these formulae, the Nigam increased passenger fare from time to time from May 1996 by adding surcharge on the fare to cover increase in the prices of diesel and dearness allowance.

The Government further revised the fare in November 1998 merging the surcharge added up to August 1998 by the Nigam and allowed to increase the fare up to 10 *per cent* per annum on the increase in the prices of diesel and dearness allowance as per the formulae of May 1996. The Nigam increased fare by 10 *per cent* from March 1999.

It was noticed by audit that:

- The Nigam incurred loss of Rs. 223.72 crore during 1990-91 to 1998-99 due to time lag in issue of notification for fare revision by the State Government;
- The Bajaj Committee (Resource Mobilisation and Taxation Reforms Committee) recommended (1995) for inclusion of the elements of tyre and tubes also besides diesel and dearness allowance in the formulae prescribed by the Government in May 1996. This has not been approved by the Government so far (July 2000);
- The Nigam increased the fare excessively in respect of Express, Semi-deluxe and Deluxe buses from 7 March 1997 (against the Government approved norms of 1.10, 1.25 and 1.70 time of the fare of ordinary buses for Express, Semi-deluxe and Deluxe buses, it was increased by 1.39, 1.90 and 3.16 times respectively). This resulted in decline of load factor in the month of March and April 1997 by 8.17 and 5.83 *per cent* and loss of revenue of Rs. 10.69 crore[42]. The increase was restored to normal from 28 April 1997.

3.5.8 Maintenance cost of operation

Given the similar operating conditions and the environment, there should not be significant variations in maintenance parameters of performance. Maintenance cost (only wage bill of maintenance staff and cost on spare parts considered) for five comparative STUs i.e. Maharashtra SRTC, Andhra SRTC, Kerala SRTC, Gujarat SRTC, and Uttar Pradesh SRTC with a fleet strength ranging from 3750 to 18749 buses during three years up to 1998-99 are detailed in Annexure-30.

Maintenance cost of operation per bus per annum was highest compared to other STUs

A perusal of Annexure-30 reveals that huge sums of money were spent on maintenance work by the Nigam as compared to other STUs and even a small percentage of reduction in expenditure on this account would have resulted in large savings. The bus staff ratio, maintenance cost per effective km. and maintenance cost per bus per annum was highest in case of the Nigam amongst all the five STUs considered in the analysis.

3.5.9 Consumption of High Speed Diesel (HSD) and engine oil

The HSD and engine oil cost account for the highest component of the total cost of operation, necessitating their use in most economic and efficient manner. The main recommendations of CIRT[43], include (i) control over speed and driving

42 Comparison made with the average of corresponding months in remaining years from 1992-93 to 1998-99.

43 Fuel and oil economy, 1995-96.

habits leading to fuel saving from 10 to 15 *per cent*; (ii) manufacture of aerodynamic type of bus body leading to saving of fuel by 6 to 8 *per cent*; (iii) timely replacement of old buses leading to saving of fuel/oil by 2 to 3 *per cent*; (iv) use of fuel efficient engine (like Hino) leading to saving of fuel by 20 *per cent*; and (v) proper inflation of tyre/tube leading to saving of fuel.

Among the five comparable STUs (including Nigam) whose data have been examined in detail, consumption of HSD and engine oil in all other STUs (except Kerala for HSD) are better than that in the Nigam as indicated in Annexure-31.

Salient deficiencies noticed are detailed below:

High consumption of HSD compared to target resulted in excess consumption of HSD valued at Rs. 10.72 crore

- Against the targetted consumption of HSD ranging from 4.60 km per litre (KMPL) to 4.65 KMPL, the actual consumption in the Nigam ranged from 4.51 KMPL to 4.60 KMPL during the last five years up to 1998-99 which resulted in excess consumption of HSD valued at Rs. 10.72 crore during this period;
- The number of overage buses has gone up from 2117 (1994-95) to 2800 (1998-99) affecting adversely the fuel efficiency;
- The Nigam has not manufactured aerodynamic type of bus body though it contemplated in the Annual Activity Reports to manufacture such buses;
- System of inflating tyres/tubes properly was deficient leading to decline in fuel efficiency besides avoidable scrapping of 219 tyres i.e. 40 *per cent* (out of 540) in Agra, Allahabad, Dehradun and Meerut regions alone during 1998-99 as discussed in paragraph 3.5.10 infra.

3.5.10 Performance of new tyres

Excessive scrapping of new tyres due to negligence resulted in loss of Rs. 0.21 crore

An analysis in four regions for 1998-99 for the causes of scrapping of new tyres revealed that out of 540 new tyres scrapped, 530 tyres valued at Rs. 32.00 lakh had to be scrapped prematurely due to controllable causes such as burst due to hit, run flat, run to death, tread separation etc. The details are given in Annexure-32.

Further analysis of the performance of the above new tyres suggested that these were not removed in time for retreading and were allowed to run excessively from 60000 kms. to 115107 kms. causing them to die due to excessive run. Some of the tyres performed even less than 5000 kms. or 10000 kms. due to other kind of neglects like burst due to hit, wrong wheel alignment, run flat. The loss on account of premature scrapping of 530 new tyres due to controllable causes worked out to Rs. 21.00 lakh[44] on the shortfall of 5.65 crore kms. of expected run considering retreadibility factor as three. This loss is only relating

44 Expected run of a new tyre (60000 kms) plus three times retreads (34000X3) i.e. 162000 kms for one tyre or 8.58 crore kms for 530 tyres minus actual run (2.93 crore kms)/162000 kms equivalent to 349 new tyres valued at Rs. 21.00 lakh (at the rate of Rs. 6000 per tyre).

to four regions test checked in audit for one year. The loss as a whole for the 18 regions of the Nigam would be much more.

These findings indicate that the Nigam has not evolved a mechanism to avoid main causes of premature failure of even new tyres.

3.5.11 Failure of engines and gear box assemblies

The Nigam has not introduced any system to monitor and analyse causes of failure of major assemblies including engines. Analysis of breakdowns in Lucknow region for the period from June 1999 to January 2000 (details of other period and other regional offices not made available) revealed that 103 engines failed during this period. Out of these, 33 engines (including seven new engines) failed on account of avoidable reasons like (i) coolant not used/shortage of water (10 nos.), (ii) shortage of engine oil (11 nos.), and (iii) bad quality of engine oil (10 nos.). Besides, failures of other 72 engines were due to over heating on account of mechanical faults that were not analysed in detail by the workshop. The workshop also did not carry out even the routine "blotter spot test[45]" as stipulated by the CIRT. This resulted in cases of avoidable failure remaining undetected and unremedied. The Nigam did not intimate expenditure incurred on such repairs.

Staff productivity was low and further marked by excessive staff, lack of optimal deployment of crew etc. resulting in loss of Rs. 72.04 crore

3.5.12 Manpower

The staff strength, expenditure incurred, percentages of expenditure to total expenditure and bus staff ratio for a period of three years up to 1998-99 are given in the table below:

	1996-97			1997-98			1998-99		
1. Staff Strength	**Workers**	**Officers**	**Total**	**Workers**	**Officers**	**Total**	**Workers**	**Officers**	**Total**
(a) Administrative	2816	22	2838	2810	24	2834	2751	26	2777
(b) Accounts	384	71	455	397	68	465	390	70	460
(c) Technical	14204	111	14315	13822	126	13948	13362	118	13480
(d) Operation	35786	145	35931	35137	153	35290	33686	149	33835
Total	-	-	**53539**	-	-	**52537**	-	-	**50552**
2. Bus/ staff ratio	-	-	7.52	-	-	7.26	-	-	7.10
3. Staff productivity per km per day	-	-	31.07	-	-	34.21	-	-	37.87
4. Total expenditure (Rs. in crore)	-	-	588.75	-	-	644.72	-	-	686.02
5. Expenditure on staff (Rs. in crore)	-	-	273.81	-	-	288.88	-	-	303.10
6. Percentage of expenditure on staff	-	-	46.48	-	-	44.75	-	-	44.14

45 A drop of oil from the failed engine is invariably left on a blotting paper and kept for analysis. This usually provides valuable information about oil and its usage characteristics. (Page 130, Fleet Maintenance Management 1996).

The salient deficiencies noticed in the existing staff structure are indicated below:

- As evident from the table above, the staff cost was around 45 *per cent* of the total expenditure. This was due to excessive maintenance staff as discussed in paragraph 3.5.8 supra, higher bus/staff ratio compared to some other STUs[46] and to incapable[47] crew on its rolls.

- It would be observed from Annexure-20 that expenditure on staff went up by Rs. 81.96 crore from Rs.221.14 crore to Rs.303.10 crore during the period 1994-95 to 1998-99. However, it was seen that staff cost had increased even though the number of buses and staff was steadily reducing. The sharp increase in staff cost was one of the important reasons for the recurring losses suffered by the Nigam.

- Against the targets of staff productivity ranging from 33.30 to 37.87 kms. per staff per bus per day, the same ranged between 31.07 and 34.35 kms. per staff per bus per day during five years up to 1998-99 resulting in loss of Rs. 72.04 crore due to shortfall in productivity.

- Crew (drivers and conductors) are the backbone of a transport industry. The bus/staff ratio in respect of drivers was 2.17, 2.13 and 2.10 and conductors 2.13, 2.10 and 2.10 respectively during three years up to 1998-99. The Nigam carried 12965 conductors (including 161 incapable) and 12904 drivers (including 582 incapable) at the close of March 1999.

- The sanctioned strength of staff has not been revised after 1994-95. Compared to the sanctioned strength, the staff in technical side was short in some categories and excess in others. The excess (1771) in technical cadre (group D) was decided (December 1997) to be absorbed as drivers/ conductors after imparting suitable training but such course of action was not adopted for non-technical cadre (group D). As of now (March 1999), the Board's decision of December 1997 has not been implemented fully as 1000 excess technical cadre (group D) staff members were still not absorbed as drivers/conductors. The Nigam has no scheme to utilise surplus (1698 as on 31 March 1999) group D, non-technical in some productive work to reduce unproductive burden on operational cost.

- As standard man hours for preventive maintenance were not prescribed, the Nigam was not able to identify the extent of idle man power with a view to avoid delays in maintenance. It is, however, an admitted fact that man power for maintenance was highest amongst the five comparable STUs as discussed in paragraph 3.5.8 supra.

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46 Bus/staff ratio ranged from 5.14 (Himachal RTC during 1998-99) to 6.81 (Karnataka SRTC during 1996-97) during three years up to 1998-99 in respect of Karnataka SRTC, Rajasthan SRTC, Haryana State Transport, Punjab State Transport, Pepsu Road Transport Corporation , Himachal Road Transport Corporation and Chennai Transport Undertaking.

47 Such of the crew members who do not meet the physical standards any more.

3.5.13 Payment of accident claims

As could be seen from Annexure-21, the number of accidents per lakh kms. during 1994-95 to 1998-99 ranged between 0.20 and 0.22, as a result the Nigam had to pay Rs. 39.69 crore as claims for accidents during the period. For suggesting preventive maintenance measures, the Nigam asked (1998-99) all its Regional Managers to submit the inquiry report to Rajya Parivahan Anusandhan Evam Niyojan Sansthan (RPANS). However, the records made available to audit did not indicate any action taken in the matter by the Regional Managers and RPANS. The Nigam did not furnish details of control devices and other measures taken for reducing the occurrence of accident. It also did not intimate cause-wise analysis of the accidents and expenditure incurred on repair and maintenance of accidental vehicles.

3.5.14 Concession/free transport facility to specified class of citizens

The Nigam provides free transport facility to certain class of citizens such as Members of Parliament, Members of Legislative Assembly, Members of Legislative Council along with one associate, physically handicapped persons, recognised journalists, freedom fighter with one associate etc. in respect of which cost of transport is reimbursed by the Government. Besides this, free transport facility to children below the age of five years and concessional transport facility to children of the age group of 5 to 12 years and students, the cost of which are borne by the Nigam itself.

It was noticed by audit that the Nigam had to incur loss on this account as detailed below:

- Loss of interest of Rs. 24.00 lakh (approximately) due to annual issue of bills for reimbursement by the Government instead of monthly during 1996-97 to 1998-99; the Nigam is incurring such expenditure on day-to-day basis;

Lack of system to document or evidence free journeys resulted in non-recovery of a claim of Rs. 5.19 crore

- The Nigam does not have a system to document or evidence (coupons or otherwise) the claims for the journeys performed in any case. Due to this, a claim of Rs. 5.19 crore (out of Rs. 5.91 crore) for free journeys allowed to candidates of specified examinations/interviews pertaining to the period from February 1995 to January 1997 was not reimbursed by the Government.

3.6 Material Management and Inventory Control

3.6.1 Material Management

The details of opening balance, purchases, consumption, closing balance and range of closing balance (fuel, lubricants, spare parts, tyres and tubes, batteries, uniforms and other general items) during five years up to 1998-99, as furnished by Material Management Wing of the Nigam, are detailed below:

(Rupees in crore)

Items	1994-95	1995-96	1996-97	1997-98	1998-99
Opening balance	12.22	13.50	11.89	14.09	14.99
Receipts/transfers	196.90	174.74	217.85	261.61	234.05
Issue/consumption	195.61	176.35	215.65	260.79	234.09
Closing balance	13.50	11.89	14.09	14.91	14.95
Closing balance in terms of days consumption (Range in days)	4 to 84	4 to 82	5 to 70	5 to 47	5 to 80

It was noticed that the figures of closing stock as per accounts were Rs. 15.01 crore, Rs. 14.36 crore, Rs. 17.25 crore, Rs. 15.73 crore and Rs. 16.36 crore at the close of five years up to 1998-99 respectively. It did not tally with the above figures furnished by the Material Management wing. The Management promised (May 2000) to furnish the reconciled figures which were awaited (June 2000).

3.6.1.1 Purchase procedure

The Nigam does not have a purchase and inventory control manual. The purchases were made on the basis of ASRTU rate contracts (68 *per cent*), limited enquiry from selected firms (tyre and tyre retreading material to the extent of 30 *per cent*) and local purchases in two *per cent* cases. There are two Purchase Committees (PC) I & II. PC I is headed by Assistant Managing Director who is responsible for recommending purchases of all items without any financial limits. PC II is headed by Chief General Manager (Technical), responsible for recommending purchases up to a financial limit of Rs. 50.00 lakh for individual order, subject to a monthly ceiling of Rs. 15.00 lakh and bus body material up to Rs. 2.00 lakh. Purchases by these committees are made after the approval of the MD. The purchase committees have also been established at workshops, regions and depots for purchase of material upto a specified limit.

3.6.1.2 Deficiencies in material management

3.6.1.2.1 Increase in cost of bus body renovation due to change of flooring material

In view of tight financial position, the Nigam decided (August 1995), as a short term measure, to switch over from use of aluminium chequered sheets to plywood chequered sheets for flooring of both new and renovated bus bodies. However, without considering the overall comparative techno-economic feasibility either at the time of decision making or after test use of the material, the Nigam continued to use plywood chequered sheets upto July 1998.

Failure to carry out cost benefit analysis of the alternatives of flooring material resulted in loss of Rs. 2.20 crore

An analysis of the economics of the two alternatives carried out by audit (May 1998), as detailed in Annexure-33, revealed that due to durability and high scrap value, the cost of flooring by aluminium chequered sheets was less resulting in extra expenditure of Rs. 2.20 crore during 1996-97 and 1997-98. The Nigam decided to revert to use of alumunium sheets in view of cost difference, but the orders to that effect were issued only in August 1998.

The reply of the Management that flooring by plywood sheets was not costly is not tenable as it did not consider the longer time span of aluminium sheets and its scrap value. Further, the contention of audit is proved by the fact that the Management reversed (July 1998) its earlier decision of August 1995 and advised for use of aluminium chequered sheets as the same were economical.

3.6.1.2.2 Loss due to non-reclamation of lubricating oil

Non-reclamation of lubricating oil resulted in loss of Rs. 7.20 crore

Based on the fundamental concept[48] that " lubricating oil never wears out" and technical know-how of reclamation provided by Indian Institute of Petroleum (IIP), Dehradun through the National Research and Development Corporation of India, New Delhi, Cholan Transport Corporation, Tamilnadu[49] erected and commissioned the first plant in the country at Methupalayam with a capacity to reclaim 200 tonnes of crank case lubricating oil. Need for reclamation was felt on account of high prevailing prices, periodic shortage of critical grade, high cost of import content of base stock and additives requiring huge foreign exchange, pollution from disposal of used lubricants and likely misuse of used oil by un-scrupulous parties for adulteration. Further, it was well established by scientific tests and trials by IIP, Dehradun that thermal and oxidation stability characterisation are even superior to virgin stocks and no fundamental difference could be detected in physio-chemical or engine performance characteristics in them. Compared to the per litre savings of Rs. 14 between the virgin and reclaimed oil after considering capital cost on establishment of the plant, the loss to Nigam during three years up to 1998-99 worked out to Rs. 7.20 crore on 36 lakh litres of reclaimable oil.

The Management stated (May 2000) during discussion that they have not considered the option on account of credibility of use of reclaimed oil having not been established and that further information from other STUs is being collected.

48 Source : Article "Oil Reclamation Plant" published in Fuel and Oil Economy–1995-96 by CIRT. The article was contributed by General Manager (Engineering) of Cholan Transport Corporation, Tamilnadu.

49 Reclaimed oil was being used in air cleaners by Gujrat SRTC and in air cleaner and for topping up by Andhra Pradesh SRTC. The Purchase Committee of Karnataka SRTC has also found the reclaimed oil as cheaper and fit for both in place of virgin oil and for topping up.

3.6.1.2.3 Loss in procurement of tyre retreading material

(a) Loss due to non-consideration of price reduction in rubber

Failure to avail benefit of cost reduction of input material resulted in loss of Rs. 0.26 crore

In view of downward market trends, the rates of firms on ASRTU rate contracts were reduced by four *per cent* from 1 October 1996 and eight *per cent* from January 1998 in case of Elgi and four *per cent* from January 1998 in case of Sundaram, the benefit of which were passed on to the Nigam by these firms. However, non-inclusion of a suitable clause regarding price variation in respect of other non-ASRTU suppliers resulted in a loss of Rs. 26.00 lakh on supply of 417.54 tonnes of tyre retreading material (TRM) during October 1996 to August 1998.

The Management stated (October 1999) that it had saved more by not including a price variation clause due to change in input cost. The reply is not acceptable as ASRTU registered firm have reduced their rates.

(b) Non-placement of orders on firms with better performance

Failure to procure TRM from economically cheaper source of supply resulted in loss of Rs. 0.43 crore

In order to ensure quality and introduce fair competition among A (Indag, Elgi and Sundram) and B (others) sources of TRM suppliers, the Nigam decided (September 1994) to procure it on 50:50 *per cent* basis respectively. This system was introduced as performance data of B sources of supply, being new, were not available. It further decided to maintain performance data of all the sources henceforth to serve as a bench mark for availing of cheaper supplies subsequently. It was noticed in audit that the cost per km run of retreaded tyres by using TRM from A category sources ranged from 2.693 paise to 2.900 paise as against 2.982 paise to 4.324 paise from B category sources during the period from April 1995 to March 1996. However, despite economical performance of retreaded tyres by using TRM from A category sources, the Nigam did not modify mix of procurement subsequently and placed (October 1996) orders for TRMs almost on 50:50 basis to A category (405 tonnes) and B category (385 tonnes) valued at Rs. 6.05 crore. Had the Management adopted supply mix of 75:25[50] (A: 580 tonnes and B: 210 tonnes), the extra cost on procurement of 175 tonnes (Elgi process: 105 tonnes and Indag process: 70 tonnes) of TRM from B sources having higher cost per km run of retreaded tyres amounting to Rs. 43 lakh[51] could have been avoided.

The Nigam should explore the possibility of procurement mix from suppliers keeping in view the cost economics.

50 To ensure availability of alternative sources.

51 Worked out by distributing 105 tonnes between Elgi (60 tonnes) and Sundram (45 tonnes) for Elgi process (extra cost: Rs. 22.00 lakh) and 70 tonnes between Indag and Sundram for Indag process (extra cost: Rs. 22.00 lakh). The calculation of extra cost is based on the rates of A and B sources with reference to kms achieved and consumption per tyre.

3.6.1.2.4 Extra cost due to excessive consumption of new tyres

In view of incidence of heavy expenditure on purchase of new tyres, the Board decided (March 1993) to use new tyres in front wheels only and retreaded tyres in rear wheels. To meet the demand of 7050 retreaded tyres per month, considering the estimated mileage of six crore per month and average life of 34000 kms. of retreaded tyres, it decided to increase the in-house capacity of tyre retreading (cold process). Accordingly, the retreading capacity of 31800 tyres per annum in three tyre retreading plants (Kanpur, Ghaziabad and Gorakhpur) during 1993-94 was increased to 84000 tyres in 1995-96 by introducing three more shops at Bareilly, Allahabad and Saharanpur at a total cost of Rs. 25.00 lakh[52].

As a sequel to premature scrapping, new tyres were consumed in excess resulting in extra cost of Rs. 14.92 crore

With induction of tyre retreading plants, consumption of new tyres should have decreased. However, the actual consumption of new tyres was more than the required consumption as would be seen from the details in Annexure-34. This entailed extra cost of Rs. 14.92 crore during five years up to 1998-99.

Test check of four tyre shops (Allahabad, Agra, Dehradun and Meerut) revealed that during 1998-99, 530 new tyres had to be prematurely scrapped due to controllable causes as discussed in paragraph 3.5.10 supra.

The Management stated (October 1999) that the matter was under detailed investigation.

3.6.1.2.5 Excess payment in comparison to the lower rates of ASRTU firms

The agreement entered into in July 1997 with Indian Oil Corporation (IOC) for a period of three years from 16 January 1997 for procurement of lubricants stipulated that the prices prevailing on the date of supply were subject to variation on account of statutory levies, excise duty or the cost of base oil or additives and the supplies shall be made on the basis of such revised order. Accordingly, the Nigam was required to review the price index of lubricants and prices of other suppliers to identify any downward revisions in prices offered.

Failure to avail benefit of cost reduction of lubricants resulted in extra expenditure of Rs. 0.22 crore

It was noticed by audit that while in case of Castrol India Limited (Castrol) and Gulf Oil India Limited (Gulf), both ASRTU firms, the prices were reduced by 4.34 *per cent* from 1 January 1998 and 3 *per cent* from 1 April 1998 respectively, the Nigam failed to avail the benefit of downward revision in prices from IOC. Compared to these rates, the Nigam had to incur extra expenditure of Rs. 22.00 lakh on the supplies during January to November 1998.

Further, information collected by Audit revealed that the discount of Rs. 37.00 lakh as provided in the above agreement for the period from 16 January to 25 July 1997 was recovered belatedly after 24 months mainly in July 1999 at the

52 Cost of Bareilly shop was not available.

instance of Audit. However, no responsibility for delay in recovery was fixed by the Management.

3.6.1.2.6 Extra expenditure in procurement of spare parts

The Nigam had not spelt out a clear cut system regarding splitting up of required quantities of items amongst the eligible firms after evaluating cost benefit of the offers received. A review of 232 purchase orders pertaining to the period from December 1997 to November 1998 valued at Rs. 7.06 crore revealed that the Nigam without assigning sufficient reason in many cases distributed the requirement amongst 3 to 4 suppliers at their offered rates without negotiating at lowest rates and/or restricting the same to lesser number of firms to avail benefit of lowest rates. This resulted in extra cost of Rs. 23.00 lakh.

The Management stated (October 1999) that the procurement was made at higher rates to ensure/maintain the quality, production and operational services as otherwise operational losses would have been more than the cost difference. The reply is not tenable as the Nigam has neither maintained any source-wise data bank indicating performance of different suppliers nor was anything on record indicating that the performance of lowest ignored firm was poor.

3.6.1.2.7 Absence of adequate quality control and testing mechanism

The Nigam does not have a laid down procedure for testing store items and spare parts as done by Maharashtra SRTC. Further, despite Managing Director's suggestion of July 1995 to establish testing and quality control cell in the two workshops as per recommendations (May 1991) of Tata Consultancy Services, no such cell was established (July 2000). The Nigam continued to accept supplies despite knowing the failure of samples from CIRT and as such possibility of acceptance of sub-standard material could not be ruled out. A few illustrative cases are given below:

There was absence of adequate quality control and testing mechanism

(i) The test results of samples from first consignment (Rs. 2.00 lakh) indicated (May 1998) failure of supplies received from Mayur Glass Industries, New Delhi. However, the Nigam continued to accept subsequent supplies without further testing. The Central Workshop attributed its failure to send samples from every consignment for testing due to lack of specific procedure. The Management stated (October 1999) that on receipt of adverse test reports supplies were stopped from August 1998. The reply is not acceptable since the firm was belatedly asked to stop supplies even though test report was received in May 1998.

(ii) Similarly, samples from three consignments (Rs. 1.00 lakh) of PVC leather cloth received from Rado Industries and Rado Raxene Limited, Faridabad were not meeting critical parameters (June 1995). However, further supplies (Rs. 10.00 lakh) were accepted between October 1996 and February 1997 without any further testing.

(iii) In another case, despite being aware of adverse report on the samples (December 1996) drawn from the supply of plywood chequered sheets from Doors India Limited, Kanpur, the Nigam continued procurement of material (Rs. 66.00 lakh) up to July 1998.

3.6.1.2.8 Excessive dependence on Original Equipment Manufacturer

Tata Consultancy Services while pointing out the system deficiencies suggested (May 1991) to identify alternative sources of supply to derive benefits of lesser dependence on original equipment manufacturer (OEM) and minimise cost of procurement. However, the efforts of the Nigam in identifying such sources were lacking as it could not develop data base of performance of the firms against trial orders.

A few cases of deficiency are discussed below:

- The Nigam placed bulk purchase orders for purchase of spare parts during February 1997 to October 1998 on Ashok Leyland and Telco at much higher rates, up to 100 *per cent*, resulting in extra cost of Rs. 22.00 lakh.

- In other cases, where bulk orders ranging between 70 and 80 *per cent* were placed on alternate sources indicated that the supplies obtained from them were meeting the operational requirements, eleven purchase orders were placed for quantities ranging from 20 to 30 *per cent* on these two original suppliers at much higher rates without negotiation during May 1997 to August 1998 resulting in extra cost of Rs. 10.00 lakh.

- The validity of 37 purchase orders of Telco and 18 purchase orders of Ashok Leyland, placed between January 1995 and October 1998 had to be extended many times ranging from 3 to 34 months[53]. As a result adequate number of engines could not be reconditioned in its in-house facilities due to non-availability of crankshafts leading to procurement of fresh engines valued at Rs. 12.30 crore during 1994-95 to 1996-97. Compared to the unit cost of Rs. 0.50 lakh on reconditioning, the extra expenditure worked out to Rs. 6.34 crore on purchase of 845 new engines.

The Management stated (October 1999) that the matter was under detailed investigation.

3.6.2 Inventory control

Except for the Central Stores (abolished from September 1998), the Nigam has not specified stocking norms for field units for various categories of inventory

53 Up-to-date position of supplies not available.

based on control parameters such as maximum and minimum stock, reorder level etc. for better inventory control. Cases test checked in audit indicating poor inventory control are discussed below:

3.6.2.1 Lack of inventory control in Central Stores

Substantial items fell below the minimum level or were in excess of maximum level due to absence of adequate inventory control mechanism

In respect of Central Stores, where norms for inventory control have been designed for vital (V), essential (E), and desirable (D) category, it was noticed that during 1997-98, 1197 items, 1836 items and 19 items fell below the minimum level. This included inventory levels in respect of 323 items of V category, 507 items of E category and 15 items of D category where there was no inventory for a period ranging from 1 day to 365 days. This indicated that minimum level of inventory was not maintained. Further analysis revealed that the fall in inventory level below the minimum was due to issue of 7328 items valued at Rs. 20.03 crore to 20 field units in excess of monthly requirements (called MCF or Monthly Consumption Factor).

On the other hand, 384 items of V category, 520 items of E category and 19 items of D category were procured in excess of maximum level resulting in blocking of inventory (value not intimated) for 1 day to 365 days. This included 21 items of V category, 16 items of E category and 2 items of D category which were in excess of more than 175 *per cent* of maximum level almost during the whole year.

Thus, the Material Management wing failed to fulfill its objectives of minimising inventory cost or resource utilisation by optimising inventory holdings in the centralised system of stores.

The Management stated (October 1999) that the inventory control mechanism was in the process of development and some more details are yet to be collected and implemented in the computer programme. Further, the inventory control mechanism was good as it resulted in increase of percentage of buses on road. The reply is not tenable as it never collected vital data available in the inventory package before undertaking procurement decisions. The Managing Director had instructed as far back as in July 1995 to conduct an exercise for designing inventory package which could not be streamlined even after lapse of more than four years.

3.6.2.2 Accumulation of empty drums due to non-disposal

The empty drums of 210 litres, used to store engine oil, other lubricants, greases etc., accumulates annually at the rate of 10000 drums approximately. Disposal of these drums are made through auction. The Nigam fixed (September 1996) a reserve price of Rs. 396 per drum for delivery to the Government departments and others. As there were very few takers of these drums at this rate, the pace of disposal was very slow. The records furnished to audit for two years (1998-99 and 1999-2000) revealed that 2050 and 3630 drums respectively could only be disposed off leading to accumulation of 18310 drums (value : Rs. 66.00 lakh) at the close of January 2000.

By lapse of time and stocking in the open, exposed to vagaries of nature, the conditions of these drums had deteriorated due to rusting affecting their marketing capabilities. A policy of quick disposal at comparable marketable prices each year would have saved the Nigam from locking up of fund on the undisposed stock.

3.6.2.3 Loss due to excess delivery of scrap

The Nigam has not prescribed any system for periodical collection and accountal of scrap generated in the workshops. It was, therefore, not possible to vouchsafe the physical quantities of receipts, issues and closing balances of scrap.

Due to recording of tare (empty) weight of trucks, used for transportation of scrap, higher than the actual weight, the Nigam sustained a loss of Rs. 10.00 lakh in the disposal of scrap at Central Workshop during February 1996 to April 1998.

The Management stated (October 1999) that from June 1998, the system for weighment of aluminium scrap was streamlined. It further stated that trucks deployed for transportation of mixed type of stores carried "*patre, tasle and belche* etc." which accounted for higher weight and that there does not seem to be a motive of defalcation. The reply is not tenable as the truck should have been weighed without these items to give a correct weight of the scrap carried.

Conclusion

The operation of the Nigam is characterised by continuous losses and poor operational performance due to increase in expenditure on account of overage buses, huge expenditure on payment of accident claims, premature failure of engines and gear boxes, high maintenance cost of operation, excess consumption of HSD and engine oil and low staff productivity leading to high staff cost. The loss was further compounded by low fleet utilisation, low vehicle productivity, low load factor, lack of assessment of economically viable routes, delay in tariff revision, deployment of hired buses on economical routes and non-reimbursement of full cost of concession/free transport facility to specified class of citizens. The Nigam also incurred extra expenditure on procurement and usage of materials and suffered loss on account of poor material management and inventory control. Unless a proper mechanism for control over operational, material and inventory control system are devised and meticulously followed, the losses of the Nigam would continue to mount.

The above matters were reported to the Nigam and the Government in May 2000; the replies were awaited (July 2000).

CHAPTER-IV

4. Miscellaneous topics of interest relating to Government companies and Statutory corporations

4A. Government companies

Uttar Pradesh State Yarn Company Limited

4A.1 Infructuous expenditure

An expenditure of Rs. 0.43 crore on a dye house was rendered infructuous as it could not be used even for a single day.

The Company incurred expenditure amounting to Rs. 0.43 crore on construction of dye house at Rasra (Ballia) unit

The Company was referred to Board for Industrial and Financial Reconstruction (BIFR) in 1992 under the Sick Industrial Companies (Special Provisions) Act, 1985. The Company submitted a package to BIFR in 1992 which did not include the provision for installation of dye house. However, the Company placed an order for supply of one number Dalal make H.T.H.P. vertical dyeing plant valuing Rs. 23.80 lakh (January 1998) on Associated Textile Engineers, New Delhi. This plant was originally meant for Banda Unit but the Management decided (December 1997) to install it at Rasra (Ballia) unit of the Company. The plant was supplied by the firm in March 1998. Besides, the boiler required for the operation of dyeing plant was purchased at a cost of Rs. 11.44 lakh and an expenditure of Rs. 7.80 lakh was incurred on its installation, registration, commissioning and approval from Director of Boilers, U.P. and U.P. Pollution Control Board. Thus, a total expenditure of Rs. 43.04 lakh was incurred by the Company on the dye house at Rasra (Ballia) Unit.

BIFR did not grant permission to purchase dye house

It was noticed (January 2000) that the Company after placing of purchase order for dye plant and boiler in January 1998, applied to BIFR for granting permission for purchase of dye house. The BIFR did not grant the permission till date (April 2000). The Company could not use the dye house at Rasra even for a single day as this unit was running much below its capacity due to financial crisis and had been lying closed since March 1999. Thus, the expenditure on dye house was rendered infructuous.

In reply, the Management stated (June 2000) that the dye house could not be used due to shortage of working capital and subsequently the unit was closed.

The matter was reported to the Government (May 2000); the reply had not been received (July 2000).

4A.2 Loss on bonds issued through private placement

The Company invested fund raised for modernisation of its Mills through private placement of bonds in fixed deposits carrying lower rate of interest which resulted in loss of Rs.0. 64 crore.

With the object of modernising its various mills, the Company with the approval of Government raised fund to the tune of Rs. 35.08 crore through private placement of bonds carrying interest at the rate of 14.90 percent per annum during the period from April 1999 to November 1999.

The modernisation scheme could not be implemented and the funds raised were kept in FDRs with bank at lower rate of interest

It was noticed in audit (January 2000) that although the fund raised through private placement of bonds was required for modernisation of the mills of the Company, but the prior approval of the Government for the modernisation scheme was not obtained. Subsequently, the Government did not approve (October 1999) the modernisation scheme as three out of four mills of the Company were already closed during November 1998 to March 1999. As a result of non approval of the modernisation scheme by the Government, the funds raised could not be utilised for the envisaged purpose. Out of Rs. 35.08 crore, the Company invested Rs. 26.15 crore in fixed deposits carrying interest at an average rate of 9 percent per annum, utilised Rs. 8.85 crore for reducing outstanding liabilities and refunded Rs. 8.00 lakh refunded to the investors. Thus, Rs. 26.15 crore remained in fixed deposits up to April 2000 at lower rate of interest than that payable by the Company to the investors. This had resulted in interest loss of Rs. 64.00 lakh during December 1999 to April 2000.

The Management stated (June 2000) that to minimise losses there was no alternative except to keep fund in the form of fixed deposits. However, the fact remained that the intended purpose for which the fund was mobilised was not achieved.

The matter was reported to the Government (May 2000); the reply had not been received (July 2000).

Uttar Pradesh Small Industries Corporation Limited

4A.3 Improper financial planning by Management

Imprudent action to repay low interest bearing loan by withdrawing fund from high interest bearing cash credit account resulted in increase in liability by Rs. 1.33 crore.

The Company had a cash credit limit (Rs. 5.95 crore up to 10.01.93 and Rs. 8.00 crore w.e.f. 11.01.93) with the State Bank of India (SBI).

The Company refunded loan along with interest to Government by withdrawing fund from cash credit account held with bank

Test check of records of the Company revealed (August 1999) that out of a loan of Rs. 3.28 crore obtained during 1968-69 to 1985-86 from State Government, the Company refunded Rs. 5.27 crore between November 1990 to March 1991 (Rs. 2.42 crore being principal and Rs. 2.85 crore being interest up to the date of refund) by withdrawal of fund from cash credit limit available to it from bank. While the State Government loan carried interest at the rate of 10 to 13.5 *per cent* per annum, the same in the case of bank was between 17.85 *per cent* and 22.25 *per cent* per annum during the same period.

The Company had to borrow loan at higher rate of interest from Government itself to repay bank loan

Refund of loan of State Government from cash credit limit resulted in excessive debit balance in the cash credit account which could not be replenished and stood at Rs. 7.08 crore at the end of March 1996. The bank after protracted correspondence issued a legal notice for recovery of Rs. 11.71 crore (including up to date interest Rs. 4.63 crore) during August 1997. The bank also invoked bank guarantee given by the State Government simultaneously. The matter was settled for Rs. 7.60 crore (March 1999) under One Time Settlement Scheme (OTS). While Rs. 6.00 crore was paid by the State Government, the balance Rs. 1.60 crore was paid by the Company (March 1999) out of its own resources. The State Government converted (March 1999) the amount paid by it to the Company (Rs. 6.00 crore) as loan at the interest rate of 19.5 *per cent* (with rebate of 3.5 *per cent* for timely payment) per annum.

Thus, the imprudent action to repay low interest bearing loan by withdrawing funds from high interest bearing cash credit account without proper authorisation of Board of Directors resulted in extra liability on account of repayment of old loan by availing cash credit facility from Bank and loading of interest on the State Government loan amounting to Rs. 1.33 crore up to June 2000. No responsibility had been fixed by the Company (August 1999).

The matter was reported to the Management and the Government in March 2000; the reply had not been received (July 2000).

4A.4 Excess issue of steel

The Company issued steel worth Rs.0.50 crore against deposit of Rs. 0.25 crore which resulted in blocking up of Company's funds to the extent of Rs. 0.25 crore with consequential loss of interest amounting to Rs. 0.18 crore.

The Company engages co-ordinators for each of its areas for arranging the lifting of iron and steel from its depots to different Small Scale Industry (SSI) units. The Company executed Memorandum of Understanding (MOU) with a co-ordinator namely D. V. Steel Ghaziabad, for the period from January 1996 to March 1996 for looking after the work of Ghaziabad and Agra areas/depots.

During test check in audit it was noticed (April 2000) that Depot Manager,

The Company issued steel worth Rs. 0.50 crore against deposit of Rs. 0.25 crore only

Ghaziabad allowed credit of Rs. 25 lakh while issuing the steel valued at Rs. 95.92 lakh on 31 March 1996 to one party (Hira Moti Udyog Sansthan) of the above co-ordinator based on the intimation given by Area Manager, Agra that a deposit of Rs. 25 lakh had already been given by the co-ordinator for this supply. It was further noticed that Depot Manager, Ghaziabad failed to link this transaction and again allowed credit of Rs. 25 lakh on the same intimation while issuing the material valued at Rs. 50.94 lakh to another party (Janta Gramodyog Sansthan) of the co-ordinator on the same date.

Thus, the Ghaziabad depot issued steel valued at Rs. 50.00 lakh on credit against the deposit of Rs. 25 lakh. It was further noticed that the payment of Rs. 25 lakh had not been realised from the co-ordinator/SSI units so far (April 2000). Non realisation of above payment had resulted in locking up of Rs. 25 lakh with consequential loss of interest of Rs. 18 lakh calculated at 18 *per cent* per annum for four years from 01 April 1996 to 31 March 2000.

The Area Manager stated (April 2000) that this discrepancy took place due to communication gap and further action is to be taken by their Headquarters.

The matter was reported to the Management and the Government (May 2000); the reply had not been received (July 2000).

4A.5 Loss due to non-inclusion of trade tax paid to SAIL in the sale price

Company suffered a loss of Rs. 1.53 crore due to non recovery of trade tax from its customers besides incurring further liability of Rs. 0.96 crore towards refund of trade tax.

The Company procures iron and steel material directly from the Steel Authority of India (SAIL) and sells it to Small Scale Industries (SSI) located in the State. As per the Government Notification (September 1981), sales tax under U.P. Sales Tax Act, 1948, in case of Iron and Steel was to be charged by the manufacturer at the point of sale effected by them. However, exception to this provision was made by the Government in the notification (June 1982) according to which where the sale was to be made by the manufacturer to the Company, the sales tax was to be levied at the point of sale by the Company and not at the point of sale by the manufacturer to the Company. However, in the notification of May 1994, in which sales tax was replaced by trade tax, the exemption provided in earlier notification of June 1982 was withdrawn and the same was again restored in notification issued by the Government on 21 April 1995. Thus, the Company was not authorised to levy trade tax in respect of sale of iron and steel made by it during 01 June 1994 to 20 April 1995.

It was noticed (April 2000) in audit that the Company paid trade tax amounting to Rs. 1.53 crore on purchase of iron and steel from SAIL (manufacturer) during the above period of 1 June 1994 to 20 April 1995 in accordance with notification of May 1994. Since the Company had incurred this expenditure on procurement of iron and steel, it was required to increase its sale price and recover the same from its customers. However, it was noticed that the Company instead of increasing its sale price, continued levying trade tax arbitrarily on its customers during the above period and collected trade tax amounting to Rs. 96.35 lakh. Out of this amount, Company deposited Rs. 37.98 lakh with Trade Tax Department and retained the balance amount of Rs. 58.37 lakh with it. On the request (January 1998) of the Company to the Government for restoring the exemption of levy of trade tax by the Company from May 1994, the Government clarified that it was not possible to restore the position and further directed that the Company should refund the trade tax to its customers on whom it was levied during the above period. The Company had neither obtained the refund of Rs. 37.98 lakh deposited with the Trade Tax Department nor refunded the amount of trade tax to concerned customers so far (July 2000).

Thus, on one hand the Company became liable to refund Rs. 96.35 lakh to its customers and on other it had lost Rs. 1.53 crore due to non-recovery of the same from its customers by increasing the sales price.

The matter was reported to the Management and the Government (May 2000); the replies had not been received (July 2000).

4A.6 Loss of income due to defective agreement

As a result of defective agreement executed with client, the Company suffered a loss of Rs.0.09 crore.

The Company works as consignment agent of Hindustan Copper Ltd. (HCL) for distribution of non-ferrous items i.e. copper ingot and copper wire etc. to industrial/SSI Units since September 1994 from its Noida depot.

The Company executed defective agreement with client

Scrutiny of records of the Company revealed (April 2000) that Company executed agreement (26 July 1994) with HCL for a period of one year for distribution of non-ferrous copper items which was renewable on fresh terms and conditions as mutually agreed upon. As per clause 7 of the agreement the HCL was to pay godown rent at Rs. 5.10 per Sq. ft. for 5918 Sq. ft. plus 20 *per cent* as service charges. The godown rent was based on tariff of January 1992 of UP State Warehousing Corporation (UPSWC). However, no provision was made in the agreement to revise the godown rent on revision of tariff by UPSWC from time to time. The agreement was extended up to 25 October 1997 from time to time at the existing rates, terms and conditions. However, the UPSWC revised the tariff of rent at Rs. 8.20 per Sq. ft. from 11 December 1994 and at Rs. 10.66 per Sq. ft. from 16 May 1997, but in absence of any provision for revision of godown rent as revised by the UPSWC, the Company could not get the benefit of this revision.

Thus, defective agreement resulted in loss of income of Rs. 8.51 lakh during 16 December 1994 to 25 October 1997 including service charges.

The matter was reported to the Management and the Government (May 2000); the replies had not been received (July 2000).

Uttar Pradesh State Industrial Development Corporation Limited

4A.7 Development of Export Promotion Industrial Park (EPIP)

Due to tardy progress of project and fixation of unreasonably higher rate of developed plots and flatted factories, the Company failed to attract entrepreneurs to establish export oriented units in EPIP defeating the very object of the scheme.

The Government of India (GOI) sponsored (March 1993) a scheme for development of Export Promotion Industrial Park (EPIP), with a view to involve State Governments in the export effort by providing financial assistance for building up infrastructural facilities of high standards like power, water, roads, sewerage, drainage and telecommunication etc. and establishing export oriented units in those park. The financial assistance from Central Government was available to the extent of 75 *per cent* of capital expenditure up to Rs. 10 crore (excluding cost of land) and the remaining 25 *per cent* was to be borne by the State Government. The Uttar Pradesh State Industrial Development Corporation Limited was appointed (December 1994) as Implementing Agency for the purpose who took up the development of EPIP at Surajpur Industrial Area, District Gautam Budh Nagar with a view to establish industrial units exporting 25 *per cent* (subsequently increased to 33 *per cent*) of their production in value terms.

The Company submitted (January 1994) a project report for development of EPIP at an estimated cost of Rs. 20.19 crore to GOI which was approved (December 1994) and subsequently revised (December 1995) to Rs. 28.22 crore but the revised estimate was not submitted to GOI for approval. The EPIP was proposed to be set up in 193 acres of land at Surajpur site under Greater NOIDA industrial area of the Company. The cost of land estimated at Rs. 1.69 crore was included in the estimated cost of the project while it was to be provided by the State Government free of cost. In addition to development of plots for export oriented industrial undertakings the Company also planned to construct flatted[54] factories for housing the smaller industrial units. An expenditure of Rs. 20.56 crore (including expenditure of Rs. 2.67 crore against the estimated cost of Rs. 6.72 crore on flatted factories up to November 1999) was incurred on development of EPIP. Against this, grant of Rs. 10 crore was received from GOI.

54 Flatted factories, three storied blocks each consisting of 4 units of 400 sq. meter for housing the smaller industrial units.

The main reason of increase in cost and delay in completion of the project, as analysed by audit, was delay in release of central grant of Rs. 10 crore (6 to 12 months) by the State Government to the Company which caused delay in finalising tenders for construction of cement concrete road (CC road), administrative building and flatted factories.

The Company without adjusting the central grant of Rs. 10 crore against the development expenditure, fixed unreasonably high rates as a result plots could not be sold out

It was observed in audit (October 1999) that the project envisaged allotment of developed plots and flatted factories to entrepreneurs on yearly lease rent basis but the Company decided to allot the plots etc. on outright sale basis. The Company started marketing of developed plots since August 1996 at the rate of Rs. 700 per sq. meter which was subsequently increased (December 1996) to Rs. 1200 per sq. meter. Similarly the rate for space in flatted factories was fixed at Rs. 7000 per sq. meter in August 1996 which was subsequently increased (December 1996) to Rs. 12000 per sq. meter. These rates were fixed without adjusting Central grant of Rs. 10 crore against the development expenditure on EPIP. After taking into account grant of Rs. 10 crore and credit for interest on investment made by the Company (Rs. 5.33 crore), the net development expenditure (excluding flatted factories cost) worked out to Rs. 13.22 crore on an area of 391831 sq. meter of developed plots i.e. Rs. 337 per sq. meter. Thus, the Company did not extend the benefit of Central grant to entrepreneurs and fixed the rates of plots at unreasonably higher premium. As a result, the Company could not attract the entrepreneurs and out of developed plots (391831 sq. meter), the Company could allot only 53 plots (80300 sq. meter) up to July 2000 (30 plots measuring 63300 sq. meter at the rate of Rs. 700 per sq. meter during August 1996 to March 1997 and 23 plots measuring 17000 sq. meter at the rate of Rs. 1200 per sq. meter during April 1997 to July 2000). The Company could not allot any flatted factory as no entrepreneur turned up for allotment of space. Thus, there was over recovery of Rs. 3.76 crore from 53 entrepreneurs defeating the very object of the scheme to provide plots at reasonable rates. The remaining plots could not be allotted for want of demand. Similarly, Management's decision of investment in construction of flatted factories with no demand resulted in unfruitful expenditure of Rs. 2.67 crore.

It was further observed in audit that:

(i) the total capital expenditure incurred on infrastructural facilities (excluding cost of land) worked out to Rs. 8.40 crore which should have been subsidised by utilisation of grants up to 75 *per cent* of cost i.e. Rs. 6.30 crore while the Company had sent utilisation certificate for Rs. 10 crore, resulting thereby, in inflating the actual utilisation of Central assistance to the extent of Rs. 3.70 crore; and

(ii) the Company incurred an additional expenditure of Rs. 2.61 crore on construction of CC road in the park which was neither included in the original/ revised estimate nor approved by the GOI (July 2000).

Thus, due to tardy progress of project and fixation of unreasonably higher rate of developed plots and factories, the State Government/Company failed in establishing export oriented units in EPIP even after receiving financial assistance of Rs. 10 crore from GOI. Apart from financial irregularities, the Management's injudicious decision in fixing of higher premium of plots and space in flatted factories, resulted in non-achievement of main objects of the scheme after incurring huge expenditure of Rs. 20.56 crore on development of EPIP.

The Management in its reply (August 2000) stated that since development of EPIP was in progress, the rates of plots and flatted factories were fixed provisionally and these could be fixed now on the basis of final costing. The reply is not tenable as the Company had not revised its earlier rates of developed plots so far (August 2000).

The matter was reported to the Government in June 2000; the reply was awaited (August 2000).

Uttar Pradesh State Sugar Corporation Limited

4A.8 Loss due to improper storage of sugar

Due to improper storage the Company suffered a loss of Rs. 0.51 crore on sale of moist sugar.

According to prescribed standards for storage of sugar packed in bags, the sugar bags are to be kept in the godown on the floor after spreading cane straw mat layer and covering it with polythene sheets.

The Company did not use cane straw mat layer below the polythene sheet in storage of sugar

During test check of records of Chandpur unit of the Company, it was noticed (August 1999) that the unit while storing the sugar bags did not use cane straw mat layer below the polythene sheet. As a result of this 89855 sugar bags pertaining to the years 1996-97 and 1997-98 became moist and had to be sold at lesser rate. Of the total 89855 sugar bags, only 81446 sugar bags could be sold at lesser rates and the remaining quantity of sugar bags was lying for reprocessing in store. This resulted in loss of revenue of Rs. 50.62 lakh on sale of 81446 bags of moist sugar.

In reply to initial audit enquiry, Management stated (March 2000) that due to heavy rains the sugar bags became moist. However, the fact remained that the sugar became moist due to improper storage of bags which could have been avoided had proper precaution been taken in storing sugar according to prescribed standards. The Management neither initiated any action against the godown manager nor fixed any responsibility for this loss.

The matter was reported to the Management and the Government in April 2000; the replies had not been received (July 2000).

4A.9 Blocking of fund

Due to delayed reconciliation of cash credit account with bank excess charging of interest amounting to Rs. 0.06 crore could not be detected leading to loss of interest of Rs. 0.07 crore.

Laxmiganj Unit of the Company had obtained cash credit facilities from the Central Bank of India (Padrauna branch) for meeting working capital requirements against pledge of sugar. As per the terms of the agreement, the bank was to charge interest as per Reserve Bank of India's (RBI) directives enforced from time to time. Thus, according to agreement with the bank, the Unit was required to verify the rate of interest charged by bank to ensure its accuracy.

Delayed reconciliation of accounts with banks resulted in excess payment of interest

During test check in audit (July 1999) it was noticed that the bank, while debiting the interest on the cash credit account of the unit, applied incorrect rates of interest during the period from July 1991 to June 1993. The Unit did not point out the discrepancy on account of interest in their account to the bank in the beginning due to delayed reconciliation of accounts. This resulted in excess payment of interest amounting to Rs. 6.03 lakh. The Unit could not get refund of Rs. 6.03 lakh from bank even after lapse of six years (March 2000) because of dispute with the bank over settlement of account. Thus, the Company's fund amounting to Rs. 6.03 lakh remained locked with the bank. The Company also suffered a loss of interest of Rs. 7.33 lakh at the average rate of 18 *per cent* per annum payable on cash credit account from July 1993 to March 2000.

The matter was reported to the Management and the Government in April 2000; the replies had not been received (July 2000).

Uttar Pradesh State Bridge Corporation Limited

4A.10 Loss due to non-utilisation of money lying with foreign bank

The non-utilisation of money lying with foreign bank resulted in loss to the tune of Rs. 0.96 crore.

The Company was established mainly for construction of bridges and other civil structures by expanding and diversifying its activities by securing contracts within and outside India. The Company was operating its branch at Baghdad in the last decade (1981-90) in order to accomplish Iraqi projects in hand. The Baghdad branch was closed by the Company in 1991 due to Gulf war and entire staff and work force came back to India.

Company failed to bring back the amount lying with bank in a foreign country

Scrutiny of records revealed (April 1999) that there was a non-repatriable balance of Iraqi Dinar (ID) 117,135.302 fils on 31 March 1992 as per the balance confirmation certificate issued by the Al-Rasheed Bank equivalent to Rs. 96.04 lakh.

It was noticed that the Company neither had done any transaction with this account nor got the balances confirmed from the bank since March 1992. The Company did not make any efforts to bring back this amount in India with the assistance of Ministry of External Affairs, Government of India and utilise it on other works. This resulted in non utilisation of money lying with foreign bank since the last eight years.

The Management stated (June 2000) that the confirmation from Al-Rasheed Bank had been received (April 2000) and the practical value of the Iraqi Dinars in terms of acceptability was in negative since there was no trading done with Iraqi Dinars hence the translated amount in balance sheet at Rs. 96.04 lakh had virtually no standing. The reply is not tenable as the Company failed in taking the matter with Ministry of External Affairs timely and as a result of which the Company lost Rs. 96.04 lakh.

The matter was reported to the Government (May 2000); the reply had not been received (July 2000).

4A.11 Short levy of centage charges

The Company instead of charging centage on full amount of work, levied the same on the cost after deduction of cost of dismantled materials to be received back resulting into short levy of centage charges amounting to Rs. 0.27 crore.

According to the orders of the State Government (February 1997), the Government Company/Corporation engaged in construction activities shall be entitled to levy centage charges at the rate of 12.5 *per cent* on the total cost after deduction of five *per cent* for deposit work entrusted by the Government agency.

It was noticed in audit (September 1999) that Haridwar unit of U.P. State Bridge Corporation Limited (Company) while preparing the estimates for the construction of 7 nos. bridges during Kumbh Mela 1998 at Haridwar entrusted by U.P. Government, levied centage charges at the rate of 12.5 *per cent* on the cost derived after making deduction of 50 *per cent* of the cost of materials to be received back after dismantling instead of on total cost of the work after deducting five *per cent* as per Government order of February 1997. This resulted in short levy and realisation of centage charges amounting to Rs. 26.77 lakh.

In reply, the Management stated (June 2000) that the centage charges were levied on the actual expenditure incurred by the Company. The reply is not tenable as the centage charges are in the nature of supervision charges for the whole work done initially and not on the cost arrived at after dismantling of work and retrieval of materials.

The matter was reported to the Government (May 2000); the reply had not been received (July 2000).

Uttar Pradesh Bhutpurva Sainik Kalyan Nigam Limited

4A.12 Loss due to failure of Company in providing security services

The Company suffered a loss of Rs. 0.18 crore due to mismanagement in providing security services.

The Company had executed (November 1996) an agreement with Indian Oil Corporation Limited (IOC) for providing services in Indane Bottling Plant, Kanpur. As per provisions of Clause 4(c) of the agreement, the Company was liable to pay damages in case of any theft/loss of IOC's property/cylinders. The contract was extended up to March 2001.

Company failed to take timely action against guards/officers for theft

The IOC had been reporting to the Company about the thefts occurred and also made deductions from the Company's bills on account of losses due to theft of cylinders from the Bottling Plant during the period from 1997-98 to 1999-2000. The deduction of damages during aforesaid three years aggregated to Rs. 18.09 lakh. It was observed in audit (December 1999) that the Company did not pay adequate attention to the thefts reported by the IOC and failed to take timely action against the guards/officers responsible for preventing the thefts.

Slackness in taking effective and timely action resulted in loss

In an inquiry conducted belatedly (January to March 1999) in the matter, some of the guards deployed by the Company at the plant were suspected to be involved in thefts but they absconded when an FIR was lodged. Thus, due to slackness in taking effective and timely action for preventing the thefts, the Company suffered a loss of Rs. 18.09 lakh.

The Management stated (June 2000) that the losses that took place at IOC had been viewed seriously by them. The reply was not tenable in view of the fact that neither any action was taken to prevent recurring thefts nor responsibility was fixed for slackness in taking timely action.

The matter was reported to the Government in May 2000; the reply had not been received (July 2000).

Uttar Pradesh Power Corporation Limited
{erstwhile Uttar Pradesh State Electricity Board (UPSEB)}

4A.13 Under assessment of revenue

Consumers were billed for assessed consumption of energy without considering MCG resulting in undercharge of revenue amounting to Rs. 22.80 lakh.

(a) The Company revised (June 1999) the rate schedule LMV-7 applicable to Public Water Work consumers. According to which the rate of charge was fixed to Rs. 2.60 per Kwh with the minimum consumption guarantee (MCG) charges at the rate of Rs. 450 per KW or part thereof per month.

Billing at assessed consumption of energy without consideration of MCG resulted in under assessment of revenue

Scrutiny of records of Electricity Distribution Division, Agra revealed (November 1999) that 171 nos. consumers of Uttar Pradesh Jal Nigam having 2088 BHP (1567 KW) connected load under rate schedule LMV-7 were billed for assessed consumption of energy during the period from July to November 1999 at the rate of 116956 unit per month without consideration of the MCG This resulted into under assessment of revenue to the extent of Rs. 17.63 lakh worked out at the differential amount of M.C.G. charges and assessed energy charges during the period from July to November 1999. In June 2000, the Divisional Officer submitted a reply to General Manager at Agra that as pointed out by audit the difference of MCG for the period from July 1999 to February 2000 had been charged from the consumers in the month of April 2000, the recovery of which was awaited (July 2000).

(b) Clause 21 (iii) (a) and (b) of the Electricity Supply (Consumers) Regulations, 1984 inter-alia provides that if at any time a meter becomes defective or ceases to register correct consumption and no theft or malpractice is suspected, the electrical energy consumed by the consumer during the period the meter remained defective or stopped shall be determined on the basis of average consumption of the preceding three consecutive months.

Failure of the Company to raise assessment on the basis of average consumption recorded in preceding three months prior to meter being damaged resulted in short assessment amounting to Rs. 0.05 crore

During audit of the records of Electricity Distribution Division (EDD), Balrampur (September 1999), it was noticed that Indian Telephone Industries Ltd. Mankapur (Gonda) having contracted load of 2000 KVA for residential colony was billed under rate schedule LMV-1. According to meter reading slip dated 30.09.1997 one phase of P.T. fuse of the meter got damaged during the month and the consumption of electricity was not recorded correctly in the meter. The assessment, however, was made by the Division at 400000 units in September 1997 instead of assessing the same on the basis of average consumption of 636192 units recorded in the preceding three months (June 1997 to August 1997) when the meter was in order. Thus, the consumer was short assessed for 236192 units valued at Rs. 5.17 lakh.

The matter was reported to the Company and the Government in May 2000; the replies had not been received (July 2000).

4A.14 Undue favour to consumer

Undue favour to consumers resulted in mounting of dues to the extent of Rs. 11.45 crore.

(a) According to clause 19 of Electricity Supply (Consumers) Regulation 1984, if a consumer fails to deposit the electricity charges on due dates, his connection shall be disconnected after expiry of due date mentioned in the monthly bill and the dues may be recovered as arrears of land revenue by issuing notices under Section-3 and Section-5 of U.P. Government Undertakings (Dues Recovery) Act, 1958.

No recovery action was initiated against the consumer in spite of mounting of dues

A scrutiny (December 1999) of ledgers of large and heavy power consumers in EDD Hamirpur revealed that Rimjhim Ispat Hamirpur was given connection in March 1996 at a contracted load of 2500 KVA enhanced to 6000 KVA in April 1997. Although the consumer defaulted in payment of monthly bills since inception, the Division did not take any action by way of disconnection of their supply and issue of recovery notices. As a result the dues against the consumer mounted to Rs. 9.16 crore in March 2000 from Rs. 3.03 lakh in June 1996. Although the consumer was billed for monthly consumption of energy for the month of April, May and June 2000 but the arrears was not included in the bills.

Thus, due to undue favour given to the consumer, the dues against him mounted to Rs. 9.16 crore for which no recovery action was initiated inspite of the fact that the Company had been borrowing funds at cash credit from financial institutions at rate of interest ranging from 18 to 24 *per cent* per annum.

(b) Vishwa Ingot Private Limited, Haridwar was sanctioned a load of 2125 KVA in June 1994 for their Induction Furnace. The Electricity Distribution Division, Haridwar offered (September 1994) terms and conditions (TC) and asked the consumer to deposit Rs. 27.07 lakh towards service line charges (Rs. 6.88 lakh), system loading charges (Rs. 13.81 lakh) and service charges (Rs. 6.38 lakh).

Higher authorities of the Company accorded undue favour to the consumer

During test check in audit (April 1999), it was noticed that the consumer did not deposit the amount of Rs. 27.07 lakh. However, Member (Distribution) allowed (February 1995) the consumer to pay Rs. 6.88 lakh only towards service line charges as first instalment and balance amount in 12 instalments. The load was released on 30 October, 1995. The consumer defaulted in payment of electricity dues since inception. The connection of the consumer was disconnected six times by the Division but reconnected at the instance of higher authorities of the Company viz. Chief Engineer (Commercial), Zonal Chief Engineer, Secretary and Member (Distribution). As a result, the electricity dues mounted to Rs. 117.36 lakh in July 1997 from Rs. 21.74 lakh in January 1996 as detailed below:

Sl. No.	Electricity Dues (Rs. in lakh)	Date of Disconnection	Date of reconnection	Name of Authority ordering reconnection
(1)	(2)	(3)	(4)	(5)
1.	21.74	27.01.96	29.01.96	Sri B.P. Mittal, C.E . (Commercial)
2.	47.01	20.02.96	06.03.96	Sri B.P. Mittal, C.E . (Commercial)

(1)	(2)	(3)	(4)	(5)
3.	56.71	25.04.96	12.06.96	Sri R.D. Garg, C.Z.E.
4.	52.01	03.09.96	13.10.96	Sri K.S. Sharma, Joint Secretary
5.	113.06	24.05.97	29.06.97	Sri N.C. Rastogi, C.E . (Commercial)
6.	117.36	26.07.97	04.01.98	Sri B.P Kureel, Member (Distribution)

As the consumer did not pay the electricity dues, a notice under Section-3 of Uttar Pradesh Government Undertakings (Dues Recovery) Act, 1958 followed by a recovery certificate (RC) were issued in August 1997 and October 1997, respectively for payment of dues of Rs. 1.32 crore. The consumer, however, did not pay the dues as a result of which the line was again disconnected on 6 March 1998 against the dues of Rs. 2.22 crore (up to January 1998). The consumer got stay order on 26.03.98 from Hon'ble High Court, Allahabad against recovery till finalisation of their case by the BIFR, New Delhi. In view of above, RC was returned by the District Magistrate, Haridwar on 23 July 1999. The BIFR, however, rejected the case of the consumer (August 1999). As a result, RC for recovery of Rs. 2.29 crore was again issued (August 1999) against the consumer, the recovery against which was pending (July 2000).

Thus, on account of undue favour given to the consumer in respect of depositing initial amount and reconnecting the supply again and again without getting deposited the electricity dues, the dues aggregated to Rs. 2.29 crore up to August 1999, the chances of recovery of which are remote.

The matter was reported to the Company and the Government in May 2000; the replies had not been received (July 2000).

4A.15 Short billing of demand charges

The Company in contravention of its own directives failed to revise and recover demand charges from consumers amounting to Rs. 0.44 crore.

(a) According to rate schedule HV-3 applicable to Railways for traction loads, the excess demand charges at the rate of Rs. 185 per KVA was chargeable in case actual demand exceeded the contracted demand.

The Divisional Manager, Northern Railway, Allahabad executed (March 1997) an agreement with Electricity Distribution Division for release of 73000 KVA

Company's failure to realise excess demand charges over contracted demand resulted in short assessment of demand charges amounting to Rs. 0.34 crore

load at 132 KV for their track between Mughalsarai-Kanpur section. During test check in audit (December 1999) it was noticed that during June 1998 to August 1998 and in July 1999 the actual demand exceeded the contracted demand but the excess demand charges amounting to Rs. 34.10 lakh were not realised from the Railways as given below :

Month	Contracted demand (in KVA)	Actual demand (in KVA)	Excess demand (in KVA)	Excess demand charges @ Rs. 185 per KVA (Rs. in lakh)
June 1998	73000	73736.476	736.476	1.36
July 1998	73000	82936.294	9936.294	18.38
August 1998	73000	75736.476	2736.476	5.06
July 1999	73000	78022.648	5022.648	9.29
Total		**310431.894**	**18431.894**	**34.09**

The Divisional Officer stated (April 2000) that as per clause 8 of the agreement, in case of failure of power at any sub-station, the Railways shall be entitled to take supply from adjacent sub-station and increase in the maximum contracted demand under such situation will not be subject to any penalty. The reply is not tenable because in the said clause it had been maintained that if the total demand exceeded contracted demand of 73000 KVA, the penalty as provided in the tariff shall be levied.

Thus, due to non-realisation of excess demand charges, the Company suffered loss of Rs. 34.09 lakh.

(b) According to rate schedule HV-2 of the Company, applicable to large and heavy power consumers, the billable demand shall be the actual maximum demand or 75 *per cent* of the contracted demand whichever is higher.

The Company in contravention of its own directives failed to revise and recover demand charges for minimum 75 per cent of the contracted demand in respect of 11 consumers amounting to Rs. 0.10 crore

During test check in audit (November 1999) it was noticed that Electricity Distribution Division-II, Allahabad billed demand charges for actual demand aggregating 4415 KVA during Nov. 1997 to Feb. 1999, in case of 11 large and heavy power consumers having contracted load of 129 to 350 KVA. The demand charges billed were less than 75 *per cent* of their contracted loads aggregating 11287 KVA. This resulted in short billing of demand charges for 6872 KVA amounting to Rs. 10.31 lakh (Rs 150 per KVA) as given in the table on the next page:

Sl. No.	Name of consumer	Contr-acted load (KVA)	Period	Total actual demands billed during the period (KVA)	Demand billable during the period (75 per cent of the contracted load) (KVA)	Short demand (KVA)	Short billed (Rs. in lakh)
1	Soraon Cold Storage	260	12/97 to 2/98, 11/98 & 1/99 (Five Months)	524	975	451	0.68
2	Pancham Cold Storage	176	12/97 to 3/98 & 11/98 (Five Months)	352	660	308	0.46
3	Sangam Cold Storage	132	11/97 to 2/98 (Four Months)	300	396	96	0.14
4	Kesharwani Cold Storage	300	12/97 to 3/98 & 12/98 to 2/99 (Seven months)	710	1050	340	0.51
5	Shitalaya Cold Storage	300	11/97 to 2/98 & 10/98 to 2/99 (Nine months)	633	2025	1392	2.09
6	Ganga Cold Storage	129	3/98 (One month)	66	97	31	0.05
7	Himalayan Cold Storage	211	11/97 to 2/98 & 10/98 to 2/99 (Nine months)	343	1422	1079	1.62
8	Mudit Refrigeration Cold Storage	150	12/97 to 3/98 (Four months)	154	452	298	0.45
9	BJ Industries Cold Storage	200	11/97 to 2/98 & 12/98 to 2/99 (Seven months)	370	1050	680	1.02
10	Keharwani Cold Storage	350	11/97 to 2/98 & 11/98 to 2/99 (Eight months)	762	2104	1342	2.01
11	Sharad Shitalaya	176	11/97 to 2/98 & 11/98 to 2/99 (Eight months)	201	1056	855	1.28
	Total	**2384**		**4415**	**11287**	**6872**	**10.31**

The Division billed demand charges for less than 75 *per cent* of the contracted demand on the ground that the consumers were billed for more than annual minimum consumption guarantee. This contravened not only the provisions of the tariff but also the Company's circular of 09.07.80 which required billing of demand charge for minimum 75 *per cent* of the contracted demand in addition to the amount falling short of minimum consumption guarantee.

The matter was reported to Company and the Government in March/May 2000; the replies had not been received (July 2000).

4A.16 Undue benefit to consumers due to short assessment for theft of energy

The Company in contravention of its own directives, failed to raise assessment amounting to Rs. 3.42 crore in eight cases of consumers found indulging in theft of energy.

According to para 7.2 of chapter VII of Commercial and Revenue Manual of the Company, in case of malpractice and theft of electricity, assessment is required to be made for the units to be worked out as per LFHD formula[55] at thrice the rate per unit of the tariff applicable to the consumers.

The Division raised assessment for lesser period instead of raising assessment from the date of installation of electronic meter

During test check in audit (September 1999) of Electricity Distribution Division Orai, it was noticed that a team of Chief Engineer, Central Zone, Lucknow inspected the premises of eight consumers of HV-1 category during the period from April to June 1998 and found them indulging in theft of energy through short circuit in CT's of their meter. The team in its report recommended for assessment according to Company's order i.e. from the date of installation of Secure make electronic meter. The Division, instead of assessing from the date of installation of electronic meter during January to April 1998 to the date of inspection as per provisions of Commercial and Revenue Manual, however, assessed arbitrarily for the lesser period. This resulted in short billing for 3691940 units valued at Rs. 3.42 crore (at thrice the rate) and short assessment of fuel and establishment surcharges (Estb) and Electricity Duty (ED) amounting to Rs. 105.75 lakh as given below:

Sl. No	Name of the consumer	Load	Assessment to be made	Assessment made	Short billing	Energy charges	Fuel/Estb/ED
		(KVA)	(Units in KWH)			(Rs. in lakh)	
1.	Ram Shree Steel (P) Ltd.	3200	367200	238270	128930	11.91	3.68
2.	Ganpati Steel & Industries (P) Ltd.	1110	598650	213211	385439	35.61	6.71
3.	Ram Charan Steel (P) Ltd.	1600	1468800	816510	652290	60.27	18.69
4.	Vijay Ispat Ltd.	4200	2602530	1833758	768772	71.03	33.07
5.	Real Cement (P) Ltd.	1800	1280610	840750	439960	40.65	8.15
6.	Shivanshi Ferrous (P) Ltd.	1600	1762560	944641	817919	75.58	19.05
7.	Bundelkhand Alloys (P) Ltd.	1900	1002915	612733	390182	36.05	14.19
8.	Daksh Steel Ltd.	1700	156060	42612	113448	10.48	2.21
	Total				**3696948**	**341.58**	**105.75**

The matter was reported to the Company and the Government in April 2000; the replies had not been received (July 2000).

55 Connected load in KW X Factor applicable to consumer X Average number of hours of supply of electricity X Number of days for which pilferage took place.

4A.17 Loss of revenue

Inaction on the part of Company in realisation of dues from consumer resulted in mounting of arrears and consequential loss of interest amounting to Rs. 1.95 crore.

(a) Para 19 (ix) of Conditions of Supply read with Company's circular (September 1997) stipulates that the payment of electricity bill by cheques is not to be accepted from the consumers whose earlier cheques had not been honoured.

Inaction on the part of the Company in realisation of dues from consumer resulted in mounting of arrears and consequential loss of interest amounting to Rs. 0.18 crore

During test check of records of Electricity Distribution Division, Fatehpur (August 1999), it was noticed that Frontier Alloy Steels having contracted load of 4500 KVA for their induction furnace were allowed to deposit energy bills through cheques in spite of repeated dishonour of their 91 cheques amounting to Rs. 4.37 crore during the period from March 1995 to April 1999. As a result, the arrears against the consumer increased to Rs. 1.68 crore at the end of June 1999. The consumer, however, applied for permanent disconnection from 1 June 1999 but was disconnected on 4th instant. The arrears after adjustment of security deposit (Rs. 43.98 lakh) worked out to Rs. 1.24 crore for which notice under Section 5 of Uttar Pradesh Government Undertakings (Dues Recovery) Act, 1958 was issued on 10 June 1999 which could not be served as the consumer obtained stay order on 11 June 1999 from Hon'ble High Court, Allahabad. The Court reduced the claim to Rs. 90 lakh and ordered that the consumer would pay the dues in four quarterly instalments, of which first instalment of Rs. 25 lakh would be deposited within one week and in the event of any further default, the Company could initiate recovery action against the consumer. The consumer deposited the instalment during 21 to 25 June 1999 and the balance of Rs. 65 lakh was not deposited but no recovery action was initiated by the Division. In October 1999, the Division, however, requested for permission to initiate recovery action against the consumer for balance dues of Rs. 99.36 lakh which was not disputed by the consumer, through Section 5 of above Act of 1958 with the Board for Industrial and Financial Reconstruction (BIFR), New Delhi in which the consumer filed the case for staying of recovery but the decision of BIFR was awaited (July 2000).

Thus, acceptance of cheques again and again from the consumer, despite the repeated dishonour of cheques in contravention of the Company's order resulted in increase in arrears with consequential loss of interest Rs. 18.13 lakh (worked out for the period January 1999 to June 2000).

(b) According to clause 6 of rate schedule HV-1 applicable to Arc/Induction furnace consumers, the MCG will be chargeable at the rate of Rs. 400 per KVA per month up to December 1996 and Rs. 440 per KVA per month w.e.f. January 1997.

During test check of records of Chief Zonal Engineer (CZE), Allahabad in audit

The Company's failure to raise the contracted load of the consumer according to capacity of the furnace, resulted in loss of revenue amounting to Rs. 1.77 crore

(August 1999) it was noticed that Chief Engineer (Raids) of the Company intimated (June 1997) to CZE, Allahabad that the raid party checked (November 1996) the premises of Frontier Alloys Ltd. Malwan, Fatehpur, an Arc/Induction furnace consumer of Electricity Distribution Division, Fatehpur and noticed that two furnaces of four Tonne and eight Tonne (Total twelve Tonnes) were installed and the contracted load of the consumer was 4500 KVA against the required load of 7570 KVA. In the said letter, it was directed that the loss of MCG due to release of lesser contracted load than the required, may be realised from the consumer and load may be increased according to the capacity of their furnaces. However, w.e.f. December 1997 the consumer reduced the capacity of their furnace to six Tonne and got their load reduced to 2250 KVA but the same was further increased (July 1998) to 3600 KVA (600 KVA per Tonne) in compliance to the Company's order of June 1998. But no assessment was made for the difference of MCG worked out at required load considering the Company's order of June 1998 for Rs. 177.12 lakh for the period from December 1996 to May 1998 as detailed below:

Month	Capacity of furnace (in Tonne)	Required load (in KVA)	Contracted load (in KVA)	Difference (in KVA)	Rate of MCG per KVA per month	Amount (Rs. in lakh)
Dec. 1996	12	7200	4500	2700	400	10.80
Jan. 1997 to Nov. 1997 (11 months)	12	7200	4500	2700	440	130.68
Dec. 1997 to May 1998 (6 months)	6	3600	2250	1350	440	35.64
Total						**177.12**

Thus, the Company suffered loss of revenue to the extent of Rs. 1.77 crore on account of non-recovery of minimum consumption guarantee charges.

The matter was reported to the Company and the Government in May 2000; the replies had not been received (July 2000).

4A.18 Undercharge of revenue due to incorrect application of tariff

Incorrect application of tariff resulted in undercharge of revenue amounting to Rs. 1.60 crore.

(a) According to rate schedule LMV-1 applicable to domestic light & fan and LMV-2 applicable to commercial light and fan consumers revised from July 1994 and January 1997, flat rate of energy charge was applicable to consumers in villages/towns having population up to 15000 as per 1991 census. This limit was further reduced to 10000 as per 1991 census in the rate schedule revised in

January 1999 and the consumers in villages/towns having population above 15000 and 10000 were to be billed for metered consumption at the unit rate from 16 July, 1994 and 25 January 1999, respectively.

The Company failed to recover minimum consumption guarantee of Rs. 0.88 crore

A test check of records of Electricity Distribution Division-I and II, Allahabad and Electricity Distribution Division-I, Ballia (August and December 1999) revealed that the consumers in towns/villages having population above 15000 and 10000 as per 1991 Census were billed at flat rates of Rs. 37 to Rs. 52 (LMV-1) and Rs. 42 to Rs. 80 (LMV-2) per month instead of unit rates of Rs. 1.25 to Rs. 1.80 (LMV-1) and Rs. 2.40 to Rs. 4.25 (LMV-2) during October 1996 to October 1999. Moreover, as meters were also not installed by the Company in respect of these consumers, they were chargeable at least for minimum consumption guarantee (MCG). The Company, however, did not charge them with MCG and this resulted into under charge of revenue of Rs. 87.73 lakh as detailed below:

Name of the Division	Name of the Towns/Villages	Period	No. of Consumers	Category	Amount of undercharge (Rupees in lakh)
EDD-I, Ballia	Bansdih, Sahatwar, Rewati, Sikandarpur & Manier	October, 1996 to July, 1999	5770 to 7043	LMV-1	53.98
EDD-I, Allahabad	Charwa Ajuha Sarain Akil	October, 1996 to October, 1999	1853 to 2993	LMV-I & LMV-2	24.80
EDD-II, Allahabad	Sewaith, Lal Gopalganj	October, 1996 to September 1999	800	LMV-I & LMV-2	8.95
Total					**87.73**

Incorrect application of tariff resulted in under charge of revenue amounting to Rs. 0.15 crore

(b) Rate Schedule LMV-5 of the Company's tariff is applicable to all power consumers getting supply as per rural schedule for private tubewells/pumping sets for irrigation purposes with effect from 16 July 1994. The energy charges to such consumers were Rs. 50 per BHP per month from 16 July 1994 and Rs. 40 per BHP per month from 1 August 1996 onward in case of unmetered supply. The private tubewell and pumping set consumers getting unmetered supply at other than rural schedule were to be billed at the rate of Rs. 95 per BHP per month from 16 July 1994, Rs. 105 per BHP per month from 25 January 1999 and Rs. 65 per BHP per month from 23 June 1999 onward under rate schedule LMV-6 which was applicable to small and medium power consumers having contracted load up to 100 BHP including tubewells and pumping sets.

Test check of records (March 2000) of Electricity Distribution Division, Banda revealed that 83 consumers of private tubewells having load of 376 BHP getting unmetered supply from other than rural feeder were billed under LMV-5 instead of LMV-6 resulting in under charge of revenue amounting to Rs. 15.17 lakh for the period from July 1994 to February 2000.

The Divisional Officer stated in reply (March 2000) that the billing under the correct tariff schedule would be done after installation of meters against the consumers.

(c) The Company sanctioned (December 1996) a load of 1085 KVA to Rungta Steel Limited, Jagdishpur for their Induction furnace to be released in two phases on 11 KV independent feeder. Accordingly, an agreement was executed (March 1997) for release of load of 600 KVA at once and 485 KVA in August 1997. The load of 600 KVA was released in May 1997 and out of 485 KVA, 50 KVA load was released in November 1998. The balance load of 435 KVA was surrendered (November 1998) by the consumer.

The Company, due to incorrect application of tariff failed to recover Rs. 0.22 crore from one consumer

During test check in audit (July 1999), it was noticed that the consumer was billed under rate schedule HV-2 since the release of load in May 1997 to October 1998 and thereafter under HV-1 applicable to Arc/induction furnace consumers on the grounds that from November 1998, induction furnace was started by the consumer. However, as per clause 7 (b) of the agreement, the supply was for continuous manufacturing process and as per bill of load form, the load of the consumer (600 KVA) was for furnace purposes. As such, the consumer should have been billed under HV-2 tariff since release of the load. Thus, billing of the consumer under HV-I instead of HV-2 tariff during May 1997 to October 1998 resulted in short billing to the extent of Rs. 21.66 lakh.

(d) According to Company's tariff effective from 25 January 1999, Kutir Jyoti and Janta Service Consumers were to be billed at fixed rate of Rs. 52 per connection per month under rates schedule LMV-1. Previously, these consumers were billed at the rate of Rs. 10 per connection per month under rate schedule LMV-4.

Non-application of appropriate tariff resulted in under charge of revenue amounting to Rs. 0.35 crore

During test check in audit (July 1999 and December 1999), it was noticed that Electricity Distribution Division (EDD) Ballia, neither recovered the monthly charges from above category of consumers under LMV-I from June 1998 to 24 January 1999 nor under LMV-4 from 25 January 1999 to July 1999. EDD, Bahraich, Balrampur and Khalilabad also did not recover monthly charges during February 1999 to September 1999 under LMV-4 from Kutir Jyoti and Janta Service Consumers. This had resulted in short billing for Rs. 35.35 lakh against these consumers as detailed below:

Sl. No.	Name of Division	No. of connections	Period	Amount of short billing (Rs. in lakh)
1.	EDD-II, Ballia	1903	June 1998 to July 1999	10.17
2.	EDD, Bahraich	3070	Feb. 1999 to June 1999	8.47
3.	EDD, Balrampur	1949	Feb. 1999 to Aug. 1999	6.88
4.	EDD, Khalilabad	2342	Feb. 1999 to Sept. 1999	9.83
	Total	**9264**		**35.35**

The matter was reported to the Company and Government in April/May 2000; the replies had not been received (July 2000).

4A.19 Belated assessment of revenue

The Company at the instance of audit raised assessment amounting to Rs. 1.94 crore, the recovery of which was pending.

The Company had been working on borrowed funds including withdrawal of funds from cash credit account from bank at the varying rates of interest ranging from 18 to 23 *per cent* per annum. Delay in raising of assessment for energy consumption against the consumer resulted in delayed realisation with consequent effect on ways and means position of the Company.

During test check in audit (March 1999 to December 1999), it was noticed that seven Distribution Divisions of the Company did not raise assessment of Rs. 2.02 crore as per prescribed billing schedule which were raised subsequently at the instance of audit as detailed in the Annexure-35.

As against assessment of Rs. 2.02 crore as pointed out by audit, the Divisions raised bills for Rs. 1.94 crore only during the period from August 1999 to March 2000 and for balance amount which related to EDD-I, Allahabad (Rs. 1.56 lakh) and EDD, Khalilabad (Rs. 7.03 lakh) no bill was raised by the Division so far (July 2000). Further, neither any action for recovery was initiated nor the amount was recovered so far (July 2000).

The matter was reported to Company and Government in May 2000; the replies had not been received (July 2000).

4A.20 Undue benefit to consumer in release of load by tapping of trunk line

The Company, in contravention of its own directives, allowed the release of connection by tapping of trunk line emanating from 132/33/11 KV sub-station thereby resulting in undue benefit to a consumer amounting to Rs. 0.81 crore.

According to the Company's order of May 1994, tapping of its 33 KV trunk line for giving connection to consumer is not allowed under any circumstances. The Company sanctioned (January 1995) the load of one MVA to Simbholi Sugar Mills, Chilwaria in Bahraich to be released on 33 KV independent feeder. Accordingly, an estimate for Rs. 87.75 lakh was framed to cover the cost of construction of 33 KV independent feeder from 132/33/11 KV Sub-station, Bahraich.

During test check in audit (July 1999) of the records of EDD, Bahraich, it was noticed that the consumer did not agree with the above proposal and represented his case at different levels. Ultimately the Company accepted the request of the consumer (September 1995) without assigning any reasons on record and allowed release of the connection by tapping of trunk line emanating from 132/33/11KV Sub-station, Bahraich. Accordingly, terms and conditions (TC) were issued and the consumer was asked to deposit Rs. 18.17 lakh (line charges Rs. 6.67 lakh, system loading charges Rs. 6.50 lakh, security deposit Rs. 5 lakh). The amount was deposited during December 1995 to January 1997 by the consumer. Thereafter, the agreement was executed and load was released in January 1998.

Thus, the Company, in contravention of its own order of May 1994 prohibiting tapping of 33 KV trunk line under any circumstances, relaxed the condition which resulted in undue benefit to the consumer of Rs. 81.08 lakh (Rs. 87.75 lakh minus Rs. 6.67 lakh).

The matter was reported to the Company and the Government in May 2000; the replies had not been received (July 2000).

4A.21 Short imposition of penalty

Irregular revision of amount of penalty by the Company in contravention of its own directives, resulted in short levy of penalty amounting to Rs. 1.30 crore

According to State Government notification (April 1984), violations of peak hour restrictions and weekly closure by non-continuous process consumers were punishable for each violation with a penalty of Rs. 50, Rs. 30 and Rs. 20 per KVA on their contracted load up to 100 KVA, above 100 KVA and up to 500 KVA and above 500 KVA respectively. Besides, the Company's order of October 1991 and October 1998 alongwith clarification, further emphasised checking of consumer's premises and imposition of penalty according to which each entry of violation recorded in MRI (Memory Recording Instrument) print available in case of electric meters of the consumers would constitute separate violation.

During test check in audit (December 1999), it was noticed that in Electricity Urban Distribution Division (EUDD)-I, Ghaziabad and EUDD-IV Agra, though 12 consumers were imposed and billed penalty for Rs. 1.51 crore for each violation of peak hour restrictions recorded in MRI prints during the period from April 1998 to February 1999, the same were revised (July 1999) to Rs. 20.82 lakh in view of the Chief Engineer's (Commercial) instruction (April 1999) to treat the first MRI report as a case of single violation for the whole month. These instructions were against the above provisions of Government notification and Chief Engineer was not empowered to relax the same. Thus, irregular revision of amount of penalty resulted in short billing of penalty for Rs. 1.30 crore as details given in the table on the next page:

Name of the Division	No. of Consumers	Contracted load (KVA)	Period	Peak hours violation (Nos.)	Penalty to be assessed/ imposed	Penalty revised/ billed	Short billing
					(Rs. in lakh)		
EUDD-I, Ghaziabad	6	950-1100	April, 98 to Feb. 1999	8 to 76	129.66	19.86	109.80
EUDD-III, Agra	6	250-1700	Oct., 98 to Nov. 1998	6 to 38	20.89	0.96	19.93
	12				**150.55**	**20.82**	**129.73**

The matter was reported to the Company and the Government in May 2000; the replies had not been received(July 2000).

4A.22 Locking up of funds

Delay in decision to reduce the length of line resulted in locking up of funds amounting to Rs. 0.60 crore with consequential loss of interest of Rs. 0.96 crore.

The Company failed to purchase store material according to requirement

During test check in audit (December 1998) of the records of Electricity Transmission Division II, Gorakhpur, it was noticed that the Central Electricity Authority (CEA) sanctioned (March 1988 and May 1989) the construction of 400 KV Varanasi - Mau - Gorakhpur Single Circuit Line (Length 260 Km) and LILO of Mau - Gorakhpur line at 200 KV Azamgarh Sub-station at a cost of Rs. 4960.58 lakh to be completed up to March 1992. In October 1990, the Company started the construction of line and procured all the line materials for 260 kms. line during June to August 1991. However, in a co-ordination meeting called (October 1991) by the Advisor to Minister of State for Power to review the progress of work in eastern Uttar Pradesh held at 132 KV sub-station, Semaria-Jamalpur in Mau, it was decided to divert above line from 400 KV Sub-station, Kasara to 400 KV Sub-station, Gorakhpur via 400 KV Sub-station, Azamgarh. This diversion reduced the length of line from 260 kms. to 160 kms. As a result of delay in decision to reduce the length of line from 260 kms. to 160 kms., the procurement of material could not be scaled down by the Company as it had already procured all material based on the requirement of 260 kms. of line length. The line was completed in December 1995 and line materials viz. super structures, templates, moose conductors etc. valued at Rs. 80.04 lakh became surplus. Against these surplus materials, materials valued at Rs. 22.22 lakh only could be transferred to other units during June 1994 to July 2000 and the balance material valued at Rs. 59.82 lakh remained unutilised so far (July 2000).

Thus, delay in decision to reduce the length of line resulted in procurement of excess material leading to locking of funds to the tune of Rs. 59.82 lakh on which the Company suffered loss of interest amounting to Rs. 96.01 lakh for the period from September 1991 to July 2000.

The matter was reported to the Company and the Government in May 2000; the replies had not been received (July 2000).

4A.23 Loss of revenue

Failure of the Company to install check meters and non-billing for consumption recorded in new meter resulted in loss of revenue amounting to Rs. 0.30 crore.

According to para 7.1 (c) of the Company's Commercial and Revenue manual, a check meter is required to be installed to check the accuracy of defective meter at consumer's premises and assessment should be made for the past six months in accordance with the test results.

During test check in audit (September 1999), it was noticed that Electricity Distribution Division-II, Ballia, while recording consumption of energy of the Railway Station, Ballia (contracted load 60 KW) for July 1998 found that the light and fan meter was slow and power meter was not working. Despite this, no check meter was installed and the consumer was billed during July to September 1998 on the basis of monthly average consumption of 28582 units recorded during three preceding months of April to June 1998. The new meter installed on 20 September 1998 recorded consumption of 427560 units during October 1998 to January 1999 against which the consumer was billed for 282720 units at 70680 units per month which was recorded in February 1999. As a result, the consumer was short billed by 144840 units during October 1998 to January 1999. Besides, no assessment was made for the past period of March to September 1998. This also resulted in short billing for 527277 units.

Thus, the Division's failure to install check meter in September 1998 to ascertain the accuracy of old meter and non-billing for the consumption recorded in the new meter, resulted in loss of revenue for 672117 units valued at Rs. 30.16 lakh.

The matter was reported to the Company and the Government in May 2000; the replies had not been received (July 2000).

4A.24 Non billing of electricity duty

Electricity duty amounting to Rs. 0.30 crore was not recovered from the consumers.

According to U.P. Government notification of January 1997, Electricity Duty (ED) at the rate of 20 *per cent* was to be charged on unmetered consumers, billed at fixed energy charges. Before January 1997, the ED was chargeable at the rate of 10 *per cent* on energy charges.

The Division failed to levy Electricity Duty amounting to Rs. 0.30 crore

During test check in audit during July 1999 to December 1999, it was noticed that Electricity Urban Distribution Division, (EUDD), Chowk, Lucknow, Electricity Distribution Division (EDD), Pilibhit and Electricity Urban Distribution Division (EUDD)-IV, Agra did not levy the Electricity Duty (ED) amounting to Rs 29.69 lakh on energy charges against street light consumers (Town Area Committees, Nagar Nigams and Mahapalikas etc.) whose supply was unmetered during April 1996 to September 1999. This resulted in undercharge of Electricity duty as detailed below:

Sl. No.	Name of the Division	Period	Amount of ED not billed (Rs. in lakh)
1.	EUDD, Chowk, Lucknow	April 1996 to June 1999	15.38
2.	EDD, Pilibhit	April 1998 to August 1999	5.77
3.	EUDD-IV, Agra	November 1998 to September 1999	8.54
	Total		**29.69**

Against short billing of ED of Rs. 29.69 lakh, the bills aggregating Rs. 23.92 lakh were raised only by EUDD, Chowk, Lucknow and EUDD-IV, Agra during February to June 2000 but no recovery could be effected so far (July 2000).

The matter was reported to the Company and Government in March 2000; the replies had not been received (July 2000).

4A.25 Infructuous expenditure

Release of payment for purchase of meters without ensuring their satisfactory performance resulted in infructuous expenditure amounting to Rs. 0.15 crore.

The Electricity Test & Commissioning Division, Ghaziabad of the Company received (February 1997) 49 three phase solid state micro processor based electronic trivector energy meters from Data Pro Electronics Pvt. Limited, Pune for use at grid Sub-stations and at inter-state energy transaction points at sub-stations against orders placed (June 1996) by Superintending Engineer, Electricity Sub-station Design Circle, Lucknow. According to terms of the order, the Division paid 90 *per cent* of the cost of the meters amounting to Rs. 14.88 lakh to the firm in April 1997.

During test check in audit (December 1999), it was noticed that when these meters were installed at Sub-stations, their performance was found unsatisfactory as these meters were running slow by 2.88 to 13 *per cent* and there was frequent component failure in meters. The Divisional Officers and Superintending Engineer approached (July to December 1997) the firm for rectification of defects of the meters but the firm failed to rectify the defects. These defective meters were replaced (December 1997) by secure meters purchased from Seewres Meters Ltd., Udaipur at a cost of Rs. 5.00 lakh.

Thus, the payment for the meters purchased without its proper testing and satisfactory performance resulted in infructuous expenditure of Rs. 14.88 lakh.

The matter was reported to Company and the Government in April 2000; the replies had not been received (July 2000).

4A.26 Irregular reduction of load

The Company failed to realise 15 per cent of Minimum Consumption Guarantee (MCG) amounting to Rs. 0.10 crore thereby extending undue benefit to consumer.

As per Company's order (December 1998), the sick industrial units were allowed to surrender their load for temporary period of one year to two years after approval of the Secretary of the Committee constituted by the Company. Equipment connected with the surrendered load were to be removed from electric line, and 15 *per cent* of MCG for the surrendered period was to be deposited in advance by the consumer. The reduction of load was to be made effective from the first day of the following month in which the consumer applies for reduction of load.

Scrutiny of records of Electricity Distribution Division-II, Mathura revealed (December 1999) that ATV Projects India Limited applied (November 1998) for reduction of its existing load of 1050 KVA to 400 KVA for 18 months. The Chief Engineer (Commercial) of the Company instructed (September 1999) the Superintending Engineer that the connection may be released at 33 KV and load may deem to had been reduced with effect from 1st December 1998. The load of the consumer was accordingly reduced without fulfilling the above requisite conditions.

It was noticed that 15 percent of MCG amounting to Rs. 10.27 lakh for the surrender period of 18 months was, however, not realised from the consumer. Thus, the consumer was benefitted to the extent of Rs. 10.27 lakh which also resulted in a loss to the Company.

The matter was reported to the Company and Government (April 2000); the replies had not been received (July 2000).

4A.27 Loss of interest due to delay in remittances of funds by bank

The Company suffered loss of interest of Rs. 0.10 crore due to delay in transfer of funds by a bank.

According to the Company's order (May 1979), all receipts from consumers towards the electricity consumption charges, security deposits and other miscellaneous receipts deposited by the divisions in branch receipt account of the bank were to be credited into Company's main receipt account at Lucknow. The memorandum of understanding (MOU) between the Company and bank provided that the remittances from branch receipt account to main receipt account shall be completed within seven days. In case of failure, Company was to charge interest from bank at cash credit (CC) rates beyond seven days till the date of transfer.

The division failed to ensure timely remittance of fund by bank

The Electricity Urban Distribution Division-II, Varanasi had been operating its branch receipt account with Punjab National Bank wherein all revenue receipts from the consumers were being deposited. During test check in audit (July 1999), it was noticed that the division failed to ensure timely remittances of Company's fund by the bank from its branch receipt account to main receipt account at Lucknow. As a result, the minimum balances retained by the bank for whole month ranged from 0.77 lakh to 54.32 lakh during the period from April 1996 to June 1999. This resulted in loss of interest amounting to Rs. 10.49 lakh worked out at the rate of 18 *per cent* per annum on the minimum monthly balances retained by the bank during the above period and for which no claim was lodged with the bank.

The matter was reported to the Company and Government (May 2000), the replies had not been received (July 2000).

4A.28 Inadmissible payment of overtime allowance to drivers

The Company made inadmissible payment of Over Time Allowance (OTA) to drivers amounting to Rs. 0.81 crore.

According to the provisions of the Factories Act 1948, total hours of overtime allowed to a worker should not exceed 50 hours in a quarter. The limit of 50 hours could be relaxed to the maximum of 75 hours in a quarter by the State Government on the ground of urgent, exceptional and pressing nature of work under Section 64 and 65 of the Act.

The Statutory maximum limit of 50 hours in respect of payment of OTA to staff was not adhered to

In respect of payment of overtime allowance (OTA) to drivers, the statutory limit of 50 hours in a quarter was strictly followed by different units of the Company like Anpara and Tanda Thermal Power Stations (TPS) but at Obra TPS, the General Manager, without seeking exemption of the above statutory limit of 50 hours from State Government, himself authorised (December 1994) the concerned Chief Engineers to approve OTA up to 90 hours in a quarter and accordingly OTA to drivers was being invariably allowed by concerned Chief Engineers for 90 hours per quarter. This resulted in inadmissible payment of overtime allowance to drivers to the tune of Rs. 80.99 lakh during the last five years up to 1998-99.

The matter was reported to the Company and the Government in February 2000; the replies had not been received (July 2000).

4A.29 Loss due to non-availing of rebate on procurement of lubricants

The Company failed to avail rebate amounting to Rs. 0.16 crore on purchase of lubricants.

Lubricants are procured by various Thermal Power Stations (TPS) of the Company from Indian Oil Corporation (IOC) for utilisation in their power plants. On noticing that a rebate was being allowed by IOC to Uttar Pradesh State Road Transport Corporation on procurement of lubricants, Panki TPS also requested (August 1997 and September 1997) IOC to allow similar rebate to them. In response, IOC agreed (December 1997) to allow a special rebate of Rs. 1.50 per litre on all supplies of lubricants from IOC.

The company did not have any system to communicate the matter of common interest among sister units

During test check in audit, it was noticed that such rebate was not availed by other TPS as there was neither any system in the Company to communicate matters of common interest to sister units nor other TPS made efforts at their own for availing such rebate.

Due to non-availing of rebate, the Company suffered a loss to the tune of Rs. 16.29 lakh on procurement of 10.86 lakh litres of lubricants in four Thermal Power Stations viz. Anpara, Tanda, Parichha and Obra during the period from December 1997 to March 1999.

The matter was reported to the Company and the Government in February 2000; the replies had not been received (July 2000).

4A.30 Avoidable expenditure on engagement of drivers

Due to engagement of drivers instead of utilising the services of surplus drivers of other units, the Company had to bear an avoidable expenditure of Rs. 0.10 crore up to May 2000.

The Company failed to explore the possibility of posting the surplus drivers from other units

Despite Company's restriction (May 1990) on appointment, Maintenance Unit, Lucknow executed agreements with Uttar Pradesh Bhutpurva Sainik Kalyan Nigam Limited, Lucknow for engagement of 10 to 11 drivers every month for the period from September 1998 to 7 September 2000 under the approval of

Chairman and an expenditure of Rs. 9.53 lakh was incurred on their wages up to May 2000.

On being pointed out by Audit (July 1999), Maintenance Unit, Lucknow assured to explore the possibility of posting surplus drivers from other units but no such effort was made though there were 9 surplus drivers in six units alone and the Company incurred expenditure of Rs. 26.33 lakh towards salary of these surplus drivers up to March 1999.

Thus, due to engagement of drivers instead of utilising the services of surplus drivers of other units, the Company had to bear an avoidable expenditure of Rs. 9.53 lakh up to May 2000.

The matter was reported to the Company and the Government in February 2000; the replies had not been received (July 2000).

General

4A.31 Excess payment of daily allowance during foreign tour

In deviation of State Government's instructions for payment of daily allowance on foreign tour, the six companies paid excess daily allowance amounting to Rs. 0.24 crore.

In contravention of the Government directives, six companies had paid excess daily allowance on foreign tours

Government of India vide order (November 1996) fixed the rates of daily allowances for journey on foreign tour. According to the order, full daily allowance (DA) up to 14 days, 75 *per cent* of full day for the next 14 days and 60 *per cent* thereafter in case of long tours/temporary duties were admissible. The different rates of DA were fixed for various grades. In regard to accommodation charges, the actual rent in approved hotel was reimbursable and the hotel entitlement to officers going abroad on non-representational visit such as training courses or seminars was one slab below their normal entitlement. Further, where an officer was treated as State guest and was provided meals free of cost, only 25 *per cent* of DA was admissible and if the hotel charges included breakfast, the DA was to be reduced by 10 *per cent.*

According to State Government's order (January 1989), amended from time to time, the DA rate during foreign tours to employees of State Public Sector Undertakings(PSUs)/Corporations will be the same as fixed by the Central Government for their employees.

The State Government noticed that in case of some of the Corporations/PSUs the employees/officers had drawn excess DA than that fixed by the Central Government during foreign tours. Accordingly, Chief Secretary, Government of Uttar Pradesh instructed (December 1998) Chief Executive Officers of all PSUs/

Corporations that the DA rates during foreign tours to employees of State PSUs/ Corporations will be the same as fixed by the Ministry of External Affairs, Government of India from time to time for the employees of the Central Government for their foreign tour. If DA had been drawn in excess of the rate fixed by the Government of India in any case, the excess amount was to be recovered from the concerned officers/employees by 31 January 1999.

Scrutiny of records of the six companies revealed (1999-2000) that 33 Officers of the following companies (details given below), visited different countries during November 1996 to March 1998. The daily allowance claimed and drawn by them were much higher than the rate fixed by the Government of India despite clear cut instructions of the State Government.

Sl. No.	Name of Company/ Corporation	No. of Officers who visited foreign countries	Period	Excess D.A. drawn (Rs. in lakh)
1.	U. P. State Handloom Corporation Ltd.	5	January 1997 to January 1998	1.66
2.	U. P. Export Corporation Ltd.	4	January 1997 to October 1997	3.62
3.	U. P. State Tourism Development Corporation Ltd.	9	November 1996 to August 1998	8.73
4.	The Pradeshiya Industrial & Investment Corporation of U. P. Ltd. (PICUP)	1	July 1997	1.10
5.	Garhwal Mandal Vikas Nigam Ltd.	8	November 1996 to March 1998	6.70
6.	U.P. Power Corporation	6	7 January 1997 to 15 November 1997	2.18
	Total	**33**		**23.99**

This had resulted in excess payment of daily allowance to the extent of Rs. 23.99 lakh. The recovery of this amount had not been made from the concerned officers so far (July 2000).

I. The Management of Pradeshiya Industrial and Investment Corporation of U.P. (PICUP) accepted the recovery pointed out by the Audit (August 2000) and accordingly intimated to the Government. However, no recovery had been initiated by the Management so far (August 2000).

II. The Management of Uttar Pradesh State Tourism Development Corporation Limited stated (July 2000) that the G.O. dated 11.11.1996 through which DA rates on foreign tours was issued, did not include hotel tariff, local conveyance etc. For removal of this discrepancy, the Corporation revised the per diem rates for officers/officials who visited abroad. Reply is not convincing as the officer is required to arrange accommodation in a hotel on the approved panel and claim reimbursement of the actual room rental. Similarly, the actual cost of the taxi or conveyance hired for trips on duty which was considered necessary and reasonable by the controlling authority was to be reimbursed to the officers subject to specific provision of funds in the sanction order. So, allowing composite rates to officers was not in order.

III. In case of two PSUs (Uttar Pradesh State Handloom Corporation Limited and Garhwal Mandal Vikas Nigam Limited), their Management stated (July 2000) that the recovery orders for the excess drawal of DA during foreign tours had been issued. Recovery of the excess amount of DA was, however, awaited (July 2000).

IV. The Management of Uttar Pradesh Export Corporation Limited did not furnish any reply (July 2000).

V. From the records of U.P. Power Corporation, it was also noticed that an advance of Rs. 1.32 lakh paid (June 1997) to Shri S.P. Singh, Special Secretary to the State Government for his tour abroad was also lying outstanding (July 2000).

The matter was reported to the above Companies and the Government in May 2000; the replies had not been received (July 2000).

4B. Statutory corporations

Uttar Pradesh State Road Transport Corporation

4B.1 Failure of Depot managers in monitoring the banking arrangements

Failure of the Management in monitoring the transfer of funds by the banks to Corporation's main account resulted in loss of interest amounting to Rs.0.19 crore.

In terms of the banking arrangements finalised (February 1997) with Punjab National Bank, all the balances exceeding Rs. 5000 in collection account of depots were to be transferred to Regional Collection Account and ultimately to the Head Office account of the Corporation twice in a week so as to avoid any loss of interest. Regarding mode of transfer of the funds, it was decided that drafts will be delivered by the bank to authorised representatives of the Corporation\depots and mail transfer will be sent through courier/by registered post. It was the duty of the Depot managers to ensure regularly that full amount leaving the minimum balance had been transferred from the collection account.

The Corporation failed to monitor the remittance of funds from Depots to Headquarters

A test check of records of nine depots of the three regions (Allahabad, Ghaziabad and Meerut region) of the Corporation revealed (1998-99) that the bank failed to transfer balances exceeding Rs. 5000 in the collection account of the region on the fixed days in each week. The Depot managers also failed to monitor the banking arrangement finalised. As a result, heavy balances were retained by the bank in the current account for more than the permitted days which resulted in loss of interest amounting to Rs. 18.91 lakh.

In reply, the Management stated (June 2000) that all regions of the Corporation had been instructed to watch the transfer of funds as per provisions of the agreement. Reply is not tenable as the Management failed to watch the compliance of their own instructions.

The matter was reported to the Government in May 2000; the reply had not been received (July 2000).

Uttar Pradesh Financial Corporation

4B.2 Loss due to financing unviable unit

Appraisal of the project without ensuring viability resulted in non-recovery of dues amounting to Rs. 1.30 crore.

The Corporation sanctioned a term loan in May 1991 and an additional loan in June 1992 aggregating to Rs. 25.14 lakh to K.D. Metalizers (P) Limited for setting up bangles metalising plant at Shikohabad in Firozabad district against which Rs. 24.15 lakh was disbursed up to July 1992.

As per Project Appraisal Report (PAR), the unit was to be set up for metalising bangles by using chemicals on job work basis in replacement of costly golden polish using liquid gold. The economic and commercial factors were evaluated on the ground that the job works would be easily available at Shikohabad which was merely 20 kilometer away from Firozabad city where large number of bangle-making industries in the cottage and small sectors were already established. Moreover, the proposed unit had already obtained assurance letters from six parties of Firozabad for metalising 17300 gross bangles on job work basis. The project was envisaged to become viable at the break-even-point (BEP) of 31.84 *per cent* on 70 *per cent* utilisation of the installed capacity of 189000 gross per annum on three shifts of 300 working days.

The unit defaulted in repayment of the dues since the very beginning. As a result, the Corporation issued (June 1993) notice under Section 29 of the State Financial Corporation (SFC) Act to takeover the unit. It also came to the notice of the Corporation that the factory was let out to a third party. On issuance of the notice, the promoters filed a petition in the Court which was dismissed in November 1993. The unit was taken over in February 1994 and plant and machinery worth Rs. 0.22 lakh (approx.) was found missing from the factory for which FIR was lodged in March 1994. The remaining plant and machinery was sold for Rs. 6.75 lakh in December 1994. The land and building worth Rs. 6.15 lakh (May 1998) could not be sold so far (April 2000).

The Corporation did not ensure viability of the project before sanction of loan

Providing financial assistance to the project which was projected to be viable by available job orders (17300 gross) equal to 9.15 *per cent* of installed capacity though the unit would break-even at 31.84 *per cent* on 70 *per cent* capacity utilisation was incorrect. Due to labour and raw material problem, neither the unit could run well nor could it be sold. As a result, the dues (as on 20 June 2000) amounting to Rs. 1.36 crore (after adjustment of sale of Plant & Machinery) could not be recovered so far (July 2000) resulting in loss of Rs. 1.30 crore after deducting the value of land and building.

Management stated (April 2000) that at the time of appraisal of the project, the assumptions were made that job work would be available from Firozabad. However, they would be more careful in future. While accepting the contention of audit they further stated (May 2000) that the personal guarantee of the promoter was invoked in April 2000 and efforts were being made to sell land and building of the loanee.

The matter was reported to the Government (May 2000); the reply had not been received (July 2000).

4B.3 Failure of Management in recovering dues

The failure of the Corporation in timely issuance of RC coupled with delay in taking over the possession of the unit resulted in non-recovery of dues amounting to Rs.0. 86 crore.

The Corporation sanctioned a term loan in March 1991 and an additional loan in October 1991 aggregating Rs. 26.40 lakh to Indo American Treads, Aligarh (a partnership firm) for setting up a tyre retreading plant having both the cold and hot retreading processes. Since the firm could install only the plant for cold retreading process, the Corporation disbursed only Rs. 21.52 lakh against the sanctioned loan.

The Corporation failed to take possession of unit despite non-payment of dues by loanee

The firm defaulted in repayment since beginning. The Corporation issued recall notice in October 1993. As the firm did not respond to the recall notice, Recovery Certificate (RC) under the Recovery of Public Money Dues Recovery Act was issued (February 1994) which was returned by the Revenue Authorities with the remark to re-send it in due course of time. Though, it was apprehended by the Corporation itself that the firm would not be able to pay the dues even after reschedulement of the dues, the facility of reschedulement was provided w.e.f. December 1994. The firm failed to pay the dues as per reschedulement. As a result, notice under Section 29 of the SFC Act was issued in July 1995 to take over the unit against which the firm moved in the Court of law which passed an order (August 1996) that the firm would pay to the Corporation a sum of Rs. 2.71 lakh in three instalments in addition to regular payment as per reschedulement failing which the Corporation would be free to take step for recovery under Section 29 of the SFC Act. The firm instead of paying the dues as per orders of the court, approached the Corporation for One Time Settlement (OTS) which was approved in January 1997 but was not honoured by the firm. The OTS was cancelled and notice under Section 29 was again issued in December 1997. On issuance of the notice, the promoters again approached the Corporation seeking permission to sell the unit by themselves for honouring the OTS. Till then (March 1998), the unit was attached by the Revenue Authorities against the dues of UPSEB and the Corporation could not takeover the unit due to some complications, not on records. The RC was, however, not issued again till August 1999.

It was observed in audit (August 1999) that the Corporation failed to re-issue Recovery Certificate in time, favourably allowed reschedulement and delayed in taking action under Section 29 of the SFC Act in spite of the Court's order. As a result, the unit could not be taken over and the Corporation could not recover its dues of Rs. 86.31 lakh so far (July 2000). The personal guarantee had still not been invoked (July 2000).

The Management in its reply (July 2000) did not furnish any plausible explanation to the audit observations.

The matter was reported to the Government in May 2000; the reply had not been received (July 2000).

4B.4 Incorrect assessment of advance Income Tax

Incorrect estimation of Income Tax liability resulted in excess payment of advance Income Tax on which interest amounting to Rs. 0.63 crore was lost.

According to Section 211 of the Income Tax Act, the advance tax on the current income computed under Section 209 of the Act is payable in four instalments of 15,30,30 and 25 percent respectively on or before 15th June, September, December and March of the financial year.

Incorrect estimation of Income Tax liability resulted in excess payment of advance Income Tax

It was noticed in audit (August 1999) that during the financial year 1996-97, the Corporation did not pay the first instalment of the advance tax. The Corporation assessed the profit of Rs. 5.00 crore before the due date of second instalment. At the time of making payment of advance tax, the Corporation treated the whole profit as the Income Tax liability of the year and accordingly paid Rs. 2.25 crore

(45 *per cent*) to Income Tax Department whereas the advance tax liability worked out to Rs. 90 lakh based on total Income Tax liability of Rs. 2.00 crore (40 *per cent* of the profit) only at that time. This resulted in excess payment of advance tax of Rs. 1.35 crore in September 1996. The Corporation did not pay the third and fourth instalment of advance tax.

Payment of advance tax in excess of requirement resulted in loss of interest

As per income tax return filed with the Income Tax Department, the Corporation had incurred a loss of Rs. 12.81 crore. As such, the whole amount of advance tax of Rs. 2.25 crore was refundable. Thus, the decision for paying advance income tax without ascertaining the profit position and advance tax liability properly, resulted in avoidable payment of advance tax. Consequently, this amount could not be utilised in disbursing the loan thereby causing loss of interest income of Rs. 62.57 lakh up to July 2000 at the average lending rate of 17.5 *per cent* per annum after considering that Income Tax Department would allow interest at the rate of 12 *per cent* per annum on the refundable amount from April 1997.

The Management stated (April 2000) that advance tax of Rs. 2.25 crore was worked out on the tax liability of Rs. 5.00 crore and inter-alia accepted that it was an error of judgement. However, no malafide intentions were involved since money was paid to another Government department. Reply was evasive in as much as the documentary evidence revealed that profit was assumed at Rs. 500 lakh and not the tax liability.

The matter was reported to the Government in March 2000; the reply had not been received (July 2000).

4B.5 Irregular disbursement of loan

Disbursal of loan without ensuring grant of drug licence, sanction of power and working capital loan by bank resulted in loss of Rs. 0.40 crore.

The Corporation sanctioned (September 1990) a term loan of Rs. 8.12 lakh to Visowell Remedies (P) Ltd., Allahabad for setting up a unit for manufacturing eye drops, eye ointment, syrup etc. and disbursed Rs 8.03 lakh (January and June 1991) against the prime security of the plant and machinery and collateral security of the residential building of the promoters.

The promoters had installed all the plant and machinery but could not start the factory due to non-availability of power connection, drug licence and working

The loanee did not get power connection, drug licence and working capital loan from bank

capital from the bank. On representation by the party, working capital term loan (WCTL) of Rs. 6.60 lakh was sanctioned in June 1993 to facilitate the unit against which Rs. 5.61 lakh was disbursed. However, Rs. 2.00 lakh was adjusted out of Rs. 5.61 lakh against the overdues hence the problem of working capital could not be solved and the unit did not run smoothly and failed to repay the dues of the Corporation.

The Corporation issued (March 1995) notice under Section 29 of the SFC Act but did not take over the unit (July 2000) even after expiry of five years. When the unit was advertised for sale in January 1999, the promoters approached (February 1999) the Corporation for One Time Settlement (OTS) which was approved (March 1999) for Rs. 20 lakh against the total dues including interest of Rs. 43.55 lakh (up to 20 December 1998). However, the promoters did not honour the OTS . Therefore, the OTS was cancelled and personal guarantee was invoked in March 2000.

The Corporation failed to ensure compliance of pre-disbursement conditions before making final disbursement of loan

The promoters were required to apply for drug licence and power was to be connected before 50 percent disbursement of WCTL. It was noticed in audit (October 1999) that fulfilment of the aforesaid pre-disbursement conditions were not ensured by the Corporation and non-availability of power connection, drug licence and WCTL from bank was not heeded to though reported at the disbursement stage. Moreover, inordinate delay in taking action under Section 29 resulted in deterioration in the assets of the prime and collateral security and increase in the dues to the extent of Rs. 58.04 lakh (June 2000). Thus, irregular disbursement of loan had resulted in loss of Rs. 40.39 lakh excluding the value of collateral security of Rs. 17.65 lakh available with the Corporation.

Management did not furnish any plausible explanation in their reply of April 2000.

The matter was reported to the Government in March 2000; the reply had not been received (July 2000).

4B.6 Non-recovery of dues due to irregular legal documentation

The Corporation, due to non-verification of original title papers, failed to recover dues amounting to Rs 0.56 crore.

The Corporation disbursed (June 1995) Working Capital Term Loan (WCTL) of Rs. 25 lakh to Alankar Pharmacy, Kanpur against the equitable mortgage of promoters' residential house-cum-factory building (1834 sq. yard land) situated at Swaroop Nagar, Kanpur.

The Corporation did not initiate action against loanee in spite of bouncing of several cheques

The borrower defaulted in making repayment since inception and most of the cheques given by them bounced. Although, the bouncing of cheques is punishable under Negotiable Instruments Act, the Corporation, instead of taking action, had been pursuing for clearance of the dues as per commitments made by the borrower. When the cheques given by them bounced again, the Corporation issued (August 1996) notice under Section 29 of the State Financial Corporations Act to take over the unit but no action was taken. Later, the unit was taken over in March 1997. When an advertisement was released (July 1997) for sale of the assets mortgaged to the Corporation, Central Bank of India, Meston Road, Kanpur informed that the property advertised for sale was already mortgaged with them for dues of the year 1973.

The Corporation failed to verify the original title papers of mortgaged property before release of loan

It was noticed in audit (August 1999) that the Corporation accepted the security of mortgaged property on the basis of registered will and affidavits whereas the Corporation was required to verify the original title papers of the property being mortgaged before release of WCTL. The Corporation did not, however, verify the original title papers and land was subsequently found to be mortgaged with Central Bank of India, Meston Road, Kanpur against their loan. Besides, front portion measuring 320 sq. yard out of 1834 sq. yard mortgaged land was already sold to a party in March 1993. Thus, the Corporation not only failed to detect/ verify the false information furnished by the borrower but also did not verify the actual possession over the whole land at the time of inspection of the unit. As a result, the dues of Rs. 55.72 lakh (principal: Rs. 25.00 lakh, interest: Rs. 29.67 lakh and expense: Rs. 1.05 lakh) up to 15 July 2000 could not be recovered. No responsibility for such lapse was fixed by the Management (March 2000).

The Management stated (April 2000) that instructions/circular had been issued to ensure verification of the documents from the issuing authority to prevent such incidence of fraud again. Further, the Corporation would recover its dues of Rs. 50 lakh (approximate) out of its value of land (Rs. 80 lakh) measuring 1514 sq. yard as the Central Bank of India had agreed to subrogate in favour of the Corporation. The reply was not convincing as the offer of Rs. 52 lakh received for sale of land measuring 1514 sq. yard was rejected by the Corporation and subrogation from Central Bank of India could not be obtained (July 2000).

The matter was reported to the Government in March 2000; the reply had not been received (July 2000).

4B.7 Loss due to faulty appraisal of the project and inordinate delay in taking over the unit

Incorrect appraisal of the project and delay in taking over possession of the unit resulted in mounting of dues to Rs. 1.39 crore, the recovery of which was doubtful.

The Corporation, sold (March 1986) land and building of a defaulter unit for Rs. 6.01 lakh to Roshan Ice and Cold Storage (P) Limited, Noida against the down payment of Rs. 1.51 lakh and balance was to be paid in instalments.

Non-availability of sales tax exemption and inferior quality of water was not considered at the appraisal stage of the project

It was noticed in audit (August 1999) that the Corporation disbursed Rs. 13.09 lakh during February to October 1987 for renovation of the building and purchasing of the plant and machinery for the ice plant. At the time of sanction and disbursement, setting up of ice plant was banned in NOIDA. In addition, the quality of water available in NOIDA was not up to the mark and the sales tax exemption was also not admissible in case of purchase of unit from the Corporation under Section 29 of the SFC Act. These factors were not properly considered by the Corporation at the stage of the appraisal (August 1986) of the project.

Delayed possession of the unit resulted in mounting of dues

The unit became sick mainly due to inadmissibility of sales tax exemption and production of poor quality of ice and it defaulted in repayment since inception. The Corporation issued (February 1988) notice under Section 29 of the SFC Act to take possession of the unit. However, the action for taking over the unit was taken only in August 1995 when it was already sealed by the Revenue Department against the dues of trade tax and U.P. State Electricity Board. Inspite of having first charge over the assets of the unit, the Corporation could not initiate further recovery action and total dues of Rs. 1.39 crore (including deferred liabilities, loans, interest and expenses) up to July 2000 could not be recovered. Moreover, Personal Guarantee was belatedly invoked in May 2000.

The Management stated (April 2000) that the proposal was put to the respective committee of the Corporation mentioning that the item was banned in NOIDA and as a special case it could be considered. The reply was not tenable as the acceptance of the proposal of the banned items was ab-initio wrong.

The matter was reported to the Government in March 2000; the reply had not been received (July 2000).

4B.8 Undue favour in releasing Working Capital Term Loan (WCTL) to a firm

Disbursement of Working Capital Term Loan without encashment of the cheque against previous loan and without verification of documents of collateral security resulted in loss of Rs. 1.01 crore.

The Corporation disbursed Rs. 28.38 lakh to Ispat Udyog, Naini, Allahabad to establish a rolling mill for manufacturing of aluminum channels and strips. It also sanctioned (October 1996) WCTL of Rs. 48 lakh with the condition to repay the overdues of Rs. 16.30 lakh against previous loan and furnish collateral security before disbursement.

Title document of collateral security proved fake on verification

It was observed in audit (August 1999) that the cheque of Rs. 16.30 lakh deposited by the promoters against the dues was dishonoured by the bank. The Corporation, instead of taking action under Negotiable Instruments Act., however , disbursed the WCTL by adjusting the overdues of previous term loan and obtained collateral security of four plots (at Moinudin, Karchana, Allahabad). After receiving WCTL, the promoters absconded due to their involvement in some other fake bank draft case. The Corporation took possession (July 1997) of the unit under Section 29 of the State Financial Corporations Act. When the plots were advertised (December 1998) for sale, it came to the notice of the Corporation that the collateral security was also fake. The unit was sold (February 1999) for Rs. 27 lakh.

Thus, disbursal of the WCTL without encashment of the cheque against the overdues and failure in verification of the papers of collateral security resulted in loss of Rs. 100.48 lakh (Principal: Rs 22.00 lakh, interest: Rs. 76.46 lakh and other expenses: Rs. 2.02 lakh up to July 2000).

Management stated (May 2000) that matter was investigated by the Corporation and it was observed that original borrower had submitted forged legal paper/ documents of collateral security to the Corporation. An inquiry was conducted by the Corporation and FIR was lodged against the borrower. The reply was not convincing as the Corporation failed to verify the forged legal papers/documents of collateral security submitted by the borrower before disbursement of the WCTL.

The matter was reported to the Government in March 2000; the reply had not been received (July 2000).

Uttar Pradesh Jal Nigam

4B.9 Blocking of funds on construction of water reservoirs

Due to non-observing the codal provisions of Forest Act, the expenditure of Rs.0.64 crore incurred on construction of three water reservoirs remained blocked.

According to the provisions of Forest Conservation Act 1980, prior permission of Central Government is necessary for use of forest land for non-forest purposes. In contravention of these provisions, Dehradun unit of the Nigam undertook (1992) construction of three water reservoirs (WR) of 4000 kilolitre capacity each at different intervals at Vincent Hill, Mussoorie, as a part of Mussoorie, Dehradun drinking water scheme for providing drinking water facility in Mussoorie.

Statutory provisions for construction activity in forest land not followed

Rs. 0.64 crore remained blocked in incomplete scheme

Test check of records revealed that Dehradun unit of the Nigam had constructed two WRs on the forest land (1.24 acre) at Vincent Hill, Mussoorje. The Nigam neither obtained no objection certificate from Forest Department nor obtained approval of the Central Government as per Forest Conservation Act, 1980 before start of the work. While the construction work on third WR (January 1997) was in progress, Forest Department asked the Nigam to stop the work (September 1998) and obtain approval from the Central Government. However, the Nigam had submitted proposal for clearance of forest land to Divisional Forest Officer, Mussoorie, as late as in January 1998. By that time, the Nigam had already incurred an expenditure of Rs. 64 lakh on the construction of three WRs, out of which two WRs were complete and third WR was still incomplete. Thus, the very aim to supply drinking water in Mussoorie was not achieved and an expenditure of Rs. 64 lakh remained blocked and has not benefited the people (September 2000).

The matter was reported to Government in June 2000; the reply had not been received (July 2000).

4B.10 Avoidable expenditure on work charged staff

The Jal Nigam failed to execute an agreement with Nagar Nigam for reimbursement of expenditure on pay and allowances of pump operators leading to avoidable expenditure of Rs.0. 36 crore.

There was avoidable payment of Rs. 0.36 crore on pay and allowances of work charged staff

The Gorakhpur unit of the Nigam handed over 10 water pumping plants (seven in 1992 and three in 1999) to Nagar Nigam, Gorakhpur. However, these plants continued to be operated by 20 work charged operators of the Jal Nigam. Although, the Nagar Nigam agreed to reimburse the Jal Nigam the amount incurred on pay and allowances of the operators, the Jal Nigam did not enter into an agreement with Nagar Nigam regarding reimbursement of pay and allowances of the operators. It incurred an expenditure of Rs. 36.14 lakh on their pay and allowances since 1992-93 before withdrawing them in November 1999. When the matter was taken up with the Nagar Nigam by Executive Engineer, Gorakhpur (April 1999), the Nagar Nigam refused (May 1999) to reimburse the charges due to non-existence of any agreement with them.

Thus, due to its failure to enter into any agreement with Nagar Nigam, the Nigam had to bear an avoidable expenditure of Rs. 36.14 lakh.

The matter was reported to Government in May 2000; the reply had not been received (July 2000).

Lucknow,
The 30-Apr-2001

(RAMA MURALI)
Accountant General (Audit)-II
Uttar Pradesh & Uttaranchal

Countersigned

V. K. Shunglu

New Delhi,
The 04-May-2001

(V. K. SHUNGLU)
Comptroller and Auditor General of India

Annexure-1

(Referred to in paragraph No 1.2.1 and 1.4)

Statement showing particulars of capital, loans/equity received out of budget, other loans and loans outstanding as on 31 March 2000 in respect of Government companies and Statutory corporations

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

Sl. No.	Sector & name of the company/corporation	Paid-up capital as at the end of the current year (Figures in bracket indicate share application money)					Equity/loans received out of Budget during the year		Other loans received during the year [56]	Loans[57] outstanding at the close of 1999-2000			Debt equity ratio for 1999-2000 (Previous year) 4 (f)/3(e)
		State Government	Central Govern-ment	Holding Companies	Others	Total	Equity	Loans		Govern-ment	Others	Total	
(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
A.	**GOVERNMENT COMPANIES**												
	Agriculture and allied												
1.	Uttar Pradesh State Agro Industrial Corporation Limited	3667.17	332.83	–	–	4000.00	–	–	–	1000.00	–	1000.00	0.25:1 (-)
2.	Uttar Pradesh Poultry and Livestock Specialties Limited	44.00 (243.50)	6.00	–	–	50.00 (243.50)	–	–	–	109.75	–	109.75	0.37:1 (0.37:1)
3.	Uttar Pradesh Pashudhan Udyog Nigam Limited	146.85 (126.00)	–	–	–	146.85 (126.00)	–	–	–	217.33	–	217.33	0.80:1 (0.22:1)
4.	Uttar Pradesh (Rohelkhand-Tarai) Ganna Beej Evam Vikas Nigam Limited	38.25	–	–	33.05 (0.19)	71.30 (0.19)	–	–	–	–	–	–	– (-)
5.	Uttar Pradesh (Paschim) Ganna Beej Evam Vikas Nigam Limited	50.50	–	–	10.82 (0.27)	61.32 (0.27)	–	–	–	–	–	–	– (-)
6.	Uttar Pradesh (Poorva) Ganna Beej Evam Vikas Nigam Limited	22.73	–	–	8.11 (0.44)	30.84 (0.44)	–	–	–	–	–	–	– (-)
7.	Uttar Pradesh (Madhya) Ganna Beej Evam Vikas Nigam Limited	15.30	–	–	8.00	23.30	–	–	–	–	118.00	118.00	5.06:1 (4.69:1)
8.	Uttar Pradesh Projects & Tubewells Corporation Limited	540.00 (447.00)	100.00	–	–	640.00 (447.00)	–	–	–	–	–	–	– (-)

56 Includes bonds, debentures, inter-corporate deposits etc.

57 Loans outstanding at the close of 1999-2000 represents long-term loans only.

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
9.	Uttar Pradesh State Horticultural Produce Marketing & Processing Corporation Limited	640.68	–	–	64.25	704.93	–	–	–	122.48	–	122.48	0.17:1 (0.17:1)
10.	Uttar Pradesh Bhumi Sudhar Nigam	150.00	–	–	–	150.00	–	–	–	–	–	–	– (–)
11.	Uttar Pradesh Matsya Vikas Nigam Limited	107.00	–	–	–	107.00	–	–	–	–	–	–	– (–)
	Sector wise total	**5422.48** **(816.50)**	**438.83** **(–)**	**–** **(–)**	**124.23** **(0.90)**	**5985.54** **(817.40)**	**–**	**–**	**–**	**1449.56**	**118.00**	**1567.56**	**0.26:1** **(0.06:1)**
	INDUSTRY												
12.	Uttar Pradesh Small Industries Corporation Limited	596.05	–	–	–	596.05	–	–	–	631.41	–	631.41	1.06:1 (1.06:1)
13.	Mohammadabad Peoples Tannery Limited	3.06	–	–	2.55	5.61	–	–	–	–	–	–	– (–)
14.	Uttar Pradesh Plant Protection Appliances (Private) Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	–	–	1.63	–	1.63	–	–	–	–	3.00	3.00	1.84:1 (1.84:1)
15.	Auto Tractors Limited	562.59	–	–	187.41	750.00	–	–	–	37.50	–	37.50	0.05:1 (0.05:1)
16.	Uttar Pradesh Instruments Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	–	–	177.72	15.50 (9.00)	193.22 (9.00)	–	1213.57	–	–	1157.40	1157.40	5.72:1 (5.72:1)
17.	Trans Cables Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	–	–	162.80	0.44	163.24	25.00	–	–	–	250.00	250.00	1.53:1 (1.81:1)
18	Northern Electrical Equipment Industries Limited (Subsidiary of Kumaon MandaL Vikas Nigam Limited)	–	–	0.07	–	0.07	–	–	–	–	–	–	– (–)
19.	Uttar Pradesh State Leather Development and Marketing Corporation Limited	573.94	–	–	–	573.94	–	–	–	191.40	–	191.40	0.33:1 (0.33:1)
20.	Uttar Pradesh State Brassware Corporation Limited	527.86	10.00	–	–	537.86	–	–	–	194.23	–	194.23	0.36:1 (0.36:1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
21.	UPSIC Potteries Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	–	–	76.25	–	76.25	–	–	–	82.50	40.00	122.50	1.60:1 (–)
22.	Uttar Pradesh Digitals Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	–	–	35.20	–	35.20	–	–	–	–	467.66	467.66	13.29:1 (13.29:1)
23.	Continental Float Glass Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Limited)	–	–	2922.00	1702.00	4624.00	–	–	–	–	13820.00	13820.00	2.99:1 (2.99:1)
24.	The Turpentine Subsidiary Industries Limited (Subsidiary of The Indian Turpentine and Rosin Company Limited)	–	–	15.56	–	15.56	–	–	–	–	–	–	– (–)
25.	Indian Bobbin Company Limited	2.74	–	–	–	2.74	–	–	–	–	–	–	– (–)
26.	Uttar Pradesh Abscott Private Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	–	–	4.85	–	4.85	–	–	–	–	–	–	– (–)
27.	Uttar Pradesh Tyre and Tubes Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	–	–	183.16	–	183.16	–	–	–	–	–	–	– (–)
28.	UPAI Limited	15.00	–	–	2.01	17.01	–	–	–	–	–	–	– (–)
	Sector wise total	**2281.24** **(–)**	**10.00** **(–)**	**3579.24** **(–)**	**1909.91** **(9.00)**	**7780.39** **(9.00)**	**25.00**	**1213.57**	**–**	**1137.04**	**15738.06**	**16875.10**	**2.17:1** **(2.16:1)**
	ELECTRONICS												
29.	Uttar Pradesh Electronics Corporation Limited	7751.31 (143.20)	–	–	–	7751.31 (143.20)	143.20	–	–	3544.00	–	3544.00	0.45:1 (0.46:1)
30.	Uptron Powertronics Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	–	–	117.00	–	117.00	–	–	–	–	20.00	20.00	0.17:1 (0.17:1)
31.	Shreetron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	–	–	124.08	50.63	174.71	–	–	–	–	324.00	324.00	1.85:1 (1.85:1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
32.	Uptron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	–	–	5315.59	–	5315.59	–	–	–	–	8507.96	8507.96	1.60:1 (1.60:1)
33.	Uttar Pradesh Hill Electronics Corporation Limited	894.53	–	–	–	894.53	–	–	–	–	–	–	– (–)
34.	Kumtron Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited)	–	–	9.34	8.97	18.31	–	16.50	–	16.50	–	16.50	0.90:1 (–)
35	Uttar Pradesh Hill Phones Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited)	–	–	1.67	1.60	3.27	–	–	–	–	–	–	– (–)
36	Uttar Pradesh Hill Quartz Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited)	–	–	0.79	–	0.79	–	–	–	–	–	–	– (–)
37.	Teletronix Limited (Subsidiary of Kumaon Mandal Viaks Nigam Limited)	–	–	110.00	64.71	174.71	–	–	–	–	–	–	– (–)
38.	Uptron Sempack Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	–	–	2.55	–	2.55	–	–	–	–	2.77	2.77	1.09:1 (1.09:1)
39.	Kumaon Television Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	–	–	52.00	47.75	99.75	–	–	–	–	–	–	– (–)
40.	Kanpur Components Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	–	–	5.25	–	5.25	–	–	–	–	–	–	– (–)
	Sector wise total	**8645.84 (143.20)**	– (–)	**5738.27** (–)	**173.66** (–)	**14557.77 (143.20)**	**143.20**	**16.50**	–	**3560.50**	**8854.73**	**12415.23**	**0.84:1 (0.85:1)**
	TEXTILES												
41.	Uttar Pradesh State Textile Corporation Limited	20732.37	–	–	–	20732.37	–	530.00	–	–	28.56	28.56	– (–)
42.	Uttar Pradesh State Yarn Company Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	– (2176.00)	–	3190.52	–	3190.52 (2176.00)	–	–	3500.00	–	3724.15	3724.15	0.69:1 (0.98:1)
43.	Uttar Pradesh State Spinning Company Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	–	–	7842.83 (1022.78)	0.01	7842.84 (1022.78)	–	–	–	–	1758.00	1758.00	0.20:1 (0.38:1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
44.	Uttar Pradesh Textile Printing Corporation Limited (Subsidiary of Uttar Pradesh State Handloom Corporation Limited)	16.20	–	26.00	–	42.20	–	–	–	–	–	–	– (–)
45.	Bhadohi Woollens Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	–	–	375.54	–	375.54	–	–	–	–	–	–	– (–)
	Sector wise total	**20748.57 (2176.00)**	**– (–)**	**11434.89 (1022.78)**	**0.01 (–)**	**32183.47 (3198.78)**	**–**	**530.00**	**3500.00**	**–**	**5510.71**	**5510.71**	**0.16:1 (0.20:1)**
	HANDLOOM AND HANDICRAFTS												
46.	Uttar Pradesh State Handloom Development Corporation Limited	3644.49	1062.95	–	–	4707.44	–	490.00	–	1865.71	–	1865.71	0.40:1 (0.29:1)
47.	Handloom Intensive Development Corporation (Gorakhpur and Basti) Limited (Subsidiary of Uttar Pradesh State Handloom Development Corporation Limited)	–	–	3.00	–	3.00	–	–	–	19.06	41.34	60.40	20.13:1 (20.13:1)
48.	Handloom Intensive Development Project (Bijnore) Limited (Subsidiary of Uttar Pradesh State Handloom Development Corporation Limited)	–	–	2.00	–	2.00	–	–	–	208.67	–	208.67	104.33:1 (104.33:1)
	Sector wise total	**3644.49 (–)**	**1062.95 (–)**	**5.00 (–)**	**– (–)**	**4712.44 (–)**	**–**	**490.00**	**–**	**2093.44**	**41.34**	**2134.78**	**0.45:1 (0.35:1)**
	MINING												
49.	Uttar Pradesh State Mineral Development Corporation Limited	5943.48	–	–	–	5943.48	–	–	–	1949.61	–	1949.61	0.33:1 (0.33:1)
50.	Vindhyachal Abrasives Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Limited)	–	–	3.73	3.87	7.60	–	–	–	–	84.42	84.42	11.11:1 (11.11:1)
	Sector wise total	**5943.48 (–)**	**– (–)**	**3.73 (–)**	**3.87 (–)**	**5951.08 (–)**	**–**	**–**	**–**	**1949.61**	**84.42**	**2034.03**	**0.34:1 (0.32:1)**
	CONSTRUCTION												
51.	Uttar Pradesh State Bridge Corporation Limited	1000.00	–	–	–	1000.00	–	–	–	–	–	–	– (–)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
52.	Uttar Pradesh Rajkiya Nirman Nigam Limited	100.00	–	–	–	100.00	–	–	–	–	–	–	– (–)
53.	Uttar Pradesh Police Avas Nigam Limited	300.00	–	–	–	300.00	–	–	–	–	–	–	– (–)
	Sector wise total	**1400.00** (–)	– (–)	– (–)	– (–)	**1400.00** (–)	–	–	–	–	–	–	– (–)
	AREA DEVELOPMENT												
54.	Kumaon Mandal Vikas Nigam Limited	1341.88	–	–	–	1341.88	–	–	–	292.50	–	292.50	0.22:1 (–)
55.	Uttar Pradesh Bundelkhand Vikas Nigam Limited	123.30	–	–	–	123.30	–	–	–	5.00	–	5.00	0.04:1 (0.04:1)
56.	Uttar Pradesh Poorvanchal Vikas Nigam Limited	129.80	–	–	–	129.80	–	–	–	–	–	–	– (–)
57.	Bundelkhand Concrete Structurals Limited (Subsidiary of Uttar Pradesh Bundelkhand Vikas Nigam Limited)	–	–	1.22	–	1.22	–	–	–	–	–	–	– (–)
58.	Allahabad Mandal Vikas Nigam Limited	67.00	–	–	–	67.00	–	–	–	65.93	–	65.93	0.98:1 (0.98:1)
59.	Bareilly Mandal Vikas Nigam Limited	125.00	–	–	–	125.00	–	–	–	–	–	–	– (–)
60.	Lucknow Mandaliya Vikas Nigam Limited	70.00	–	–	–	70.00	–	–	–	85.79	–	85.79	1.22:1 (1.22:1)
61.	Agra Mandal Vikas Nigam Limited	100.00	–	–	–	100.00	–	–	–	5.00	–	5.00	0.05:1 (0.05:1)
62.	Gorakhpur Mandal Vikas Nigam Limited	93.56	–	–	32.47	126.03	–	–	–	91.60	–	91.60	0.73:1 (0.73:1)
63.	Garhwal Mandal Vikas Nigam Limited	646.00	–	–	–	646.00	–	–	–	957.42	–	957.42	1.48:1 (1.48:1)
64.	Meerut Mandal Vikas Nigam Limited	100.00	–	–	–	100.00	–	–	–	–	–	–	– (–)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
65.	Varanasi Mandal Vikas Nigam Limited	70.00	–	–	–	70.00	–	–	–	30.00	–	30.00	0.43:1 (0.43:1)
66.	Moradabad Mandal Vikas Nigam Limited	25.00	–	–	–	25.00	–	–	–	64.60	–	64.60	2.58:1 (2.58:1)
67.	Gandak Smadesh Kshetriya Vikas Nigam Limited	46.00	–	–	–	46.00	–	–	–	–	–	–	– (–)
	Sector wise total	**2937.54** (–)	**–** (–)	**1.22** (–)	**32.47** (–)	**2971.23** (–)	**–**	**–**	**–**	**1597.84**	**–**	**1597.84**	**0.54:1** **(0.44:1)**
	DEVELOPMENT OF ECONOMICALLY WEAKER SECTION												
68.	Uttar Pradesh Scheduled Castes Finance and Development Corporation Limited	5989.31 (700.00)	5626.22 (85.72)	–	–	11615.53 (785.72)	–	1746.51	–	1746.51	1615.30	3361.81	0.27:1 (–)
69.	Garhwal Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Garhwal Mandal Vikas Nigam Limited)	20.00	–	30.00	–	50.00	–	–	–	17.48	–	17.48	0.35:1 (0.35:1)
70.	Kumaon Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	22.00	–	28.00	–	50.00	–	–	–	–	–	–	– (–)
71.	Tarai Anusuchit Janjati Vikas Nigam Limited	45.00	–	–	–	45.00	–	–	–	125.00	–	125.00	2.78:1 (2.78:1)
72	Uttar Pradesh Samaj Kalyan Nirman Nigam Limited	15.00	–	–	–	15.00	–	–	–	–	37.83	37.83	2.52:1 (12.52:1)
73.	Uttar Pradesh Pichhara Varg Vitta Evam Vikas Nigam Limited (Formerly Uttar Pradesh Pichhari Jati Vitta Evam Vikas Nigam Limited)	910.00 (87.82)	–	–	–	910.00 (87.82)	87.82	–	230.00	312.03	1007.02	1319.05	1.32:1 (0.62:1)
	Sector wise total	**7001.31** **(787.82)**	**5626.22** **(85.72)**	**58.00** (–)	**–** (–)	**12685.53** **(873.54)**	**87.82**	**1746.51**	**230.00**	**2201.02**	**2660.15**	**4861.17**	**0.36:1** **(0.08:1)**
	PUBLIC DISTRIBUTION												
74	Uttar Pradesh Food and Essential Commodities Corporation Limited	500.00 (50.39)	– (–)	– (–)	– (–)	500.00 (50.39)	–	110.60	–	1607.10	–	1607.10	2.92:1 (2.72:1)
	Sector wise total	**500.00** **(50.39)**	**–** (–)	**–** (–)	**–** (–)	**500.00** **(50.39)**	**–**	**110.60**	**–**	**1607.10**	**–**	**1607.10**	**2.92:1** **(2.72:1)**

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
	SUGAR												
75.	Uttar Pradesh State Sugar Corporation Limited	47616.12	–	–	–	47616.12	–	7521.53	–	–	18358.02	18358.02	0.38:1 (0.24:1)
76.	Kichha Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	32.59	–	1641.79	45.46	1719.84	–	–	–	–	–	–	– (–)
77.	Chhata Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	–	–	2407.29	–	2407.29	–	–	–	–	421.14	421.14	0.17:1 (0.41:1)
78.	Nandganj–Sihori Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	–	–	3404.05	–	3404.05	–	–	–	–	763.57	763.57	0.22:1 (0.22:1)
79.	Ghatampur Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	–	–	879.85	15.00	894.85	–	225.00	–	–	194.50	194.50	0.22:1 (2.05:1)
	Sector wise total	**47648.71** (–)	**–** (–)	**8332.98** (–)	**60.46** (–)	**56042.15** (–)	**–**	**7746.53**	**–**	**–**	**19737.23**	**19737.23**	**0.35:1** **(0.27:1)**
	CEMENT												
80.	Uttar Pradesh Cement Corporation Limited	6828.00	–	–	–	6828.00	–	–	–	12476.52	–	12476.52	1.83:1 (1.83:1)
	Sector wise total	**6828.00** (–)	**–** (–)	**–** (–)	**–** (–)	**6828.00** (–)	**–**	**–**	**–**	**12476.52**	**–**	**12476.52**	**1.83:1** **(1.83:1)**
	TOURISM												
81.	Uttar Pradesh State Tourism Development Corporation Limited	1512.53	–	–	–	1512.53	–	–	–	48.33	–	48.33	0.03:1 (0.03:1)
	Sector wise total	**1512.53** (–)	**–** (–)	**–** (–)	**–** (–)	**1512.53** (–)	**–**	**–**	**–**	**48.33**	**–**	**48.33**	**0.03:1** **(0.03:1)**
	DRUGS, CHEMICALS & PHARMACEUTICALS												
82.	The Indian Turpentine and Rosin Company Limited	18.75	–	–	3.27	22.02	–	238.00	–	283.00	–	283.00	12.85:1 (2.04:1)
83.	Uttar Pradesh Carbon and Chemicals Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	–	–	1.27	–	1.27	–	–	–	–	–	–	– (–)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
84.	Uttar Pradesh Carbide and Chemicals Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Limited)	–	–	658.73	–	658.73	–	–	–	–	–	–	– (–)
	Sector wise total	**18.75** (–)	**–** (–)	**660.00** (–)	**3.27** (–)	**682.02** (–)	**–**	**238.00**	**–**	**283.00**	**–**	**283.00**	**0.41:1** **(0.07:1)**
	POWER												
85.	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	105471.00[58] (25180.50)	–	–	–	105471.00[58] (25180.50)	–	7100.00	–	7100.00	265239.00	272339.00[59]	2.58:1
86.	Uttar Pradesh Jal Vidyut Nigam Limited	18329.00[60]	–	–	–	18329.00[60]	–	855.00	–	3615.00	86604.00[61]	90219.00[61]	4.92:1 (39.43:1)
87.	Uttar Pradesh Power Corporation Limited	140294.00[62]				140294.00[62]	–	–	–	–	528045.00[62]	528045.00[62]	3.76:1 (–)
	Sector wise total	**264094.00** **(25180.50)**	**–** (–)	**–** (–)	**–** (–)	**264094.00** **(25180.50)**	**–**	**7955.00**	**–**	**10715.00**	**879888.00**	**890603.00**	**3.08:1** **(0.11:1)**
	FINANCING												
88.	Uttar Pradesh State Industrial Development Corporation Limited	2407.51	–	–	–	2407.51	–	537.65	–	4387.04	–	4387.04	1.82:1 (3.08:1)
89.	The Pradeshiya Industrial and Investment Corporation of Uttar Pradesh Limited	11057.50	–	–	2500.00	13557.50	–	1000.00	8724.40	1000.00	71736.98	72736.98	5.37:1 (4.61:1)
90.	Uttar Pradesh Panchayati Raj Vitta Evam Vikas Nigam Limited	77.77	–	–	70.02	147.79	–	–	–	–	–	–	– (–)

58 Includes Rs.105371.00 lakh transferred from erstwhile UPSEB on provisional basis.

59 Includes Rs.265239.00 lakh transferred from erstwhile UPSEB on provisional basis.

60 Includes Rs.18259.00 lakh transferred from erstwhile UPSEB on provisional basis.

61 Includes Rs.86604.00 lakh transferred from erstwhile UPSEB on provisional basis.

62 Transferred from erstwhile UPSEB on provisional basis.

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
91.	Uttar Pradesh Alpsankhyak Vittya Avam Vikas Nigam Limited	2352.50	–	–	–	2352.50	–	–	–	1010.42	4441.18	5451.60	2.32:1 (2.32:1)
92.	Uplease Financial Services Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	–	–	100.00	5.87	105.87	–	–	–	–	–	–	– (–)
	Sector wise total	**15895.28** **(–)**	**–** **(–)**	**100.00** **(–)**	**2575.89** **(–)**	**18571.17** **(–)**	**–**	**1537.65**	**8724.40**	**6397.46**	**76178.16**	**82575.62**	**4.45:1** **(3.97:1)**
	MISCELLANEOUS												
93.	Uttar Pradesh Export Corporation Limited	634.27	–	–	70.00	704.27	–	–	–	351.88	–	351.88	0.50:1 (0.23:1)
94	Uttar Pradesh Chalchitra Nigam Limited	818.20	–	–	0.22	818.42	–	–	–	798.00	–	798.00	0.97:1 (0.85:1)
95.	Uttar Pradesh Development Systems Corporation Limited	100.00	–	–	–	100.00	–	–	–	–	–	–	– (–)
96.	Uttar Pradesh Waqf Vikas Nigam Limited	350.00 (50.00)	–	–	–	350.00 (50.00)	50.00	–	–	–	–	–	– (–)
97.	Uttar Pradesh Mahila Kalyan Nigam Limited	25.00 (36.00)	– (48.03)	–	–	109.03	–	–	–	–	–	–	– (–)
98.	Uttar Pradesh Bhutpoorva Sainik Kalyan Nigam Limited	42.54	–	–	–	42.54	–	–	–	–	–	–	– (–)
	Sector wise total	**1970.01** **(86.00)**	**–** **(48.03)**	**–** **(–)**	**70.22** **(–)**	**2040.23** **(134.03)**	**50.00**	**–**	**–**	**1149.88**	**–**	**1149.88**	**0.53:1** **(0.40:1)**
	Total – A (All sector wise Government companies)	**396492.23** **(29240.41)**	**7138.00** **(133.75)**	**29913.33** **(1022.78)**	**4953.99** **(9.90)**	**438497.55** **(30406.84)**	**306.02**	**21584.36**	**12454.40**	**46666.30**	**1008810.80**	**1055477.10**	**2.25:1** **(0.70:1)**
B	**STATUTORY CORPORATIONS**												
	TRANSPORT												
1.	Uttar Pradesh State Road Transport Corporation	25231.95	6925.29	–	–	32157.24	–	–	1999.97	995.70	7845.72	8841.42	0.27:1 (0.33:1)
	Sector wise total	**25231.95**	**6925.29**	**–**	**–**	**32157.24**	**–**	**–**	**1999.97**	**995.70**	**7845.72**	**8841.42**	**0.27:1** **(0.33:1)**

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
	Financing												
2.	Uttar Pradesh Financial Corporation	6345.00 (4605.78)	–	–	3655.00 (2880.18)	10000.00 (7485.96)	3625.60	–	6035.00	–	128348.62	128348.62	7.34:1 (14.23:1)
	Sector wise total	**6345.00 (4605.78)**	–	–	**3655.00 (2880.18)**	**10000.00 (7485.96)**	**3625.60**	–	**6035.00**	–	**128348.62**	**128348.62**	**7.34:1 (14.23:1)**
	AGRICULTURE AND ALLIED												
3.	Uttar Pradesh State Warehousing Corporation	558.25 (220.70)	558.25	–	–	1116.50 (220.70)	20.00	–	–	–	108.13	108.13	0.08:1 (0.11:1)
	Sector wise total	**558.25 (220.70)**	**558.25**	–	–	**1116.50 (220.70)**	**20.00**	–	–	–	**108.13**	**108.13**	**0.08:1 (0.11:1)**
	FOREST												
4.	Uttar Pradesh Forest Corporation	–	–	–	–	–	–	–	7098.10	–	3257.93	3257.93	–
	Sector wise total	–	–	–	–	–	–	–	**7098.10**	–	**3257.93**	**3257.93**	–
	MISCELLANEOUS												
5.	Uttar Pradesh Avas Evam Vikas Parishad	–	–	–	–	–	–	50.00	459.31	1963.88	–	1963.88	–
6.	Uttar Pradesh Jal Nigam	–	–	–	–	–	–	66.50	–	12231.07	870.74	13101.81	–
7.	Uttar Pradesh State Employees Welfare Corporation	–	–	–	–	–	–	–	–	120.05	200.00	320.05	–
	Sector wise total												
	Total – B (All sector wise Statutory corporations)	**32135.20 (4826.48)**	**7483.54 (–)**	**– (–)**	**3655.00 (2880.18)**	**43273.74 (7706.66)**	**3645.60**	**116.50**	**15592.38**	**15310.70**	**140631.14**	**155941.84**	**3.06:1 (39.25:1)**
	Grand Total(A+B)	**428627.43 (34066.89)**	**14621.54 (133.75)**	**29913.33 (1022.78)**	**8608.99 (2890.08)**	**481771.29 (38113.50)**	**3951.62**	**21700.86**	**28046.78**	**61977.00**	**1149441.94**	**1211418.94**	**2.33:1 (7.74:1)**

Note: *Except in respect of Companies and Corporations which finalised their accounts for 1999-2000 (Serial No.A- 30, 31 &B -3) figures are provisional and as given by the companies/corporations.*

Annexure-2

(Referred to in paragraph 1.2.1,1.2.2,1.5.1,1.6,1.6.1,1.6.2.1 & 1.7)

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

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

Sl. No.	Sector and name of company/ corporation	Name of Department	Date of Incorporation	Period of accounts	Year in which accounts finalised	Net Profit (+) / loss(–)	Net impact of audit comments	Paid-up capital	Accumulated profit(+) /loss(–)	Capital employed[A]	Total Return on capital employed	Percentage of total return on capital employed	Arrears of accounts in terms of years	Latest status of the Company/ Corporation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
A	GOVERNMENT COMPANIES													
	AGRICULTURE AND ALLIED													
1.	Uttar Pradesh State Agro Industrial Corporation Limited	Agriculture	29.03.1967	1997–98	1998–99	(+) 324.24	–	2732.00	(–)5314.11	294.31	531.86	180.71	2	Working company
2.	Uttar Pradesh Poultry and Live-stocks Specialties Limited	Animal Husbandry	07.12.1974	1995–96	1999–2000	(–)10.57	–	50.00	(–)21.83	220.94	(–)10.57	–	4	Working company
3.	Uttar Pradesh Pashudhan Udyog Nigam Limited	Animal Husbandry	05.03.1975	1992–93	1999–2000	(–)36.08	(-) 3.16	146.85	(–)204.81	341.20	(–)26.61	–	7	Non working – Others
4.	Uttar Pradesh (Rohelkhand–Tarai) Ganna Beej Evam Vikas Nigam Limited	Sugar and Cane Development	27.08.1975	1998–99	1999–2000	(–)28.31	–	70.92	(–)57.50	1675.56	(–)28.31	–	1	Working company
5.	Uttar Pradesh (Paschim) Ganna Beej Evam Vikas Nigam Limited	Sugar and Cane Development	27.08.1975	1998–99	1999–2000	(+)7.16	–	61.32	(+)39.34	967.59	146.80	15.17	1	Working company
6.	Uttar Pradesh (Poorva) Ganna Beej Evam Vikas Nigam Limited	Sugar and Cane Development	27.08.1975	1998–99	1999–2000	(–)18.36	–	30.40	(–)16.37	321.12	18.07	5.63	1	Working company
7.	Uttar Pradesh (Madhya) Ganna Beej Evam Vikas Nigam Limited	Sugar and Cane Development	27.08.1975	1997–98	1998–99	(+) 8.18	–	25.00	(+) 1.00	749.31	55.02	7.34	2	Working company

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
8.	Uttar Pradesh Projects and Tubewells Corporation Limited	Irrigation	26.05.1976	1998-99	1999-2000	(-)404.16	(+) 35.06	640.00	(-) 1125.39	(-)60.72	(-) 404.16	–	1	Working company
9.	Uttar Pradesh Horticultural Produce Marketing and Processing Corporation Limited	Agriculture	06.04.1977	1984-85	1994-95	(-) 66.57	–	190.76	(-) 255.33	80.72	(-) 51.97	–	15	Non Working – Others
10.	Uttar Pradesh Bhumi Sudhar Nigam	Agriculture	30.03.1978	1998-99	1999-2000	(+)39.06	–	150.00	(-)15.07	14162.42	39.06	0.28	1	Working company
11.	Uttar Pradesh Matsya Vikas Nigam Limited	Fisheries	27.10.1979	1991-92	1999-2000	(-)62.45	(-) 15.72	100.00	(-)216.05	437.29	(-)47.77		8	Working company
	Sector wise total					**(+)378.64** **(-)626.50**	**(+) 35.06** **(-) 18.88**	**4197.25**	**40.34** **(-) 7226.46**	**19250.46** **(-) 60.72**	**790.81** **(-) 569.39**	**4.11**		
	INDUSTRY													
12.	Uttar Pradesh Small Industries Corporation	Rural and Small Industries	01.06.1958	1993-94	1999-2000	(-)196.38	–	596.05	(-)644.99	1477.08	30.22	2.05	6	Working company
13.	Mohammadabad Peoples Tannery Limited	Planning	21.12.1964	1976-77	1992-93	(-) 0.01	–	5.61	(-) 4.26	1.35	(-) 0.01	–	23	Non working – Others
14.	Uttar Pradesh Plant Protection Appliances (Private) Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Rural and Small Industries	28.06.1972	1974-75	1984-85	(-) 0.81	–	0.92	(-) 0.81	6.79	(-) 0.81	–	25	Non working – Others
15.	Auto Tractors Limited	Industries and Industrial Development	28.12.1972	1991-92	1995-96	(+) 10.71	–	750.00	(-) 6482.96	1114.18	36.32	3.26	8	Non working – Others
16.	Uttar Pradesh Instruments Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	Industries and Industrial Development	1.01.1975	1997-98	1999-2000	(-)529.06	–	193.22	(-) 3436.21	(-) 2163.30	(-) 193.13	–	2	Working company
17.	Trans Cables Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	Hill Develop-ment	29.11.1973	1995-96	1999-2000	(-)52.29	–	63.24	(-)322.95	97.11	(-)25.27	–	4	Working company
18.	Northern Electrical Equipment Industries Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	Hill Develop-ment	29.01.1974	1989-90	1997-98	(-) 0.01	–	0.07	(-)0.55	0.07	(-) 0.01	–	10	Non working – Others

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
19.	Uttar Pradesh State Leather Development and Marketing Corporation Limited	Export Promotion	12.02.1974	1998-99	1999-2000	(-) 54.18	–	573.94	(-) 685.90	435.90	(-) 40.58	–	1	Working company
20.	Uttar Pradesh State Brassware Corporation Limited	Export Promotion	12.02.1974	1991-92	1995-96	(-) 45.29	–	537.86	(-) 648.86	793.04	(-) 34.96	–	8	Non working – Others
21.	UPSIC Potteries Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Rural and Small Industries	27.04.1976	1990-91	1998-99	(-) 47.05	–	76.26	(-) 272.71	(-) 54.51	(-) 28.61	–	9	Working company
22.	Uttar Pradesh Digitals Limited (Subsidiary of Uttar Pradesh State Industrial Corporation Limited)	Industries and Industrial Develop-ment	08.03.1978	1996-97	1997-98	(-) 118.66	–	35.20	(-) 694.54	35.26	(-) 57.60	–	3	Working company
23.	Continental Float Glass Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Limited)	Industries and Industrial Develop-ment	12.04.1985	1995-96	1996-97	–	–	4599.95	–	11818.42	–	–	4	Non working – Others
24.	The Turpentine Subsidiary Industries Limited (Subsidiary of The Indian Turpentine and Rosin Company Limited)	Industries and Industrial Develop-ment	11.07.1939	1977-78	–	(-)1.91	–	15.56	–	11.64	(-)0.47	–	Nil	Under liquidation from 01.04.78
25.	Indian Bobbin Company Limited	Textile	22.02.1964	1973-74	–	(+)0.03	–	2.74	–	3.67	0.03	0.82	Nil	Under liquidation from 10.09.73
26.	Uttar Pradesh Abscott Private Limited (Subsidiary of Uttar Pradesh Small Industries Corporation Limited)	Industries and Industrial Develop-ment	28.06.1972	1975-76	–	(-)1.55	-	4.85	–	12.39	(-)0.41	–	10	Under liquidation from 19.04.86
27.	Uttar Pradesh Tyre and Tubes Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	Industries and Industrial Develop-ment	14.01.1976	1992-93	–	(-) 217.08	–	183.16	(-) 996.09	(-) 405.96	209.53	–	3	Under liquidation from 09.01.96

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
28.	UPAI Limited	Agriculture	20.04.1977	1988-89	1999-2000	(-) 0.48	_	17.01	(-)5.25	10.30	(-)0.48	_	3	Under liquidation from 31.03.91
	Sector wise total					**10.74** **(-)1264.76**	_ **(--)**	**7655.64** **(-)**	**-** **(-) 14196.08**	**15817.20** **(-) 2623.77**	**276.10** **(382.34)**	**1.74**		
	ELECTRONICS													
29.	Uttar Pradesh Electronics Corporation Limited	Electronics	20.03.1974	1998-99	1999-2000	(-)14.23	_	7030.07	(+)24.59	4839.13	(-)14.21	_	1	Working company
30.	Uptron Powertronics Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Electronics	10.04.1977	October 1998 to Sept. 1999	1999-2000	(-)92.72	_	117.00	(-)150.64	576.70	(-)34.57	_	Nil	Working company
31.	Shreetron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Electronics	01.02.1979	1999-2000	1999-2000	(+)1.56	_	174.71	(-)259.22	1084.30	66.01	6.09	Nil	Working company
32.	Uptron India Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Electronics	18.10.1979	1995-96	1997-98	(-)3212.23	_	5315.59	(-) 19693.43	5206.05	(-) 406.07	_	4	Working company
33.	Uttar Pradesh Hill Electronics Corporation Limited	Hill Development	26.06.1985	1993-94	1997-98	(-) 21.41	_	794.03	(-) 68.10	447.27	(-) 21.41	_	6	Working company
34.	Kumtron Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited)	Hill Development	27.04.1987	1989-90	1990-91	(-) 1.61	-	18.31	(-) 1.61	12.35	(-) 1.61	_	10	Non working Others
35.	Uttar Pradesh Hill Phones Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited)	Hill Development	10.08.1987[63]										13	Non working Others
36.	Uttar Pradesh Hill Quartz Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited)	Hill Development	18.07.1989[64]										11	Non working Others

63 Accounts not finalized since inception.

64 Accounts not finalized since inception.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
37.	Teletronix Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	Hill Development	27.01.1973	1992-93	1998-99	(-) 79.09	(+) 1.59	174.71	(-) 230.11	211.37	(-) 73.29	–	4	Under liquidation from 30.11.96
38.	Uptron Sempack Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Electronics	23.05.1977	1979-80	1983-84	(-) 0.78	–	2.55	(-) 3.37	1.86	(-) 0.36	–	16	Under liquidation from 10.06.96
39.	Kumaon Television Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	Hill Development	24.08.1977	1995-96	1998-99	(-) 43.48	(+) 0.98	99.75	(-) 276.91	101.72	(-) 3.71	–	1	Under liquidation from 30.11.96
40.	Kanpur Components Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Electronics	31.03.1978[65]		–	–	–	5.25	–	–	–	–	18	Under liquidation from 10.06.96
	Sector wise total					**(+)1.56** **(-)3465.55**	**(+) 2.57** **-**	**13731.97**	**24.59** **(-) 20683.39**	**12480.75**	**66.01** **(-)555.23**	**0.53**		
	TEXTILES													
41.	Uttar Pradesh State Textile Corporation Limited	Textile	02.12.1969	1997-98	1998-99	(+) 280.63	–	16079.37	(-) 18056.07	3844.60	1700.60	44.23	2	Working company
42.	Uttar Pradesh State Yarn Company Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	Textile	20.08.1974	1998-99	1999-2000	(-)1236.36	(+) 93.92	3190.52	(-) 6872.84	575.38	(-) 999.43	–	1	Working company
43.	Uttar Pradesh State Spinning Company Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	Textile	20.08.1976	1998-99	1999-2000	(+)103.62	(-) 4.72	7842.84	(-) 7937.59	3863.83	391.92	10.14	1	Working company
44.	Uttar Pradesh Textile Printing Corporation Limited (Subsidiary of Uttar Pradesh State Handloom Development Corporation Limited)	Textile	05.12.1975	1989-90	1999-2000	(-)5.17	–	26.00	(-)16.72	65.69	(-) 4.67	–	1	Under merger from 01.04.91

65 Accounts not finalized since inception.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
45.	Bhadohi Woollens Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	Textile	14.06.1976	1994-95	–	(-) 165.77	–	375.54	(-) 1195.91	(-) 49.09	85.35	–	1	Under liquidation from 20.02.96
	Sector wise total					**(+)384.25** **(-)1407.30**	**(+) 93.92** **(-) 4.72**	**27514.27**	**-** **(-) 34079.13**	**8349.50** **(-) 49.09**	**2177.87** **(-) 1004.10**	**26.08**		
	HANDLOOM AND HANDICRAFTS													
46.	Uttar Pradesh State Handloom Development Corporation Limited	Handloom	09.01.1973	1989-90	1999-2000	(-)122.14	–	1325.49	(-)1245.41	5885.57	5.80	0.10	10	Working Company
47.	Handloom Intensive Development Corporation (Gorakhpur & Basti) Limited (Subsidiary of Uttar Pradesh State Handloom Development Corporation Limited)	Handloom	26.05.1976	1989-90	1998-99	(+)4.55	(-) 4.24	3.00	(+) 2.71	88.41	103.21	116.74	1	Under merger from 01.04.1991
48.	Handloom Intensive Development Project (Bijnore) Limited (Subsidiary of Uttar Pradesh State Handloom Development Corporation Limited)	Handloom	13.09.1976	1987-88	1999-2000	(+)29.32	–	2.00	(+) 101.04	321.28	46.76	14.55	3	Under merger from 01.04.91
	Sector wise total					**(+) 33.87** **(-)122.14**	**-** **(-) 4.24**	**1330.49**	**103.75** **(-) 1245.41**	**6295.26**	**155.77**	**2.47**		
	MINING													
49.	Uttar Pradesh State Mineral Development Corporation Limited	Industries and Industrial Develop-ment	23.03.1974	1995-96	1999-2000	(-) 296.26	–	5640.48	(-) 189.93	3296.94	(-) 91.23	–	4	Working company
50.	Vindhyachal Abrasives Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Limited)	Industries and Industrial Develop-ment	05.12.1985	1987-88	1995-96	(-) 11.78	–	270.00	(-) 76.93	0.79	(-) 10.86	–	12	Non working – Others
	Sector wise total					**-** **(-) 308.04**	**-** **(-)**	**5910.48** **(-)**	**-** **(-) 266.86**	**3297.73** **(-)**	**-** **(-) 102.09**			

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	CONSTRUCTION													
51.	Uttar Pradesh State Bridge Corporation Limited	Public Works	18.10.1972	1997-98	1998-99	(+) 264.21	–	1000.00	(+) 744.24	2191.20	264.21	12.05	2	Working Company
52.	Uttar Pradesh Rajkiya Nirman Nigam Limited	Public Works	01.05.1975	1998-99	1999-2000	(-)191.06	–	100.00	(+) 941.30	1321.37	(-) 190.04	–	1	Working Company
53.	Uttar Pradesh Police Avas Nigam Limited	Home	27.03.1987	1998-99	1999-2000	(+)19.47	–	300.00	(+) 410.07	710.07	19.47	2.74	1	Working Company
	Sector wise total					**(+)283.68** **(-)191.06**	– –	**1400.00** -	**2095.61** -	**4222.64** -	**283.68** **(-) 190.04**	**6.72**		
	AREA DEVELOPMENT													
54.	Kumaon Mandal Vikas Nigam Limited	Hill Development	30.03.1971	1996-97	1999-2000	(+) 48.68	–	836.61	(-) 209.00	1438.54	112.18	7.80	3	Working Company
55.	Uttar Pradesh Bundelkhand Vikas Nigam Limited	Area Development	30.03.1971	1991-92	1997-98	(-) 8.72	–	123.30	(-) 134.50	(-) 0.98	(-) 8.71	–	8	Non working – Others
56.	Uttar Pradesh Poorvanchal Vikas Nigam Limited	Area Development	30.03.1971	1987-88	1994-95	(-) 13.64	–	114.80	(-) 107.90	19.02	(-) 13.64	–	12	Non working – Others
57.	Bundelkhand Concrete Structurals Limited (Subsidiary of Uttar Pradesh Bundelkhand Vikas Nigam Limited)	Area Development	02.03.1974	1986-87	1993-94	(-) 0.01	–	2.40	(-) 0.65	4.45	(-) 0.01	–	13	Non working – Others
58.	Allahabad Mandal Vikas Nigam Limited	Area Development	31.01.1976	1983-84	1992-93	(-) 11.42	–	67.00	(-) 11.42	39.52	(-) 3.97	–	16	Non working – Others
59.	Bareilly Mandal Vikas Nigam Limited	Area Development	31.01.1976	1984-85	1994-95	(-) 69.26	–	125.00	(-) 90.00	449.13	(-) 56.84	–	15	Non working – Others
60.	Lucknow Mandaliya Vikas Nigam Limited	Area Development	31.01.1976	1981-82	1992-93	(+) 0.44	–	50.00	(+) 1.49	60.57	0.52	0.86	18	Non working – Others
61.	Agra Mandal Vikas Nigam Limited	Area Development	31.03.1976	1986-87	1989-90	(+) 11.24	(+) 2.51	100.00	(-) 33.13	132.02	12.48	9.45	13	Non working – Others
62.	Gorakhpur Mandal Vikas Nigam Limited	Area Development	31.03.1976	1985-86	1995-96	(+) 2.36	–	122.03	(-) 118.16	61.31	2.36	3.85	14	Non working – Others

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
63.	Garhwal Mandal Vikas Nigam Limited	Hill Develop-ment	1.03.1976	1993-94	1999-2000	(+)87.61	–	441.50	(+) 1541.56	2977.80	87.61	2.94	6	Working Company
64.	Meerut Mandal Vikas Nigam Limited	Area Develop-ment	31.03.1976	1993-94	1996-97	(-)10.48	–	100.00	(-)76.95	29.25	(-) 10.48	–	6	Non working – Others
65.	Varanasi Mandal Vikas Nigam Limited	Area Develop-ment	31.03.1976	1987-88	1993-94	(-) 2.71	–	70.00	(-) 26.38	88.29	(-) 2.71	–	12	Non working – Others
66.	Moradabad Mandal Vikas Nigam Limited	Area Develop-ment	30.03.1978	1988-89	1999-2000	(-)11.23	–	25.00	(-)21.80	68.73	(-)0.57	–	11	Non working – Others
67.	Gandak Samadesh Kshetriya Vikas Nigam Limited	Area Develop-ment	15.03.1975	1976-77	–	(+)0.28	–	46.00	–	46.27	0.28	0.61	-	Under liquidation from 07.06.77
	Sector wise total					**(+) 150.61** **(-) 127.47**	**(+) 2.51** **(-)**	**2223.64** **(-)**	**1543.05** **(-) 829.89**	**5414.90** **-**	**215.43** **(96.93)**	**3.98**		
	DEVELOPMENT OF ECONOMICALLY WEAKER SECTION													
68.	Uttar Pradesh Scheduled Castes Finance and Development Corporation Limited	Harijan and Social Welfare	25.03.1975	1993-94	1999-2000	(+)138.18	–	3663.88	(+)743.96	5536.09	164.19	2.97	6	Working Company
69.	Garhwal Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Garhwal Mandal Vikas Nigam Limited)	Hill Develop-ment	30.06.1975	1987-88	1992-93	(-) 9.19	–	50.00	(-) 41.94	20.48	(-) 8.93	–	12	Working Company
70.	Kumaon Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	Hill Develop-ment	30.06.1975	1985-86	1998-99	(-) 2.01	–	36.00	(-) 2.85	34.64	(-) 2.01	–	14	Working Company
71.	Tarai Anusuchit Janjati Vikas Nigam Limited	Harijan and Social Welfare	02.08.1975	1982-83	1990-91	(-) 4.00	–	45.00	(+) 0.45	70.44	(-) 4.00	–	17	Non working – Others
72.	Uttar Pradesh Samaj Kalyan Nirman Nigam Limited	Harijan and Social Welfare	25.06.1976	1998-99	1999-2000	(-)0.40	–	15.00	(+) 549.95	760.26	(-)0.40	–		Working Company

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
73.	Uttar Pradesh Pichhara Varg Vitta Evam Vikas Nigam Limited (Formerly Uttar Pradesh Pichhari Jati Vitta Evam Vikas Nigam Limited)	Harijan and Social Welfare	26.04.91	1995-96	1999-2000	(+)49.35	–	100.00	(+)28.45	1628.62	55.13	3.39	4	Working company
	Sector wise total					**(+)187.53** **(-)15.60**	– –	**3909.88** –	**1322.81** **(-) 44.79**	**8050.53** –	**219.32** **(-) 15.34**	**2.72**		
	PUBLIC DISTRIBUTION													
74.	Uttar Pradesh Food and Essential Commodities Corporation Limited	Food and Civil Supplies	22.10.1974	1986-87	1999-2000	(-) 47.79	–	55.00	(+) 47.32	399.42	(-) 2.34	–	13	Working company
	Sector wise total					**(-) 47.79**	–	**55.00**	**(+) 47.32**	**399.42**	**(-) 2.34**	–		
	SUGAR													
75.	Uttar Pradesh State Sugar Corporation Limited	Sugar and Cane Development	26.03.1971	1995-96	1999-2000	(-) 12036.63	–	47575.92	(-) 68303.57	53369.11	(-) 3868.11	–	4	Working company
76.	Kichha Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	Sugar and Cane Development	17.02.1972	1998-99	1999-2000	(+)119.17	-	1698.64	(-)629.85	4158.02	474.55	11.41	1	Working company
77.	Chhata Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	Sugar and Cane Development	18.04.1975	1997-98	1999-2000	(-)221.05	–	1224.52	(-) 3263.41	1824.84	177.99	9.75	2	Working company
78.	Nandganj Sihori Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	Sugar and Cane Development	18.04.1975	1996-97	1999-2000	(-)830.09	-	3404.05	(-)7585.58	(-)177.57	(-)452.35	–	3	Working company
79.	Ghatampur Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	Sugar and Cane Development	30.05.1986	1997-98	1999-2000	(-)404.09	(-)17.68	894.86	(-)3247.24	(-)228.31	(-)31.57	–	2	Working company
	Sector wise total					**119.17** **13491.86**	– **(-) 17.68**	**54797.99** –	– **(-) 83029.65**	**59351.97** **(-) 405.88**	**652.54** **(-) 4352.03**	–		

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	CEMENT													
80.	Uttar Pradesh State Cement Corporation Limited	Industries and Industrial Develop-ment	29.03.1972	1995-96	1996-97	(-)4775.52	–	6828.00	(-) 42599.38	(-) 23980.30	(-) 2291.33	–	4	Working company
	Sector wise total					**(-)4775.52**	–	**6828.00**	**(-) 42599.38**	**(-) 23980.30**	**(-) 2291.33**	–		
	TOURISM													
81.	Uttar Pradesh State Tourism Development Corporation Limited	Tourism	05.08.1974	1998-99	1999-2000	(+)12.33	–	1512.53	(-)153.28	1409.06	14.02	0.99	1	Working company
	Sector wise total					**12.33** –	– –	**1512.53** –	– **(-)153.28**	**1409.06** –	**14.02**	**0.99**		
	DRUGS, CHEMICALS & PHARMACEUTI-CALS													
82.	The Indian Turpentine and Rosin Company Limited	Industries and Industrial Development	22.02.1924	1999-2000	1999-2000	(-) 525.94	–	22.02	(-) 2665.21	(-) 2215.22	(-) 515.41	–	–	Working company
83.	Uttar Pradesh Carbon and Chemicals Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	Industries and Industrial Development	12.01.1982	1996-97	1999-2000	(-)0.08	–	1.27	(-)0.10	1.76	(-)0.08	–	3	Non working – Others
84.	Uttar Pradesh Carbide and Chemicals Limited (Subsidiary of Uttar Pradesh State Mineral Development Corporation Limited)	Industries and Industrial Development	23.04.1979	1992-93	–	(-) 617.54	–	658.73	(-) 3531.51	(-) 1844.86	(-) 50.57	–	1	Under liquidation w.e.f 19.02.1994
	Sector wise total					– **(-)1143.56**	– –	**682.02** –	– **(-) 6196.82**	**1.76** **(-) 4060.08**	– **(-) 566.06**	**14.02**		
	POWER													
85.	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	Power	22.08.1980	1998-99	1999-2000	(-)39.50	–	100.00	(-) 10941.27	14343.58	(-) 39.50	–	1	Working company

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
86.	Uttar Pradesh Jal Vidyut Nigam Limited	Power	15.04.1985	1998-99	1999-2000	(+)405.67	–	70.00	(+) 923.82	10541.60	405.67	3.85	1	Working company
87.	Uttar Pradesh Power Corporation Limited	Power	30.11.1999	[66]										Working company
	Sector wise total					**(+) 405.67** **(-) 39.50**	– –	**170.00** –	**923.82** **(-) 10941.27**	**24885.18** -	**405.67** **(-) 39.50**	**1.63**		
	FINANCING													
88.	Uttar Pradesh State Industrial Development Corporation Limited	Industries and Industrial Develop-ment	29.03.1961	1998-99	1999-2000	(+)684.33	–	2407.51	(+)1134.70	10072.66	1438.17	14.28	1	Working company
89.	The Pradshiya Industrial and Investment Corporation of Uttar Pradesh Limited	Industries and Industrial Develop-ment	29.03.1972	1998-99	1999-2000	(-) 5322.83	(+)385.25	11057.50	(-)11253.96	79532.22	4409.05	5.54	1	Working company
90.	Uttar Pradesh Panchayati Raj Vitta Evam Vikas Nigam Limited	Panchayati Raj	24.04.1973	1989-90	1996-97	(-) 3.42	–	132.46	(+) 3.06	143.07	(-) 3.42	–	10	Working company
91.	Uttar Pradesh Alpsankhyak Vittya Avam Vikas Nigam Limited	Alpsankhyak Kalyan Evam Waqf	17.11.1984	1990-91	1999-200	(+)4.55	–	327.50	(+)0.23	676.99	17.32	2.56	9	Working company
92.	Uplease Financial Services Limited (Subsidiary of Uttar Pradesh Electronics Corporation Limited)	Electronics	05.01.1988	1997-98	1998-99	(-) 39.55	–	105.87	(-) 39.53	534.08	14.43	2.70	2	Working company
	Sector wise total					**(+) 688.88** **(-) 5365.80**	**(+) 385.25** -	**14030.84** -	**1137.99** **(-) 11293.49**	**90959.02** -	**5878.97** **(-) 3.42**	**6.46**		
	MISCELLANEOUS													
93.	Uttar Pradesh Export Corporation Limited	Export Promotion	20.01.1966	1996-97	1999-2000	(-)68.41	(+)6.94	674.27	(-)755.77	662.08	(-)16.28	–	3	Working company
94.	Uttar Pradesh Chalchitra Nigam Limited	Institutional Finance	10.09.1975	1997-98	1999-2000	(-) 8.86	–	818.42	(-) 881.08	248.77	41.59	16.71	2	Non working – Others

66 First Account was not due.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
95.	Uttar Pradesh Development Systems Corporation Limited	Planning	15.03.1977	1997-98	1999-2000	(-)32.14	–	100.00	(-)66.59	33.41	(-)32.14	–	2	Working company
96.	Uttar Pradesh Waqf Vikas Nigam Limited	Waqf	27.04.1987	1992-93	1999-2000	0.002[67]	–	100.00	(+)0.55	104.02	0.10	0.10	7	Working company
97.	Uttar Pradesh Mahila Kalyan Nigam Limited	Harijan and Social Welfare	17.03.1988	1996-97	1998-99	(-) 14.51	(+) 3.00	25.00	(-) 32.97	188.05	(-) 14.51	–	3	Working company
98.	Uttar Pradesh Bhutpurva Sainik Kalyan Nigam Limited	Harijan and Social Welfare	23.05.1989	1995-96	1998-99	(+) 144.68	(+) 0.46	42.54	174.42	216.26	144.68	66.90	4	Working company
	Sector wise total					**(+) 144.68 (-) 123.92**	**(+) 10.40 -**	**1760.23 -**	**174.97 (-) 1736.41**	**1452.59 -**	**186.27 (-) 62.93**	**12.82**		
	Total (A- Government companies)					**2801.61 (32516.37)**	**529.71 (45.52)**	**147710.23 -**	**7414.25 (234522.31)**	**261637.97 (31179.84)**	**11322.46 (10233.07)**	**4.37**		
B.	**STATUTORY CORPORATIONS**													
	TRANSPORT													
1.	Uttar Pradesh State Road Transport Corporation	Transport	01.06.1972	1998-99[68]	1999-2000	(-)2039.66	–	31369.02	(-) 50462.51	(-) 9249.00	(-) 941.00	10.17	1	Working
	Sector wise total					**- (-)2039.66**	–	**31369.02**	**- (-) 50462.51**	**- (-) 9249.00**	**- (-) 941.00**	**10.17**		
	FINANCING													
2.	Uttar Pradesh Financial Corporation	Industrial Develop-ment	01.11.1954	1998-99	1999-2000	(-)12601.72	–	10000.00	(-)39452.65	152779.00	6474.05	1.59	1	Working
	Sector wise total					**(-)12601.72**	–	**10000.00 -**	**- (-) 39452.65**	**152779.00 -**	**6474.05 -**	**1.59**		
	AGRICULTURE AND ALLIED													
3.	Uttar Pradesh State Warehousing Corporation	Co-operative	19.03.1958	1999-2000	1999-2000	(+)1302.97	–	1116.50	3764.05	5490.00	1322.00	24.08	–	Working
	Sector wise total					**(+)1302.97**	–	**1116.50**	**3764.05**	**5490.00**	**1322.00**	**24.08**		

67 Rs. 252 only.

68 Accounts are under audit.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	Forest													
4.	Uttar Pradesh Forest Corporation	Forest	25.11.1974	1998-99	1999-2000	(+) 2930.30	–	–	35245.27	35756.00	2930.00	8.19	1	Working
	Sector wise total					**(+) 2930.30**	–	–	**35245.27**	**35756.00**	**2930.00**	**8.19**		
	Miscellaneous													
5.	Uttar Pradesh Avas Evam Vikas Parishad	Housing	03.04.1966	1994-95[69]	1999-2000	(+)84.00	–	–	2728.54	28619.00	2512.00	8.78	5	Working
6.	Uttar Pradesh Jal Nigam	Urban Development	06.06.1975	1997-98	1999-2000	(-) 110.95	–	–	(-) 16021.87	333252.00	1957.00	0.59	2	Working
7.	Uttar Pradesh State Employees Welfare Corporation[70]	Food & Civil Supplies	05.05.1965											
	Sector wise total					**(+) 84.00** **(-) 110.95**	–	–	**2728.54** **(-) 16021.87**	**361871.00**	**4469.00**	**1.23**		
	Total – B (Statutory corporations)					**(+) 4317.27** **(-) 14752.33**	–	**42485.52**	**41737.86** **(-) 105937.03**	**555896.00** **(-) 9249.00**	**15195.05** **(-) 941.00**	**2.00**		
	Grand Total (A+B)					**(+) 7118.88** **(-) 42269.53**	**(+)529.71** **(-) 45.52**	**190195.75**	**49152.11** **(-) 340459.36**	**817533.97** **(-) 40428.84**	**22465.46** **(-) 11174.075**	**2.75**		

Note: (A) Capital employed represents net fixed assets (including capital work-in-progress) plus working capital except in case of financing companies/corporations Sl.No. 68, 73, 88, 89, 90,91,92 & B-2 where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid-up capital, free reserves, bonds, deposits and borrowings including refinance).

69 Accounts are under audit.

70 Audit was entrusted during 1997-98. The accounts have not been submitted so far.

Annexure-3

(Referred to in paragraph 1.4)

Statement showing subsidy received, guarantees received, waiver of dues, loans on which moratorium allowed and loans converted into equity during the year and subsidy receiveable and guarantees outstanding at the end of March [redacted] 2000

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

Sl No	Name of the Public Sector Undertaking	Subsidy received during the year[71]				Guarantees received during the year and outstanding at the end of the year [72]					Waiver of dues during the year				Loans on which mora-torium allowed	Loans conver-ted into equity during the year
		Central Govern-ment	State Govern-ment	Others	Total	Cash credit from banks	Loans from other sources	Letters of credit opened by banks in respect of imports	Payment obligation under agreement with foreign consultants or contractors	Total	Loans repay-ment written off	Interest waived	Penal interest waived	Total		
(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
A. GOVERNMENT COMPANIES																
1.	Uttar Pradesh Agro Industrial Development Corporation Limited	–	–	–	–	1000.00 (Nil)	–	–	–	1000.00 (Nil)	–	–	–	–	1000.00	1268.00
2.	Uttar Pradesh (Rohelkhand–Tarai) Ganna Beej Evam Vikas Nigam Limited	–	–	–	–	2000.00 (1476.88)	–	–	–	2000.00 (1476.88)	–	–	–	–	–	–
3.	Uttar Pradesh Instruments Limited (Subsidiary of Uttar Pradesh State Industrial Development Corporation Limited)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1143.14
4.	Uttar Pradesh Electronics Corporation Limited	–	14.47 (Nil)	–	14.47 (Nil)	–	–	–	–	–	–	–	–	–	–	–
5.	Uttar Pradesh State Yarn Company Limited (Subsidiary of Uttar Pradesh Textile Corporation Limited)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	2176.00

71 Subsidy receivable at the end of year is shown in brackets.

72 Figures in bracket indicate guarantees outstanding at the end of the year.

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
6.	Uttar Pradesh State Spinning Company Limited (Subsidiary of Uttar Pradesh State Textile Corporation Limited)	–	–	–	–	1380.00 (303.59)	–	–	–	1380.00 (303.59)	–	–	–	–	–	1022
7.	Uttar Pradesh State Handloom Corporation Limited	–	298.20 (Nil)	–	298.20 (Nil)	1000.00 (608.49)	–	–	–	1000.00 (608.49)	–	–	–	–	–	–
8.	Uttar Pradesh Scheduled Castes Finance and Development Corporation Limited	–	6245.78 (Nil)	–	6245.78 (Nil)	–	–	–	–	–	–	–	–	–	–	–
9.	Garhwal Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Garhwal Mandal Vikas Nigam Limited)	–	10.05 (10.05)	–	10.05 (10.05)	–	–	–	–	–	–	–	–	–	–	–
10.	Uttar Pradesh Food and Essential Commodities Corporation Limited	–	110.60 (Nil)	–	110.60 (Nil)	1500.00 (806.00)	750.00 (750.00)	–	–	2250.00 (1556.00)	–	1692.38	–	1692.38	–	–
11.	Uttar Pradesh State Sugar Corporation Limited	–	–	–	–	40225.66 (40225.66)	–	–	–	40225.66 (40225.66)	–	–	–	–	–	–
12.	Kichha Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	–	–	–	–	4760.00 (3730.28)	–	–	–	4760.00 (3730.28)	–	–	–	–	–	–
13.	Chhata Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	–	–	–	–	2415.00 (1573.16)	–	–	–	2415.00 (1573.16)	–	–	–	–	–	1134.20
14.	Ghatampur Sugar Company Limited (Subsidiary of Uttar Pradesh State Sugar Corporation Limited)	–	–	–	–	1000.00 (504.91)	–	–	–	1000.00 (504.91)	–	–	–	–	–	–
15.	Uttar Pradesh State Tourism Development Corporation Limited	–	–	–	–	–	–	–	–	–	–	–	–	–	–	48.33
16.	Uttar Pradesh Jal Vidyut Nigam Limited	–	1042.22 (Nil)	–	1042.22 (Nil)	–	–	–	–	–	–	–	–	–	–	–
17.	Uttar Pradesh Export Corporation Limited	–	59.19 (Nil)	–	59.19 (Nil)	–	–	–	–	–	–	–	–	–	–	–

(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
18.	Uttar Pradesh Development Systems Corporation Limited	–	105.00 (Nil)	–	105.00 (Nil)	–	–	–	–	–	–	–	–	–	–	–
19	The Indian Turpentine and Rosin Company Limited	–	–	–	–	–	188.00	–	–	188.00	–	–	–	–	–	–
20.	The Pradeshiya Industrial and Investment Corporation of Uttar Pradesh Limited	–	–	–	–	–	20009.00 (43771.00)	–	–	20009.00 (43771.00)	–	–	–	–	–	–
21.	Uttar Pradesh Mahila Kalyan Nigam Limited	–	172.24	–	172.24	–	–	–	–	–	–	–	–	–	–	–
	Total – A	–	**8057.75** **(10.05)**	– (–)	**8057.75** **(10.05)**	**55280.66** **(49228.97)**	**20947.00** **(44521.00)**	– (–)	–	**76227.66** **(93749.97)**	–	**1692.38**	–	**1692.38**	**1000.00**	**6791.67**
B. STATUTORY CORPORATIONS																
1.	U.P. Financial Corporation	–	–	–	–	–	6035.00 (62522.00)	–	–	6035.00 (62522.00)	–	–	–	–	–	1125.60
2.	U.P. Avas Evam Vikas Parished	–	–	–	–	–	–	–	–	–	–	–	–	–	1963.88	–
3.	Uttar Pradesh Jal Nigam	–	40455.30	–	40455.30	–	–	–	–	–	–	–	–	–	13101.81	–
4.	U.P. State Employees Welfare Corporation	–	173.10	–	173.10	200.00 (200.00)	–	–	–	200.00 (200.00)	–	–	–	–	–	–
	Total–B	–	40628.40	–	40628.40	200.00 (200.00)	6035.00 (62522.00)	–	–	6235.00 (62722.00)	–	–	–	–	15065.69	1125.60
	Grand Total **(A)+(B)**	–	**48686.15** **(10.05)**	– –	**48686.15** **(10.05)**	**55480.66** **(49428.97)**	**26982.00** **(107043.00)**	–	–	**82462.66** **(156471.97)**	–	**1692.38**	–	**1692.38**	**16065.69**	**7917.27**

Annexure – 4

(Referred to in paragraph 1.2.2)

Statement showing financial position of Statutory corporations

1. Uttar Pradesh State Road Transport Corporation

(Rupees in crore)

Particulars	1996-97	1997-98 (Provisional)	1998-99 (Provisional)
A. Liabilities			
Capital (including capital loan and equity capital)	314.69	315.83	321.57
Borrowings:			
Government	10.54	17.61	11.71
Others	112.83	79.55	79.38
Funds[73]	0.30	0.31	0.35
Trade dues and other current liabilities (including provisions)	241.68	338.97	392.11
Total A	**680.04**	**752.27**	**805.12**
B. Assets			
Gross Block	510.75	557.34	558.49
Less: Depreciation	347.91	369.72	378.21
Net fixed assets	162.84	187.62	180.28
Capital work in progress (including of cost of chasis)	2.57	2.82	2.58
Investment	0.74	0.87	0.87
Current Assets, Loans and Advances	76.56	78.56	116.76
Deferred cost	-	-	-
Accumulated Losses	437.33	482.40	504.63
Total B	**680.04**	**752.27**	**805.12**
Capital employed[74]	**0.29**	**(-) 69.97**	**(-)92.49**

73 Excluding Depreciation Funds.

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

2. Uttar Pradesh Financial Corporation

(Rupees in crore)

Particulars	1996-97	1997-98	1998-99
A. Liabilities			
Paid-up capital	100.00	100.00	100.00
Share application money	-	-	-
Reserve fund and other reserves and surplus	20.85	20.72	20.60
Borrowings			
(i) Bonds and debentures	694.71	777.53	817.83
(ii) Fixed deposits	-	-	-
(iii) Industrial Development Bank of India and Small Industries Bank of India	500.65	536.99	511.85
(iv) Reserve Bank of India	17.25	17.35	-
(v) Loans in lieu of share capital			
(a) State Government	9.80	9.80	9.80
(b) Industrial Development Bank of India	8.80	8.80	8.80
(vi) Others (including State Govt.)	54.76	40.76	74.76
Other Liabilities and Provision	157.50	249.08	300.22
Total A	**1564.32**	**1761.03**	**1843.86**
B. Assets			
Cash and Bank balances	73.67	66.20	83.28
Investments	2.73	24.24	35.85
Loans and Advances	1254.38	1310.81	1251.48
Net Fixed Assets	41.05	61.83	41.68
Other Assets	39.18	29.44	37.03
Misc. Expenditure	-	-	-
Profit and Loss Account	153.31	268.51	394.53
Total B	**1564.32**	**1761.03**	**1843.86**
Capital Employed[75]	**1297.24**	**1459.38**	**1527.79**

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

3. U.P. State Warehousing Corporation

(Rupees in crore)

Particulars	1997-98	1998-99	1999-2000
A. Liabilities			
Paid up capital	11.37	12.77	13.37
Reserves and surplus	21.65	28.34	40.07
Subsidy	-	0.30	0.30
Borrowings:			
Government	0.14	0.23	-
Others	1.90	1.50	1.16
Trade Dues and Current Liabilities (including provisions)	13.96	16.62	27.05
Total A	**49.02**	**59.76**	**81.95**
B. Assets			
Gross Block	39.56	41.82	47.26
Less Deprecation	9.76	10.22	11.80
Net Fixed Assets	29.80	31.60	35.46
Capital Work in progress	1.38	0.77	1.48
Current Assets, Loans and Advances	17.84	27.39	45.01
Accumulated loss	-	-	-
Total B	**49.02**	**59.76**	**81.95**
Capital Employed[76]	**34.86**	**43.14**	**54.90**

4. Uttar Pradesh Forest Corporation

(Rupees in crore)

Particulars	1996-97	1997-98	1998-99
A. Liabilities			
Reserve and Surplus	287.35	323.15	352.45
Borrowings	0.16	0.16	0.16
Current Liabilities (including provisions)	73.52	103.87	147.54
Other Liabilities	7.00	7.00	7.00
Total A	**368.03**	**434.18**	**507.15**
B. Assets			
Net Fixed Assets	10.92	10.31	11.16
Current Assets, Loans and Advances	354.64	421.45	493.94
Accumulated loss	-	-	
Miscellaneous Expenditure	2.47	2.42	2.05
Total B	**368.03**	**434.18**	**507.15**
C. Capital employed[76]	**292.04**	**327.89**	**357.56**

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

5. Uttar Pradesh Avas Evam Vikash Parishad

(Rupees in crore)

Particulars	1993-94	1994-95 (Provisional)	1995-96 (Provisional)
A. Liabilities			
Surplus	26.45	27.29	28.21
Borrowings	248.32	249.78	195.48
Deposits	32.35	38.90	39.38
Current Liabilities (including Registration Fee)	221.19	218.13	245.47
Excess of assets over liabilities	-	-	1.18
Total A	**528.31**	**534.10**	**509.72**
B. Assets			
(i) Net Fixed Assets	1.04	1.06	1.15
(ii) Investments	7.66	29.78	35.37
(iii) Current Assets, Loans and Advances	519.61	503.26	473.20
Total B	**528.31**	**534.10**	**509.72**
C. Capital employed[77]	**299.46**	**286.19**	**228.88**

6. Uttar Pradesh Jal Nigam

(Rupees in crore)

Particulars	1995-96	1996-97	1997-98
A. Liabilities			
Borrowings	255.52	273.24	286.96
Grants from Government	1807.42	2127.72	2495.85
Deposits	755.48	808.55	878.29
Current Liabilities	125.80	148.53	158.22
Centage on material unconsumed	21.42	23.88	29.08
Pension and Gratuity	6.00	6.00	6.00
Unclassified Reserve	20.51	20.51	20.48
Total A	**2992.15**	**3408.43**	**3874.88**
B. Assets			
Gross Block	370.16	450.17	591.28
Less: Depreciation	4.32	4.67	5.04
Net Fixed Assets	365.84	445.50	586.24
Investments	172.30	166.06	223.93
Current Assets	2146.36	2436.87	2904.50
Divisional Surplus	267.51	307.64	159.10
Deficit	40.14	52.36	1.11
Total B	**2992.15**	**3408.43**	**3874.88**
C. Capital employed[77]	**2386.40**	**2733.84**	**3332.52**

77 Capital employed represents the fixed assets (including capital work-in-progress) plus working capital.

Annexure-5

(Referred to in paragraph 1.2.2 and 1.6)

Statement showing working results of Statutory corporations

1. Uttar Pradesh State Road Transport Corporation

(Rupees in crore)

Particulars	1996-97	1997-98 (Provisional)	1998-99 (Provisional)
Operating			
(a) Revenue	526.67	584.17	650.21
(b) Expenditure	564.85	629.56	675.04
(c) Surplus (+)/Deficit (-)	(-) 38.18	(-) 45.39	(-) 24.83
Non operating			
(a) Revenue	13.94	15.58	15.42
(b) Expenditure	23.90	15.16	10.98
(c) Surplus (+)/Deficit (-)	(-) 9.96	(+) 0.42	(+) 4.44
Total:			
(a) Revenue	540.61	599.75	665.63
(b) Expenditure	588.75	644.72	686.02
(c) Net Profit (+)/Loss (-)	(-) 48.14	(-) 44.97	(-) 20.39
Interest on Capital and Loans	23.90	15.16	10.98
Total return on Capital employed	(-) 24.24	(-) 29.81	(-) 9.41
Percentage of total return on capital employed	-	-	-

2. Uttar Pradesh Financial Corporation

(Rupees in crore)

Particulars	1996-97	1997-98	1998-99
1. Income			
(a) Interest on loans	163.30	151.42	142.35
(b) Other Income	16.55	23.65	12.68
Total 1	**179.85**	**175.07**	**155.03**

(Rupees in crore)

Particulars	**1996-97**	**1997-98**	**1998-99**
2. Expenses			
(a) Interest on long term and short term loans	151.21	178.72	190.76
(b) Provision for non performing assets	-	142.02	49.99
(c) Other expenses	42.90	21.04	40.30
Total 2	**194.11**	**341.78**	**321.57**
3. Profit (+)/Loss (-) before tax (1-2)	(-) 14.26	(-) 166.71	(-) 126.02
4. Prior period adjustment	-	-	-
5. Provision for tax	-	-	-
6. Profit (+)/Loss (-) after tax	(-) 14.26	(-) 166.71	(-) 126.02
7. Other appropriations	-	-	-
8. Amount available for dividend	-	-	-
9. Dividend paid/payable	-	-	-
10. Total return on capital employed	136.95	12.01	64.74
11. Percentage of return on capital employed	10.56	0.82	4.24

3. Uttar Pradesh State Warehousing Corporation

(Rupees in crore)

Particulars	**1997-98**	**1998-99**	**1999-2000**
1. Income			
(a) Warehousing charges	24.02	61.35	98.82
(b) Other Income	0.14	0.28	0.77
Total 1	**24.16**	**61.63**	**99.59**
2. Expenses			
(a) Establishment charges	12.17	12.76	16.39
(b) Interest	0.28	0.26	0.19
(c) Other expenses	9.46	39.74	66.45
Total 2	**21.91**	**52.76**	**83.03**
3.Profit (+)/Loss (-) before tax	(+) 2.25	(+) 8.87	(+) 16.56
4. Provision for tax	-	-	
5. Prior period adjustment	(+) 1.49	(-) 1.61	(-) 3.53
6. Other appropriations	-	-	
7. Amount available for dividend	3.74	7.26	13.03
8. Dividend paid/payable	0.21	0.52	1.12
9. Total return on capital employed	4.02	7.52	13.22
10 Percentage of return on capital employed	11.53	17.43	24.08

4. Uttar Pradesh Forest Corporation

(Rupees in crore)

Particulars	1996-97	1997-98	1998-99
1. Income			
Sales	178.37	128.12	162.84
Other Income	29.86	27.84	35.43
Closing Stock	67.92	106.77	147.67
Total 1	**276.15**	**262.73**	**345.94**
2. Expenditure			
Purchases	39.07	74.06	124.25
Other Expenses	75.25	84.95	85.62
Opening Stock	117.19	67.92	106.77
Total 2	**231.51**	**226.93**	**316.64**
Net Profit	44.64	35.80	29.30
Total return on capital employed	44.64	35.80	29.30
Percentage of return on capital employed	15.29	10.92	8.19

5. Uttar Pradesh Avas Evam Vikas Parishad

(Rupees in crore)

Particulars	1993-94	1994-95	1995-96
		(Provisional)	
1. Income			
(a) Income from property	59.03	47.71	50.93
(b) Other Income	12.38	10.57	11.28
Total 1	**71.41**	**58.28**	**62.21**
2. Expenditure			
(a) Establishment	16.95	19.14	22.51
(b) Interest	28.28	24.28	21.75
(c) Other expenses	25.58	14.02	17.03
Total 2	**70.81**	**57.44**	61.29
3. Excess of income over expenditure	0.60	0.84	0.92
4. Total return on capital employed	28.88	25.12	22.67
5. Percentage of total return on capital employed	9.64	8.78	9.90

6. Uttar Pradesh Jal Nigam

(Rupees in crore)

Particulars	1995-96	1996-97	1997-98
1.Income			
Centage	37.75	38.31	56.50
Survey and project fee	7.60	11.38	15.36
Interest	20.80	16.43	21.33
Grant	20.02	42.10	36.42
Others	9.76	10.89	51.01
Total 1	**95.93**	**119.11**	**180.62**
2. Expenditure			
Establishment charges	62.00	68.50	81.43
Expenditure on maintenance	39.48	62.16	66.46
Interest	20.91	26.15	20.68
Other expenses	13.28	14.30	12.80
Depreciation	0.39	0.36	0.36
Total 2	**136.06**	**171.47**	**181.73**
Deficit	(-) 40.13	(-) 52.36	(-) 1.11
Total return on capital employed	(-) 19.22	(-) 26.21	19.57
Percentage of total return on capital employed	-	-	0.59

Annexure – 6

(Referred to in paragraph 1.6.2.3)

Statement showing operational performance of Statutory corporations

1. Uttar Pradesh State Road Transport Corporation

Particulars	1997-98	1998-99	1999-2000
Average number of vehicles held			
(a) Own buses	7352	6859	6531
(b) Hired buses	846	982	1367
Average number of vehicles on the road	6432	6177	5804
Percentage of utilisation of vehicles	87	90	89
Number of employees	52537	50552	48909
Employee vehicle ratio	7.26	7.10	6.74
Number of routes operated at the end of year	2305	2234	2135
Route kilometers	503160	492505	465320
Kilometers operated (in lakh)			
(a) Gross	6726	7160	7282
(b) Effective	6560	6988	7102
(c) Dead & Dept.	166	172	180
Percentage of dead kilometers to gross kilometers	2.47	2.40	2.47
Average kilometers covered per bus per day	218	243	245
Average operating revenue per kilometers (paise)	914	949	1000
Average expenditure per kilometer (paise)	983	974	1082
Profit (+)/Loss (-) per kilometer (paise)	(-) 69	(-) 25	(-) 82
Number of operating depots	114	114	114
Average number of breakdowns per lakh kilometers	5.50	4.55	4.30
Average number of accidents per lakh kilometers	0.20	0.22	0.19
Passenger kilometers operated (in crore)	67.26	71.60	72.82
Occupancy ratio	64	65	61
Kilometers obtained per litre of:			
(a) Diesel oil	4.56	4.60	4.69
(b) Engine oil	823	870	894

2. Uttar Pradesh Financial Corporation

(Amount : Rupees in crore)

Particulars	1996-97		1997-98		1998-99	
	Number	Amount	Number	Amount	Number	Amount
Application pending at the beginning of the year	261	110.46	175	68.43	111	28.79
Applications received	2982	994.11	2077	581.87	1078	302.80
Total	**3243**	**1104.57**	**2252**	**650.30**	**1189**	**331.59**
Applications sanctioned	2687	707.45	1741	360.26	560	106.18
Applications cancelled /withdrawn /rejected/reduced	381	328.70	400	261.25	290	145.44
Applications pending at the close of the year	175	6843	111	28.78	339	79.97
Loans disbursed	1491	423.14	1300	268.89	637	129.39
Loan outstanding at the close of the year	20669	1254.38	21452	1310.81	-	-
Amount overdue for recovery at the close of the year						
(a) Principal	-	137.65	-	164.60	-	238.22
(b) Interest	-	370.52	-	377.04	-	498.89
Total	**-**	**508.17**	**-**	**541.64**	**-**	**737.11**
Amount involved in recovery certificate cases	-	146.18	-	280.03	-	-
Total		**146.18**	**-**	**280.03**	**-**	**-**
Percentage of overdue to the total loans outstanding	-	4051	-	41.32	-	-

3. Uttar Pradesh State Warehousing Corporation

Particulars	1997-98	1998-99	1999-2000
Number of stations covered	101	118	133
Storage capacity created upto the end of the year (tonne in lakh)			
(a) Owned	11.80	11.81	11.94
(b) Hired	1.09	1.72	5.97
Total	**12.89**	**13.53**	**17.91**
Average capacity utilised during the year (tonne in lakh)	10.58	11.91	15.25
Percentage of utilisation	82.08	88.03	94.00
Average revenue per tonne per year (Rupees)	227.06	517.38	633.05
Average expenses per tonne per year (Rupees)	207.09	443.16	544.33
Profit (+)/Loss (-) per tonne (Rupees)	(+) 19.97	(+) 74.22	(+) 88.72

4. Uttar Pradesh Forest Corporation

Particulars	1997-98	1998-99	1999-2000
1. Timber including Sawn Timber (in lakh cubic meters)			
(a) Opening balance	3.92	6.70	7.53
(b) Sales	1.87	3.19	4.35
(c) Losses/Shortages	-	-	-
(d) Departmental use and other disposal	0.02	0.01	-
(e) Closing balance	2.03	3.50	3.18
2. *Tendu* leaves (Standard bags in lakh)			
(a) Opening balance	4.41	4.40	5.61
(b) Sales	4.19	3.97	5.23
(c) Losses/Shortages	-	-	-
(d) Closing balance	0.22	0.43	0.38
3. Bamboo (Scores in lakh)			
(a) Opening balance[78]	2.51	3.44	2.07
(b) Sales	0.90	2.63	1.47
(c) Losses/Shortages	-	-	-

78 Opening balance includes production during the year

Particulars	1997-98	1998-99	1999-2000
(d) Closing balance	1.61	0.81	0.60
4. Agriculture Produce (Qtls. in lakh)			
(a) Opening balance	0.38	0.22	0.22
(b) Sales	0.33	0.20	0.21
(c) Losses/Shortages	-	0.01	-
(d) Closing balance	0.05	0.01	0.01
5. Baile Grass (Qtls. in lakh)			
(a) Opening balance[79]	0.30	0.42	0.36
(b) Sales	0.15	0.19	0.22
(c) Losses/Shortages	-	0.01	-
(d) Closing balance	0.15	0.22	0.14
6. Jari-Buti (in lakh kg.)			
(a) Opening balance	3.41	6.67	9.29
(b) Sales	0.28	1.12	4.43
(c) Losses/Shortages	0.01	0.03	0.34
(d) Closing balance	3.12	5.52	4.52

79 Opening balance includes production during the year.

Annexure-7

(Referred to in paragraph 1.8.D)

Statement showing turnover of the companies whose turnover has been less than Rs. 5.00 crore during the last five years for which accounts have been certified

Sl No.	Name of the company	Latest finalised account (Year)	Turnover (Rupees in lakh)				
			Latest year	Second Year	Third Year	Fourth Year	Fifth Year
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	U.P. State Poultry and Livestock Specialities Ltd.	1995-96	65.07	163.86	120.48	49.18	42.96
2.	U.P.(Rohelkhand-Tarai) Ganna Beej Evam Vikas Nigam Ltd.	1998-99	171.84	198.60	296.67	280.15	192.26
3.	U.P. (Paschim) Ganna Beej Evam Vikas Nigam Ltd.	1998-99	206.37	264.97	301.96	231.27	127.34
4.	U.P. (Poorva) Ganna Beej Evam Vikas Nigam Ltd.	1998-99	36.18	46.16	60.96	57.10	51.32
5.	U.P. (Madhya) Ganna Beej Evam Vikas Nigam Ltd.	1997-98	74.25	76.43	63.70	25.31	23.85
6.	U.P. Matsya Vikas Nigam Ltd.	1991-92	201.21	183.59	147.59	119.94	93.31
7.	U.P. Instruments Ltd.	1997-98	348.39	133.72	64.31	168.18	161.69
8.	Trans Cables Ltd.	1995-96	4.79	4.03	2.43	2.88	1.39
9.	U.P. State Leather Development and Marketing Corporation Ltd.	1998-99	165.94	193.19	157.90	159.04	54.91
10.	UPSIC Potteries Ltd.	1990-91	16.50	19.59	15.80	9.86	57.21
11.	U.P. Digitals Ltd.	1996-97	28.55	19.78	19.87	19.69	35.58
12.	U.P. Electronics Corporation Ltd.	1998-99	87.34	93.41	99.69	107.17	88.43
13.	U.P. Hill Electronics Corporation Ltd.	1993-94	175.01	124.40	63.60	30.20	10.66
14.	U.P. Scheduled Castes Finance & Development Corp. Ltd.	1993-94	435.71	444.40	290.01	253.38	212.49

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
15.	Garhwal Anusuchit Janjati Vikas Nigam Ltd.	1987-88	28.63	60.66	52.68	20.09	13.58
16.	Kumaon Anusuchit Janjati Vikas Nigam Ltd.	1985-86	11.74	7.05	6.16	2.77	2.14
17.	U.P. Rajya Vidyut Utpadan Nigam Ltd.[80]	1997-98	71.00	67.90	70.20	40.84	60.35
18.	U.P. Panchayati Raj Vitta Evam Vikas Nigam Ltd.	1989-90	33.79	33.67	20.42	30.60	27.91
19.	U.P. Alpsankhyak Vittiya Evam Vikas Nigam Ltd.	1990-91	36.11	24.57	28.62	11.31	5.73
20.	Uplease Financial Services	1997-98	128.63	71.61	50.04	55.26	67.88
21.	U.P. Development Systems Corp. Ltd.	1997-98	165.11	171.39	192.77	169.82	158.31
22.	U.P. Waqf Vikas Nigam Ltd.	1992-93	16.80	15.39	11.59	9.17	6.02
23.	U.P. Mahila Kalyan Nigam Ltd.	1996-97	17.79	19.46	25.20	20.98	22.29

80 Consequent upon re-structuring of Uttar Pradesh State Electricity Board, the Company has been assigned the work of thermal generation w.e.f. 14.01.2000.

Annexure-8

(Referred to in paragraph 1.8D)

Statement showing Paid-up Capital and Accumulated Loss of the Companies for the last five years for which Accounts have been certified

Sl No.	Name of company	Amount of Paid-up capital and accumulated loss (Rupees in lakh)										
		First year			Second year		Third year		Fourth year		Fifth year	
		Latest finalised account year	Paid-up capital	Accum-ulated loss	Paid-up capital	Accum-ulated loss	Paid-up capital	Accum-ulated loss	Paid -up capital	Accum-ulated loss	Paid-up capital	Accum-ulated loss
1.	U.P. State Agro Industrial Corporation Limited	1997-98	2732.00	5309.36	2732.00	5638.35	2732.00	5250.50	1904.05	4865.26	1904.05	4972.89
2.	U.P. Projects & Tubewells Corporation Limited	1998-99	640.00	1125.39	590.00	721.23	590.00	438.18	590.00	453.86	540.00	336.77
3.	Shreetron India Limited	1999-2000	174.71	259.22	174.71	260.79	174.71	270.88	174.71	277.84	174.71	283.35
4.	Uptron India Limited	1995-96	5315.59	19693.43	5315.59	16481.00	5249.15	13362.06	4664.15	10317.24	3464.15	7678.58
5.	U.P. State Textile Corporation Limited	1997-98	16079.37	18056.07	16079.37	18336.70	16079.37	24841.57	15579.37	19655.38	15579.37	17769.73
6.	U.P. State Yarn Company Limited	1998-99	3190.52	6872.84	3190.52	5635.61	3190.52	5090.56	3190.52	6569.32	3190.52	5138.14
7.	U.P. State Spinning Company Limited	1998-99	7842.84	7937.59	7842.84	8041.21	7842.84	9901.63	7842.84	11525.19	7842.84	10980.31
8.	U.P. State Sugar Corporation Limited	1995-96	47575.92	68302.57	46740.12	56265.94	46740.12	52076.40	44851.12	46047.53	36714.12	37159.99
9.	Chhata Sugar Company Limited	1997-98	1224.52	3263.41	1224.52	3042.36	1224.52	2403.44	600.81	1987.10	600.81	1986.31
10.	Nandganj-Sihori Sugar Company Limited	1996-97	3404.05	7585.58	3404.05	6659.56	2457.72	5899.85	2457.72	5335.88	2457.72	5032.14
11.	Ghatampur Sugar Company Limited	1997-98	894.86	3247.23	894.86	2843.15	894.85	2301.48	794.08	1768.97	794.08	1527.21
12.	The Indian Turpentine & Rosin Company Limited	1999-2000	22.02	2665.21	22.02	2139.28	22.02	1721.84	22.02	1232.65	22.02	1000.12
13.	U.P. Export Corporation Limited	1996-97	674.27	755.77	674.27	687.35	620.27	618.66	514.27	546.15	510.27	361.00

Annexure-9

(Referred to in paragraph 2A.5.1)

Financial position of the Company

(Rupees in lakh)

Sl. No.	Particulars	1994-95	1995-96	1996-97	1997-98	1998-99
1.	**LIABILITIES**					
A.	Paid up Share Capital	11057.50	11057.50	11057.50	11057.50	11057.50
B.	Reserve and Surplus	1037.11	129.92	124.24	124.24	124.24
C.	Borrowings	40349.11	42724.39	52191.05	65838.22	70862.74
D.	Current Liabilities & Provisions	11870.01	15286.73	13665.26	11933.97	13444.30
	TOTAL	**64313.73**	**69198.54**	**77038.05**	**88953.93**	**95488.78**
2.	**ASSETS**					
E.	Gross Block	3038.00	3263.85	3463.91	3451.06	3394.05
F.	Less Depreciation	1658.76	1861.77	1837.56	1983.63	2099.63
G.	Net Fixed Assets	1379.24	1402.08	1626.35	1467.43	1294.42
H.	Capital Work in progress	1.24	3.04	3.04	3.56	3.56
I.	Investments	6926.19	7681.75	8657.71	8881.96	10524.44
J.	Current Assets Loans and Advances	56007.06	60111.67	64614.00	72669.85	72412.40
K.	Profit & Loss A/c	--	--	**2136.95**	**5931.13**	**11253.96**
	TOTAL	**64313.73**	**69198.54**	**77038.05**	**88953.93**	**95488.78**
3.	Capital employed[81]	52421.28	53177.77	58642.30	70196.37	79532.22
4.	Net worth[82]	12094.61	11187.42	9044.79	5250.61	(-) 72.22

81 Capital employed represents the means of aggregate of opening and closing balance of (a) paid up capital (b) reserve and surplus (c) bonds and debentures (d) borrowings (including refinance).

82 Net worth represents paid up capital plus reserve and surplus less intangible assets and loss.

Annexure-10

(Referred to in paragraph 2A.5.2)

Working results of the Company

(Rupees in lakh)

Sl. No.	Particulars	1994-95	1995-96	1996-97	1997-98	1998-99
1.	Income	7423.02	7879.70	8997.07	8454.90	7304.03
2.	Expenditure on Salary and others	1096.72	1125.70	1578.25	1864.31	1494.26
3.	Interest on loan	5357.60	6257.48	7262.54	9115.34	9764.67
4.(a)	Profit (+)/Loss (-) before tax	(+) 968.70	(+) 496.52	(+) 156.28	(-) 2524.75	(-) 3954.90
(b)	Provision for Assets classification including Lease Rentals	--	--	2293.17	1269.43	1367.93
(c)	Provision for Bad & Doubtful Debts	38.13	22.87	5.74	--	--
(d)	Special Reserve	289.79	154.11	--	--	--
(e)	Provision for Tax	87.11	32.94	--	--	--
(f)	**Profit (+) Loss (-) after tax**	**(+) 553.67**	**(+) 286.60**	**(-) 2142.63**	**(-) 3794.18**	**(-) 5322.83**
5.	Percentage of Profit after tax to					
(a)	Capital Employed	1.06	0.54	--	--	--
(b)	Net Worth	4.58	2.56	--	--	--
(c)	Equity Capital	5.01	2.59	--	--	--
6.	Percentage of Administrative expenses to Income (salaries and other expenses to interest and other business receipts)	14.77	14.29	17.54	22.05	20.45
7.	**Interest as a percentage of income**	**72.18**	**79.41**	**80.72**	**107.81**	**133.69**

Annexure-11

(Referred to in paragraph 2A.7.1)

Position of non-recovery of dues under Term Loan Scheme

(Rupees in lakh)

Sl. No.	Name of Companies	Month of disbursement	Amount of term loan disbursed	Principal	Interest	Total	Remarks
1.	G.S. Products (P) Ltd.	April 1990 to November 1991	90.00	79.00	77.05	156.05	The Corporation suffered loss of Rs. 1.56 crore due to failure to review the viability of the project, non-invoking the personal guarantees of old promoters, delay in issue of notice under Section 29 of SFC Act and failure to reattach unit after default in payment. **(Paragraph 2A.7.1.1)**
2.	Hunter Foods	August 1987	90.00	90.00	280.27	370.37	The chances of recovery of overdues of Rs. 3.70 crore were remote due to non-availability of property in the name of promoters except unlisted shares with zero value. **(Paragraph 2A.7.1.2)**
3.	Renuka Resorts (P) Ltd.	September 1997	300.00	300.00	129.72	439.72	Recovery certificate issued for Rs. 3.99 crore was received back with the remark of DM regarding non-availability of immovable/movable property. In respect of other certificate nothing was intimated. **(Paragraph 2A.7.1.3)**
4.	Ganga Industries Ltd	March 1991	112.50	112.50	224.47	336.97	The Corporation was put to loss of Rs. 3.37 crore which was mainly due to submission of false inspection reports. **(Paragraph 2A.7.1.4)**
5.	L.R. Brothers	September 1996	225.00	225.00	186.15	411.15	Due to incorrect assessment regarding viability of the project, partial implementation of production capacity, non-attachment of unit in spite of issue of notices three times and issue of recovery certificate at the wrong address, the chances of recovery are remote. **(Paragraph 2A.7.1.5)**
6. to 12.	Manu Group of companies (seven companies)	May 1988 to July 1991	568.95	568.95	1613.19	2182.14	The chances of recovery of overdues of Rs. 21.82 crore outstanding against seven units were quite remote. **(Paragraph 2A.7.1.6)**
13.	Hindustan Teknik	September 1997	200.00	200.00	88.54	288.54	Disbursal of bridge loan after relaxing most of the conditions for pre disbursement of loan i.e. procurement of land, approval of building plan and promoters equity contribution. The Company committed financial irregularities by showing inter corporate deposits (Rs. 410 lakh) and advances for civil works (Rs. 118 lakh) without commencing construction activities, which too, were certified by Chartered Accountants as expenditure which was improper.

Sl. No.	Name of Companies	Month of disburse-ment	Amount of term loan disbursed	Princi-pal	Inter-est	Total	Remarks
14.	Khatauli Machine Fabricators (P) Ltd.	March 1990	77.40	77.40	126.78	204.18	Disbursal of loan without fulfilling many conditions of pre-disbursement of loan. Delayed action for attachment of defaulting unit facilitated the removal of assets from the site.
15.	Kashipur Edible Oils Ltd.	July 1989	39.55	39.55	534.38	573.93	Disbursement of loan without ensuring viability of project and the promoters capability. Further, Management's injudicious decision for non-disposal of assets at Rs. 60 lakh in June 1991 and later at meagre value of Rs. 26.10 lakh in December 1998 led to non recovery of dues.
16.	M.M. Polytex Ltd.	November 1987	88.00	49.52	489.34	538.86	Failure in assessing viability of project. Disbursement of loan without ensuring status of project and adequacy of the personal assets in the name of guarantors.
17.	Mohan Agro Rice Mill	October 1991	77.50	77.50	227.96	305.46	Disbursement of loan without ensuring the availability of assets in the name of guarantors as mentioned in affidavits. Delayed action for attachment of unit and disposal of assets lead to removal of assets from the site.
18.	Wimpy Foods (I) Pvt. Ltd.	March 1984	54.00	40.65	582.09	622.74	Disbursal of loan to the Company promoted by NRIs who did not set up the unit at the plot mortgaged to the Corporation and without obtaining details of movable/immovable properties of NRIs promoters directors who have now left the country.
19.	Lari Hotels (P) Ltd.	June 1988 and December 1990	150.00	150.00	357.00	507.00	Disbursal of loan despite non viability of project and worsening condition of law and order problem and terrorists activity in Tarai region of Nainital district. Acceptance of OTS proposal (eight times) as and when requested during past five years without taking any strict action for recovery of dues. Eighth extension given was at the directive of the State Government.
20.	Fortune Polymers Industries (P) Ltd.	March 1990	90.00	90.00	262.12	352.12	Settlement of dues under OTS for principal without making efforts to recover it from the properties of promoters. The Corporation abandoned entire interest overdues of Rs. 2.62 crore against OTS settlement.
21.	Net Ram Roller & Floor Mills (P) Ltd.	September 1988	50.00	29.40	206.48	235.88	Settlement of dues under OTS without taking any strict action for recovery of dues. Abandoned interest overdues of Rs. 2.07 crore.
	Total					**7525.01**	

Annexure-12

(Referred to in paragraph 2A.7.2)

Position of non-recovery of dues under Short Term Loan Scheme

(Rupees in lakh)

Sl. No.	Name of the unit	Amount disbursed	Princi-pal	Interest and others	Total	Remarks
1.	Anand Agrochem India (P) Ltd.	500.00	500.00	790.27	1290.27	Delayed action of attachment of unit gave sufficient time to the loanee unit to move the Court for obtaining stay order which could lead to loss to the Corporation to the extent of Rs. 12.90 crore. **(Paragraph 2A.7.2.1)**
2.	Yogi Pharmacy Ltd.	150.00	150.00	115.37	265.37	The chances of recovery of Rs. 2.65 crore had become remote and the Corporation was put to loss to that extent. **(Paragraph 2A.7..2.3)**
3.	H. Lon Hosiery Ltd.	150.00	150.00	109.64	259.64	The unit has gone in liquidation and no property was available in the name of guarantors available foe recovery. **(Paragraph 2A.7.2.3)**
4.	Lunar Diamond Ltd.	150.00	150.00	58.87	208.87	The Corporation disbursed loan to an ineligible unit against submission of false financial statement and without compliance of conditions of STL. **(Paragraph 2A.7.2.4)**
5.	ATV Projects India Ltd.	150.00	150.00	193.96	343.96	The Management neither disposed of pledged 700000 shares nor invoked PG of promoters. Management's decision of issuing notice of winding up of the Company on 10 December 1998 after its registration with BIFR on 5 December 1998 at a gap of only five days between two actions seems suspect and favoured the defaulting unit.
6.	Premium International Finance Ltd.	134.22	90.68	137.56	228.24	Disbursal of loan to Finance Company not eligible for STL. Failure to dispose of pledged shares of two companies and non availability of movable/immovable in the name of guarantor resulted in loss.
7.	Digiflex India Ltd.	74.63	69.63	143.39	213.02	Non disposal of pledged shares immediately on default and non invoking of PG of guarantors resulted in loss.
	Total				**2809.37**	

Annexure-13

(Referred to in paragraph 2A.7.5)

Position of Lease assistance

(Rupees in lakh)

Year	Lease sanction	Disburs-ement	Cumulative disbursement	Lease rent due			Lease rent recovered	Lease rent outstanding	Percentage of recovery
				Opening balance	Current	Total			
Up to 31.3.1994	2157.46	1867.54	1867.54						
1994-95	NIL	9.88	1877.42	314.88	294.22	609.10	267.63	341.47	43.94
1995-96	784.00	292.24	2169.66	341.47	231.37	572.84	170.23	402.61	29.72
1996-97	175.86	501.21	2670.87	402.61	258.7	661.31	131.99	529.32	19.96
1997-98	575.20	548.32	3219.19	529.32	299.72	829.04	165.87	663.17	20.00
1998-99	NIL	NIL	3219.19	663.17	289.61	952.78	102.37	850.41	10.74

Annexure-14

(Referred to in paragraph 2A.7.6)

Position of Investment

Sl. No.	Name of scrip	Quantity (nos.)	Acquisition price (In rupees)	Amount (Rupees in lakh)	Quantity disinvested (nos.)	Price as on 31.3.99 (Rs. per share)	Total value of shares as on 31.3.99 (Rupees in lakh)
1.	Dewan Steels Ltd.			21.63	full (21.63)		
2.	Sidh Industries Ltd.	200000	Rs. 15 per share	30.00	NIL	Rs. 5.95	Rs. 11.90
3.	Amco Vinyl Ltd.	100000	Rs. 20	20.00	NIL	Rs. 18.00	Rs. 18.00
4.	Paam Pharma Ltd.	40000	Rs. 55	22.00	NIL	Rs. 2.45	0.98
	-Do-	40000	Rs. 65	26.00	NIL	Rs. 2.45	0.98
5.	Mahan Foods Ltd.	62500	Rs. 15	9.38	NIL	Rs. 2.75	1.09
6.	Kitply Industries Ltd.	100000	Rs. 50	50.00	NIL	Rs. 10.00	10.60
7.	Rungta Irrigation Ltd.	50000	Rs. 60	30.00	NIL	Rs. 15.85	7.63
8.	Tinna Overseas Ltd.	28200	Rs. 95	26.79	NIL	Rs. 20.00	5.64
9.	Dewan Industries Ltd.	100000	Rs. 90	90.00	47500 (42.75)	Rs. 2.50	1.84
	-Do-	300000	Rs. 75	225.00	NIL	Rs. 3.50	10.50
10.	IDBI	68600	Rs.130	89.18	NIL	Rs. 29.70	20.37
11.	Raymed Labs Ltd.	50000	Rs. 10	5.00	11200 (1.12)	Rs. 6.50	2.52
12.	Kanan Steels Ltd.	297100	Rs. 15	44.57	NIL	Rs. 7.50	22.28
13.	Malvika Steels Ltd.	46600	Rs. 40	18.64	NIL	Rs. 20.00	9.32
14.	Keshlata Cancer Hospital Ltd.	63000	Rs. 15	9.45	2300 (0.35)	Rs. 1.10	0.67
15.	Pashupati Fabrics Ltd.	499300	Rs. 10	49.93	NIL	No quotation	49.93
16.	Paras Rampuria Synthetics Ltd.	99600	Rs. 10 (partly paid)	11.95	NIL	No quotation	NIL
	Total			**713.67**			**174.25**

Annexure-15

(Referred to in paragraph 2A.8.2)

Position of Non-Performing Assets

(Rupees in lakh)

Category	1994-95	1995-96	1996-97	1997-98	1998-99
(A) Performing assets					
Standard	30169.31 (64.08)	28520.56 (60.04)	29605.12 (54.23)	30854.85 (50.77)	25595.3 (41.46)
(B) Non-performing assets					
Substandard	5502.59	8108.29	13326.87	16947.47	20183.68
Doubtful (D1)	8530.88	7799.08	6912.03	5670.27	7511.81
Doubtful (D2)	1710.74	2241.44	3917.96	6594.72	7718.10
Loss	1165.30	830.49	826.45	705.87	728.11
Total NPAs	16909.51	18979.30	24983.31	29918.33	36141.70
Total loan assets	47078.82	47499.86	54588.43	60773.18	61737.02
Percentage of NPAs to total loan assets	35.92	39.96	45.77	49.23	58.54

Note: Figures in bracket represent percentage of Standard assets to total loan assets.

Annexure-16

(Referred to in paragraph 2A.8.3)

Position of Recovery Certificate (RC)

(Rupees in lakh)

Particulars	Number of cases	Principal	Interest	Commitment charges	Interest tax	Total
Recovery Certificate pending as on 1.4.94	29	1191.40	866.66	0.41	7.05	2065.52
Recovery Certificate issued during five years	95	7805.21	7688.88	2.00	201.17	15697.26
Recovery Certificate returned/withdrawn	7	293.77	189.50	-	5.27	488.54
Recovery made/written off	-	-	2.06	-	0.06	2.12
Recovery Certificates pending for recovery as on 31st March 1999	117	8702.84	8363.98	2.41	202.89	17272.12

Annexure-17

(Referred to in paragraph 2A.9)

Position of One Time Settlement

(Rupees in lakh)

Year	Fully honoured			Partly honoured				OTS cancelled		Amount waived off	
	No. of cases settled	Amount of OTS	Amount paid	No. of cases settled	Amount of OTS	Amount paid	No. of cases settled	Amount of OTS	Amount paid	Penal and compound	Simple interest
Up to 31.3.94	03	93.98	93.98	-	-	-	-	-	-	62.70	-
1994-95	17	840.09	840.09	01	60.40	56.79	-	-	-	447.50	19.50
1995-96	21	916.11	916.11	07	373.69	257.00	04	363.35	20.00	722.16	169.60
1996-97	05	328.93	328.93	02	128.00	88.80	03	286.05	36.00	598.06	252.53
1997-98	07	463.82	463.82	06	466.58	307.18	-	-	-	594.14	115.06
1998-99	04	269.78	269.78	07	614.88	366.79	05	436.39	28.12	720.61	252.71
Total	**57**	**2912.71**	**2912.71**	**23**	**1643.55**	**1076.56**	**12**	**1085.79**	**84.12**	**3145.17**	**809.40**

Annexure-18

(Referred to in paragraph 2B.8.3)

Workshop-wise and year-wise details of short recovery of burnt and dirty transformer oil

Year	Varanasi workshop				Allahabad workshop				Kanpur workshop				Bareilly workshop				Grand Total			
	T/F recd. in w/s (Nos.)	Recoverable T/F oil as per 70% norms (litre)	T/F oil recovered litre/ (% age)	Short recovery litre/ (%age)	T/F recd. in w/s (Nos.)	Recoverable T/F oil as per 70% norms (litre)	T/F oil recovered litre/ (%age)	Short recovery litre/ (% age)	T/F recd. in w/s (Nos.)	Recoverable T/F oil as per 70% norms (litre)	T/F oil recovered litre/ (% age)	Short recovery litre/ (% age)	T/F recd. in w/s (Nos.)	Recoverable T/F oil as per 70% norms (litre)	T/F oil recovered litre/ (% age)	Short recovery litre/ (% age)	T/F recd. in w/s (Nos.)	Recoverable T/F oil as per 70% norms (litre)	T/F oil recovered litre	Short recovery litre
1995-96	1870	123371	84597 (48)	38774 (22)	N.A.	N.A.	N.A.	N.A.	2296	175647	145301 (58)	30346 (12)	1257	121831	60915 (35)	60916 (35)	5423	420849	290813	130036
1996-97	3140	210748	156555 (52)	54193 (18)	3142	262657	180107 (48)	82550 (22)	3496	258496	176674 (48)	81822 (22)	2000	152999	76499 (35)	76500 (35)	11778	884900	589385	295065
1997-98	4056	260424	193458 (52)	66966 (18)	2769	173869	129160 (52)	44709 (18)	2818	190102	173850 (64)	16252 (06)	1750	108328	51820 (33.5)	56508 (36.5)	11393	732723	548288	184435
1998-99	4179	259227	207318 (56)	51846 (14)	3886	239813	178146 (52)	61667 (18)	2492	166513	134157 (56)	32356 (14)	2133	129741	57267 (31)	72474 (39)	12690	795294	576951	218343
1999-2000	5986	406766	337034 (58)	69732 (12)	3264	229763	180528 (55)	49235 (15)	3181	244836	123875 (36)	120961 (34)	2191	152079	57547 (26.5)	94532 (43.5)	14622	1033444	698984	334460
Total	19231	1260536	979025	281511	13061	906102	667941	238161	14283	1035594	753857	281737	9331	664978	304048	360930	55906	3867210	2704871	1162339
Total value of oil short recovered @ Rs. 18 per litre																				**20922102**

Annexure-19

(Referred to in paragraph 2C4.2)

Statement showing the physical and financial targets and achievement in respect of TT works

(Rupees in crore)

Sl. No.	Name of the works	Targets as per project report		Actual completion		Shortfall(-) /Saving(+) as per project report	Time overrun (In months)
		Month	Amount	Month	Amount		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
A	**Short term measures**						
1.	Construction of 132 KV sub-station Shamsabad and associates lines						
2.	Construction of 33/11 KV sub-station Sghah Talkies, Agra	August 1996	6.27	August 1996	6.27	--	NIL
3.	Capacity enhancement of 4 number 33/11 KV sub-station						
Total A			**6.27**		**6.27**		
B	**Medium term measures**						
1.	Construction of 220 KV sub-station at Gokul, Mathura and its associated lines	June 1997	23.83	March 1999	16.60	(+) 7.23	21
2.	Construction of 400 KV sub-station at Agra	June 1997	60.00	November 1998	49.36	(+) 10.64	17
3.	Construction of :						
	(i) 132/33 KV sub-station at Agra Cantt and associated line	April 1998	7.00	October 1998	5.68	(+) 1.32	6
	(ii) 132/33 KV sub-station at Etmadpur and its associated lines	---do---	9.00	October 1998	6.58	(+) 2.42	6

(Rupees in crore)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
4.	Capacity enhancement of existence 132/33 KV sub-stations:						
	(i) Agra, Foundry Nagar	April 1998	1.35	November 1997	1.29	(+) 0.06	NIL
	(ii) Hathras	---do—	1.35	February 1998	1.33	(+) 0.02	NIL
	(iii) System improvement at Agra 400 KV sub-station by provision of 132 KV system	--do--	12.73	April 1999	10.51	(+) 2.22	12
5.	Construction of 33/11/0.4 KV sub-station	---do---	8.51	April 1998	7.28	(+) 1.23	NIL
6.	Capacity enhancement of existing 33/11 KV sub-stations	---do---	0.59	April 1998	0.58	(+) 0.01	NIL
7.	Other system improvement works (capacitor banks)	---do---	0.25	December 1998	1.61	(-) 1.36	8
Total B			**124.61**		**100.82**	**(+) 23.79**	
C	**Long term measures**						
1.	Construction of balance transmission and distribution works	April 1999	58.76	In progress	55.33	(+) 3.43	Physical achievement ranged from 60 to 100 *per cent*.
Total C			**58.76**		**55.33**		
Grand total	**A + B + C**		**189.64**[83]		**162.42**	**(+) 27.22**	

83 Out of Rs. 189.64 crore, Rs. 99.54 crore were proposed to be financed by State Government through central assistance against which only Rs. 90 crore was provided by State Government

Annexure–20

(Referred to in paragraph 3.4)

Financial position and working results

(a) Financial Position

(Rupees in crore)

Particulars	1994-95	1995-96	1996-97	1997-98	1998-99
A. Capital and Liabilities					
State Government Contribution	244.26	244.76	245.44	246.58	252.32
Central Government Contribution	69.25	69.25	69.25	69.25	69.25
General & other reserves	318.96	329.94	348.21	370.03	378.55
Loans from State Government	4.15	15.45	10.54	17.61	11.71
Loans from IDBI	79.11	87.70	68.36	35.18	35.01
Loans from the other banks	4.97	--	--	--	--
Loans from LIC	39.11	44.27	44.27	44.27	44.27
Public deposits	3.64	4.54	5.06	6.41	7.18
Others	--	0.20	0.20	0.11	0.11
Current liabilities (including short term borrowings and provisions)	126.98	166.99	244.52	339.96	390.45
Total Liabilities	**890.43**	**963.10**	**1035.85**	**1129.40**	**1188.85**
B. Assets					
(a) Fixed assets (net after depreciation)					
Land	6.00	5.86	5.81	6.21	6.23
Building	29.85	32.62	33.78	34.06	35.34
Passengers buses & chassis	438.50	450.83	461.11	506.93	506.59
Tool and equipment	4.76	5.07	5.27	5.28	5.31
Plant & machinery	0.91	0.91	1.03	1.05	1.14
Furniture & others	3.42	3.66	3.76	3.80	3.86
Total (a)	**483.44**	**498.95**	**510.76**	**557.33**	**558.47**
(b) Work-in-progress	4.88	3.30	2.58	2.82	2.59
(c) Investments	0.80	1.30	0.74	0.88	0.88
(d) Current assets					
Stores	16.26	15.49	17.94	17.45	16.21
Sundry debtors	15.71	17.21	9.13	13.92	16.10
Advances & deposits	10.56	13.06	11.22	12.56	18.78
Cash	9.16	16.39	37.18	33.66	64.60
Others including deficit of inter office adjustment	9.39	9.10	8.97	8.38	6.60
Total (d)	61.08	71.25	84.44	85.97	122.29
Accumulated loss	340.23	388.30	437.33	482.40	504.62
Total Assets	**890.43**	**963.10**	**1035.85**	**1129.40**	**1188.85**

(b) Working results

(Rupees in crore)

		1994-95	1995-96	1996-97	1997-98	1998-99
A	**Revenue**					**(Provisional)**
	(i) Traffic	439.95	484.44	513.84	565.19	638.46
		(6.93)	(7.60)	(8.46)	(8.62)	(9.14)
	(ii) Non-traffic	16.07	20.75	26.78	34.56	27.16
		(0.25)	(0.25)	(0.44)	(0.53)	(0.39)
	Total Revenue (i) & (ii)	456.02	505.19	540.62	599.75	665.62
		(7.18)	(7.92)	(8.90)	(9.14)	(9.53)
B	**Expenditure**					
	1. Personnel costs					
	(a) Drivers & Conductors	97.28	109.63	121.02	127.25	135.95
		(1.53)	(1.72)	(1.99)	(1.94)	(2.07)
	(b) Others	95.85	104.95	113.93	118.38	125.40
		(1.51)	(1.65)	(1.88)	(1.80)	(1.91)
	(c) PF/Welfare etc.	28.01	39.55	38.86	43.25	41.75
		(0.44)	(0.62)	(0.64)	(0.66)	(0.64)
	Total (a) to (c)	**221.14**	**254.13**	**273.81**	**288.88**	**303.10**
		(3.49)	**(3.99)**	**(4.51)**	**(4.40)**	**(4.62)**
	2. Material costs					
	(a) Fuel	104.26	102.46	107.01	129.28	140.80
		(1.64)	(1.61)	(1.76)	(1.97)	(2.15)
	(b) Lubricants	9.90	8.75	9.41	9.34	9.18
		(0.16)	(0.14)	(0.15)	(0.14)	(0.14)
	(c) Spare parts	27.24	25.81	31.07	37.45	31.99
		(0.43)	(0.40)	(0.51)	(0.57)	(0.49)
	(d) Tyre & Tubes	25.23	25.17	32.75	26.43	26.25
		(0.40)	(0.39)	(0.54)	(0.40)	(0.40)

(Rupees in crore)

		1994-95	1995-96	1996-97	1997-98	1998-99
	(e) Batteries	1.52 (0.02)	1.28 (0.02)	1.95 (0.03)	1.57 (0.02)	1.70 (0.03)
	(f) Others[84]	28.01 (0.44)	37.90 (0.59)	44.33 (0.73)	66.04 (1.01)	82.17 (1.25)
	Total (a) to (f)	**196.16** **(3.10)**	**201.37** **(3.16)**	**226.52** **(3.73)**	**270.11** **(4.12)**	**292.09** **(4.45)**
	3. Taxes					
	(a) Motor Vehicle Tax	5.42 (0.09)	5.28 (0.08)	5.05	5.35	5.35
	(b) Others	0.27 (0.004)	0.26 (0.004)	0.21 (0.004)	0.27 (0.004)	0.28 (0.004)
	Total (a) & (b)	**5.69** **(0.094)**	**5.54** **(0.09)**	**5.26** **(0.09)**	**5.62** **(0.09)**	**5.63** **(0.08)**
	4. Interest	20.17 (0.32)	22.64 (0.36)	23.90 (0.39)	15.16 (0.23)	10.98 (0.16)
	5. Misc. & Others	14.95 (0.24)	16.56 (0.26)	14.56 (0.24)	17.79 (0.27)	22.29 (0.32)
	6. Depreciation (a) on buses	32.66 (0.51)	45.90 (0.72)	43.77 (0.72)	46.27 (0.71)	51.06 (0.73)
	(b) on other assets	0.87 (0.01)	0.92 (0.01)	0.94 (0.02)	0.89 (0.01)	0.87 (0.01)
	Total (a) & (b)	**33.53** **(0.56)**	**46.82** **(0.73)**	**44.71** **(0.74)**	**47.16** **(0.72)**	**51.93** **(0.74)**
	Total expenditure (1 to 6)	**491.64** **(7.75)**	**547.06** **(8.58)**	**588.76** **(9.69)**	**644.72** **(9.83)**	**686.02** **(9.82)**
C	**Loss**[85]	**35.62** **(0.56)**	**41.87** **(0.66)**	**48.14** **(0.79)**	**44.97** **(0.69)**	**20.40** **(0.29)**

Note: Figures in bracket denote per km expenditure/revenue (in rupees).

84 These include minor tools and tackles, tyre retreading material, M.S. bars and sheets, uniform and other general items.

85 The loss indicates loss before prior period adjustments.

Annexure-21

(Referred to in paragraph 3.5 and 3.5.13)

Performance parameters achieved by Uttar Pradesh State Road Transport Corporation for five years up to 1998-99

Attributes	1994-95	1995-96	1996-97	1997-98	1998-99
Fleet					
Average no. of buses held:					
Own	7920	7753	7570	7352	6859
Hired	310	488	497	846	982
Total	**8230**	**8241**	**8067**	**8198**	**7841**
Average no. of buses on road:					
Own	6891	6552	6432	6432	6177
Hired	310	488	497	846	982
Total	**7201**	**7040**	**6929**	**7278**	**7159**
Percentage of on road buses	87	85	85	87	90
Operational efficiency ***(in lakh)***					
Scheduled kms	8685.86	8870.29	8426.19	8565.06	8668.64
Effective kms[86]	6321.68	6356.20	6055.72	6527.70	6950.82
Dead kms	163.00	161.00	152.00	166.00	172.00
Gross kms	6484.68	6517.20	6207.72	6693.70	7122.82
Cancelled kms	2364.18	2514.09	2370.47	2037.36	1717.82
Earned kms of own and hired buses(in lakh):					
Own	6006.47	5858.80	5555.08	5689.70	5879.73
Hired	315.21	497.40	500.64	838.00	1071.09
Other	22.29	21.10	16.64	32.36	36.75
Total	**6343.97**	**6377.30**	**6072.36**	**6560.06**	**6987.57**
Vehicle productivity (km/bus/day):					
Own	208	206	201	212	235
Hired	279	278	276	271	299
Total	**210**	**211**	**206**	**218**	**243**

86 There is slight difference in the figure of effective kms as shown in the MIS with that of shown in annual activity reports for the years 1994-95 to 1998-99. The Management has been asked to reconcile the figures.

Attributes	1994-95	1995-96	1996-97	1997-98	1998-99
No. of passengers carried (in lakh):					
Own	3220.44	3093.18	2732.25	2738.45	3014.13
Hired	265.78	444.89	421.72	618.11	768.07
Total	**3486.22**	**3538.07**	**3153.97**	**3356.56**	**3782.20**
Load factor (per cent):					
Own	65	70	68	64	65
Hired	62	62	60	62	63
Total	**65**	**69**	**67**	**64**	**65**
Occupancy ratio (*per cent*)	65	69	67	64	66
Staff productivity (km per employee per day)	31.21	31.87	31.07	34.21	37.87
Bus staff ratio	7.75	7.71	7.52	7.26	7.10
Financial parameters[87]					
Total income (Rs. in crore):					
Own	418.68	450.01	475.31	494.11	542.38
Hired	21.27	34.43	38.53	71.08	96.08
Miscellaneous	16.07	20.75	26.78	34.56	27.16
Total	**456.02**	**505.19**	**540.62**	**599.75**	**665.62**
Total expenditure (Rs. in crore):					
Own	474.40	519.83	557.98	586.18	604.35
Hired	17.22	27.23	30.78	58.54	81.67
Total	**491.64**	**547.06**	**588.76**	**644.72**	**686.02**
Profit/loss (-) (Rs. in crore):					
Own (loss)	-39.67	-49.07	-55.89	-53.52	-34.82
Hired (profit)	4.05	7.20	7.75	12.55	14.42
Total (loss)	**-35.62**	**-41.87**	**-48.14**	**-40.97**	**-20.40**
Depreciation (Rs. in crore)	33.53	46.82	44.71	47.16	51.93
Cash profit/loss (-) (Rs. in crore)[88]	-2.09	4.95	-3.43	6.19	31.53
Income per km (paise)	718	79	890	914	953
Expenditure per km (paise)	778	859	970	983	982
Loss per km (paise)	56	66	79	69	29
Fare per km (in paise)	20.10	20.60	23.80	25.50	26.50
Fuel efficiency					
Diesel average (km per litre)	4.51	4.51	4.53	4.65	4.60
Topping up average (km per litre)	934	911	859	823	871
Safety and maintenance					
Accident (per lakh kms)	0.20	0.21	0.20	0.20	0.22
Breakdown (per ten thousand kms)	0.44	0.48	0.57	0.55	0.45

87 The financial parameters (taken from accounts) did not tally with the performance reported through MIS. The Nigam assured to reconcile the difference.

88 Profit/loss before depreciation.

Annexure-22

(Referred to in paragraph 3.5)

Statement indicating position of Uttar Pradesh State Road Transport Corporation in major performance parameters[89] from top amongst the 67 STUs (hill, urban or mofussil services considered separately for comparison) of the country during 1998-99.

Attributes	Position from top for the year 1998-99/ performance	Highest performance/ name of the STU	Lowest performance/ name of the STU
No. of fleet as on 31 March	4/6582	18749/Andhra Pradesh SRTC	81/Mizoram ST
Fleet utilisation (*per cent*)	26/90	99.6 Coimbatore Dn-I, Tamilnadu	8.7/Bihar SRTC
Bus utilisation in km (per bus held per day)	28/235	595.9/State Express Transport Corpn. Ltd.- Tamilnadu Dn-II	16.6/Bihar SRTC
Bus utilisation in km (per bus on road per day)	32/266	704 /State Express Transport Corpn. Ltd.- Tamilnadu Dn-II	85.3/Sikkim Nationalised Transport
Load factor (*per cent*)	40/65	130.72/Metropolitan Transport Corpn. Ltd.-Chennai Dn.-II	36.78/Sikkim Nationalised Transport
Profit (+)/loss (-) per km (paise)	4/(-)29	+43.90/Bangalore Metropolitan Transport Corpn., Urban	-5673.6/Bihar SRTC
Cost on diesel (paise per km.)	2/2.15	150.5/DTC	1529/Sikkim NT
Bus staff ratio	25/7.10	5.14 /Himachal RTC	67.01/Bihar SRTC
Cost of personnel (paise per km)	12/462	396.6/Tamilnadu STC Ltd., Villupuram Dn.-I	3827.7/Bihar SRTC
Cost on spare parts (paise per km)	25/177	17.2 /Coimbatore Dn-I, Tamilnadu	460/Mizoram ST
Cost on tyre (paise per km)	7/40	23.6/ Kerala SRTC	298.9/Mizoram ST

89 Source: CIRT report for 1998-99.

Annexure-23

(Referred to in paragraph 3.5.1)

Statement indicating year-wise and km run-wise buses held by Uttar Pradesh State Road Transport Corporation during five years up to 1998-99

(Number of buses)

Year	Year-wise analysis			kms run-wise analysis			
	Up to 4 years	4 to 8 years	More than 8 years	Up to 5 lakh	5 to 8 lakh	8 to 10 lakh	More than 10 lakh
1994-95	2338 (30)	3401 (44)	2018 (26)	2925 (38)	4279 (55)	536 (7)	17 (0)
1995-96	2542 (33)	2635 (34)	2553 (33)	2698 (35)	4508 (58)	474 (6)	50 (1)
1996-97	1781 (24)	2592 (35)	3090 (41)	2123 (28)	4413 (59)	833 (12)	94 (1)
1997-98	2147 (31)	2316 (33)	2542 (36)	2234 (32)	3582 (51)	1070 (15)	119 (2)
1998-99	2079 (32)	2338 (36)	2165 (32)	2066 (31)	3112 (48)	1205 (18)	199 (3)

Note: Figures in bracket indicate percentage to total.

Annexure-24

(Referred to in paragraph 3.5.1)

Statement showing the physical targets and achievements

(Number of buses)

(i)	Targets for replacement	700	800	800	700	800
(ii)	Achievements	731	427	122	800	415
(iii)	Percentage of achievement	104	53	15	114	52

Annexure-25

(Referred to in paragraph 3.5.3)

Statement indicating shortfall in vehicle productivity in respect of Uttar Pradesh State Road Transport Corporation during five years up to 1998-99

Year	Target (km per bus per day)	Achievement (km per bus per day)	Shortfall (kms)	Buses held	Total shortfall (kms in lakh)	Loss of contribution (Rs. in crore)
1994-95	235	210	25	8230	750.99	30.42
1995-96	234	211	23	8241	691.83	33.42
1996-97	234[90]	206	28	8067	824.45	42.62
1997-98	232	218	14	8198	418.92	21.70
1998-99	225	243	(18)	7841	(515.15)	(30.39)
				Total	**2215.59**	**97.77**

Note : Figures in bracket denotes excess.

90 Not fixed, taken as 234 on the basis of previous year.

Annexure-26

(Referred to in paragraph 3.5.3)

Statement indicating comparable position of cancellation of scheduled kms of five STUs (including the Uttar Pradesh State Road Transport Corporation) during three years up to 1998-99[91]

Year/Attributes	Name of the STUs				
	Gujarat	Maharashtra	Andhra Pradesh	Kerala	Uttar Pradesh
1996-97					
Bus/staff ratio (crew)	4.84	4.54	5.28	5.64	4.30
Scheduled kms per bus (in lakh)	1.29	1.04	1.16	1.37	1.22
Cancelled kms per bus (kms)	7404	2872	4898	17771	34211
Total cancellations (lakh kms)[92]	568.07	440.35	788.85	495.45	2370.47
1997-98					
Bus/staff ratio (crew)	4.90	4.62	5.15	4.92	4.23
Scheduled kms per bus (in lakh)	1.34	1.05	1.17	1.53	1.18
Cancelled kms per bus (kms)	10515	4189	3676	30557	27993
Total cancellations (lakh kms)[92]	831.43	624.84	622.75	915.19	2037.36
1998-99					
Bus/staff ratio (crew)	5.63	4.49	4.99	4.85	4.20
Scheduled kms per bus (in lakh)	Not available	1.06	1.18	Not available	1.21
Cancelled kms per bus (kms)	Not available	3752	4609	Not available	23995
Total cancellations (lakh kms)[92]	Not available	567.90	820.04	Not available	1717.82

91 Source: CIRT reports for the year 1997-98 to 1998-99.

92 Figures taken from CIRT report do not tally with those of the Nigam's figures given in Annexure-VII. The Nigam has been asked to reconcile the same.

Annexure-27

(Referred to in paragraph 3.5.3)

Statement indicating factors responsible for cancellation of scheduled kms. in respect of Uttar Pradesh State Road Transport Corporation for a period of five years up to 1998-99

Year	Total cancellation (lakh kms)	Cancellation for want of buses (lakh kms)	Loss of contribution (Rs. in crore)	Cancellation for want of crew (lakh kms)	Loss of contribution (Rs.in crore)	Cancellation due to break downs (lakh km.)	Cancellation due to other reasons (lakh km.)
1994-95	2318.11	1520.26 (65.58)	61.57	332.47 (14.34)	13.47	182.53 (7.87)	282.85 (12.20)
1995-96	2397.94	1662.67 (69.34)	80.31	309.93 (12.90)	14.94	193.26 (8.06)	232.64 (9.70)
1996-97	2231.96	1559.61 (69.88)	80.63	253.64 (11.36)	13.11	187.77 (8.41)	230.94 (10.34)
1997-98	1790.89	1259.47 (70.33)	65.24	194.17 (10.84)	10.06	181.43 (10.13)	155.82 (8.70)
1998-99	1472.13	963.48 (65.45)	56.85	141.88 (9.64)	8.37	162.48 (11.03)	204.29 (13.88)
Total			**344.60**		**59.95**		

Note: Figures in bracket indicate percentage of cancellation.

Annexure-28

(Referred to in paragraph 3.5.4)

Statement indicating shortfall in load factor and resultant loss of income of Uttar Pradesh State Road Transport Corporation during five years up to 1998-99

Year	Target %	Actual %	Shortfall %	Loss of income (Rs. in crore)
1994-95	70	65	5	33.84
1995-96	70	69	1	7.02
1996-97	70[93]	67	3	23.01
1997-98	72	64	8	70.65
1998-99	70	65	5	49.11
Total				**183.64**

93 Not fixed, taken as 70.

Annexure-29

(Referred to in paragraph 3.5.5)

Statement indicating analysis of economically unviable routes of Uttar Pradesh State Road Transport Corporation for 1998-99

Range of load factor (per cent)	No. of services		Average no. of passengers on a bus	Percentage of services		
Not recovering variable cost						
	Own	**Hired**		**Own**	**Hired**	**Total**
Up to 14	1	0	1–8	-	-	-
15–24	7	2	8–13	-	-	-
25–34	46	1	13–18	-	-	-
Total	**54**	**3**		**1.51**	**0.68**	**1.42**
Not recovering total cost						
35-44	179	26	19-24	-	-	-
45-54	671	75	24-29	-	-	-
55-64	1318	104	29-35	-	-	-
65-72	890	124	35-39	-	-	-
Total	**3058**	**329**	-	**85.66**	**75.11**	**84.51**
Contributing margin						
73 and above	458	106	39-54	-	-	-
Grand total	**3570**	**438**	-	**12.83**	**24.21**	**14.07**

Annexure-30

(Referred to in paragraph 3.5.8)

Statement indicating cost of maintenance in respect of five comparable STUs of the country[94] (including Uttar Pradesh State Road Transport Corporation) for three years up to 1998-99

Year/Attributes	Name of the STUs				
	Gujarat	Maharashtra	Andhra Pradesh	Kerla	Uttar Pradesh
1996-97					
No. of fleet at close	8998	16865	17636	3750	7463
Bus/maintenance staff ratio	1.11	0.83	1.43	1.90	2.23
Maintenance cost per effective km (Rs.)	1.69	0.65	2.02	2.22	2.99
Maintenance cost per bus p.a. (Rs. in lakh)	2.11	0.65	2.23	2.07	2.59
1997-98					
No. of fleet at close	9249	17073	18389	3783	7005
Bus/ maintenance staff ratio	1.17	0.82	1.39	1.80	2.17
Maintenance cost per effective km (Rs.)	1.83	0.67	2.02	2.30	3.04
Maintenance cost per bus p.a. (Rs. in lakh)	2.31	0.68	2.29	2.24	2.6
1998-99					
No. of fleet at close	9459	17241	18749	3928	6582
Bus/ maintenance staff ratio	1.28	0.80	1.30	1.60	2.18
Maintenance cost per effective km (Rs.)	1.64	0.70	1.89	2.59	2.75
Maintenance cost per bus p.a. (Rs. in lakh)	2.11	0.72	2.14	2.49	2.62

94 Source: Obtained from respective Accountants General, except no. of fleet at close, which has been taken from CIRT reports.

Annexure-31

(Referred to in paragraph 3.5.9)

Statement indicating details of performance in respect of fuel efficiency of five comparable STUs (including Uttar Pradesh State Road Transport Corporation) during three years up to 1998-99[95]

Year/Attributes	Name of the STUs				
	Gujarat	Maharashtra	Andhra Pradesh	Kerala	Uttar Pradesh
1996-97					
KMPL achieved for HSD	4.96	4.63	5.02	3.89	4.53
KMPL (engine oil) achieved for topping up	1552	1685	1556	919	859
1997-98					
KMPL achieved for HSD	5.01	4.66	5.05	3.89	4.56
KMPL (engine oil) achieved for topping up	1527	1696	1589	933	823
1998-99					
KMPL achieved for HSD	4.99	4.64	5.05	3.90	4.60
KMPL (engine oil) achieved for topping up	1544	1718	1699	898	870

95 Source: CIRT reports for the year 1996-97 to 1998-99.

Annexure-32

(Referred to in paragraph 3.5.10)

Statement indicating cause-wise analysis of premature failure of new tyres in respect of four regions of Uttar Pradesh State Road Transport Corporation during 1998-99

Causes of scraping	Allahabad	Agra	Dehradun	Meerut	Total
(i) Non-controllable (accident, mechanical defect or others) cause:	**5**	**4**	**1**	**0**	**10**
(ii) Controllable cause:					
Burst due to hit	9	16	35	20	80
Run flat[96]	57	28	76	60	221
Run to death (non-removal in time)	22	0	33	0	55
Ply worn out, run on wrong wheel alignment, loose wheel bearing etc.	10	0	31	13	54
Worn smooth, burst due to neglect, shoulder separation inside etc.	18	0	1	0	19
Concussion cut, gutter used and run on it	5	2	20	6	33
Side wall burst, scoring by breaker	12	0	0	6	18
Shoulder/tread separation causing weak shoulder	13	0	29	0	42
Side wall scoring, overheating	2	0	6	0	8
Total (ii)	**148**	**46**	**231**	**105**	**530**

96 Run without air or with low air pressure.

Annexure-33

(Referred to in paragraph 3.6.1.2.1)

Statement indicating the economics of the use of aluminium chequered sheets in place of plywood chequered sheets by Uttar Pradesh State Road Transport Corporation

Sl. No.	Items	Quantity or value
A	**Quantity of chequered plywood required per bus**	**8.5 sheets or 25.3028 sqm**
	Average rate of supply (Rs. per sqm)	677.88
	Total cost (25.3028 x 677.88) – Rs. per bus	17152
	Resale value (Rs.)	Nil
	Actual cost (Rs.)	**17152**
B	**Quantity of aluminium sheets required per bus (kg)**	**215**
	Rate per kg (Rs.)	111.61
	Total cost of material (215 x 111.61) (Rs.)	**23996.15**
	Resale value of scrap (80 *per cent* quantity considered) –172 x Rs. 66.90 per kg being auction price obtained by Central Workshop (Rs)	11506.80
	Actual cost of material for two life spans (Rs.)	12489.35
C	**Actual cost per single time span (12489.35÷2) (Rs.)**	**6245**
D	**Extra expenditure per bus due to use of chequered plywood (17152 –6245) (Rs.)**	**10907**
	Total extra expenditure (Rs. in crore) **(Rs. 10907 x 2015[97])**	**2.20**

Note: Cost of transmission belting between floors and structures ignored considering them as common in both the alternatives.

97 No. of buses floored.

Annexure-34

(Referred to in paragraph 3.6.1.2.4)

Statement indicating loss due to excess consumption of new tyres by Uttar Pradesh Road Transport Corporation during five years up to 1998-99

Items	1994-95	1995-96	1996-97	1997-98	1998-99	Total
(A) Actual consumption (nos.)						
(a) New tyres	31359	32648	32291	33089	31016	160403
(b) Retreaded tyres	44428	42228	51082	44849	57421	240008
(B) Gross total kilometers (in lakh)	6507	6538	6224	6726	7160	33155
(C) Required consumption based on gross kms: (nos.)						
(a) New tyres (B) x 2[98] ÷ 60000[99]	21690	21793	20747	22420	23867	110517
(b) Retreaded tyres (B) x 4[100] ÷34000[101]	76653	76918	73224	79129	84235	390159
(D) Excess consumption of new tyres (A) (a) – (C) (a) (nos.)	9669	10855	11544	10669	7149	49886
(E) Excess expenditure on new tyres (E) x Rs. 6000[102] (Rs. in lakh)	580.14	651.30	692.64	640.14	428.94	2993.16
(F) Short consumption of retreaded tyres (C) (b) – (A) (b) (nos.)	32225	34690	22142	34280	26814	150151
(G) Savings in expenditure on retreaded tyres (G) x Rs. 1000[103] (Rs. in lakh)	322.25	346.90	221.42	342.80	268.14	1501.51
(H) Net excess expenditure (E) – (G) (Rs. in lakh)	**257.89**	**304.40**	**471.22**	**297.34**	**160.80**	**1491.65**

98 Number of tyres used as front wheel in a bus.

99 Average life of new tyres as adopted by the Corporation.

100 Number of tyres used as rear wheel in a bus.

101 Average life of retreaded tyres as adopted by the Corporation.

102 Average rate of new tyre.

103 Average rate of retreaded tyre.

Annexure-35

(Referred to in paragraph 4A.19)

Statement showing belated assessment of revenue

Sl. No.	Names of Division	Amount to be assessed (Rs. in lakh)	Nature and period involved	Month of assessment	Amount assessed (Rs. in lakh)
1.	KESA	6.73	Theft of energy (upto August 1998)	December 1999	6.73
2.	EDD-I, Allahabad	9.10	Late payment surcharge (February 1999 to November 1999)	----do----	7.54
3.	EDD-I, Gorakhpur	142.46	Late payment surcharge (March 1997 to July 1999)	August 1999	142.46
4.	EDD-I, Ballia	6.23	Short levy of fuel surcharge (July 1998 to October 1998)	September 1999	6.23
5.	EDD, Khalilabad	9.12	Under charge of initial security from Janta Service Commission (May 1994 to September 1999)	March 2000	2.09
6.	EDD- Khalilabad	18.70	Under charge of demand charges and additional demand charges (March 1996 to September 1999)	March 2000	18.70
7.	EUDD-IV, Agra	10.04	Under billing due to incorrect application of tariff	February 2000	10.04
	Total	**202.38**			**193.79**